

Tax-free investment tax certificate [IT3(s)] explained

The tax filing season for individuals typically runs from the dates below. As the South African Revenue Service (SARS) may adjust the filing season dates, please check the SARS website for the exact opening and closing dates.

- July to October for non-provisional taxpayers using eFiling and the SARS MobiApp.
- July to October for taxpayers submitting at a SARS branch, by appointment only.
- July to January for provisional taxpayers using eFiling.

During tax season, you may need to submit an income tax return (ITR12) to SARS so that they can calculate the tax on your income and any tax-deductible expenses for the assessment year (1 March to the end of February).

Depending on your products with Momentum, we'll publish the relevant tax certificates online by the end of June.

Automatic assessment (Auto-assessment)

Based on data received from employers, financial institutions, medical schemes, retirement annuity fund administrators and other third-party data providers, SARS may automatically assess you (also referred to as an original estimate assessment). If you are selected for auto-assessment, SARS will send you an SMS to log in to SARS eFiling or the MobiApp. You should check the prepopulated information against the information on your various tax certificates.

- If you agree with the outcome, you don't need to take any further action.
- If you don't agree with the auto-assessment, edit your tax return and ensure you file it before the filing season due date.

If SARS didn't prepopulate your return, use the information on your tax certificates to complete your return. Please make sure that your tax information with Momentum is up to date.

SARS doesn't require copies of your tax certificates when filing your return. However, it is important to keep your certificates on record, as SARS may request supporting documents for up to five years after you file your return, to verify your declaration.

If you need any help completing your tax return, you can:

- click on 'Help-You-eFile' on the SARS eFiling website (<https://sarsefiling.co.za>);
- request a call back by phoning the SARS Contact Centre on 0800 00 7277 and selecting option 5 for Help-You-eFile; or
- use the SARS USSD code to make an eBooking appointment. Phone the code *134*7277# to establish real-time communication with SARS. SARS will then call you back to set up the eBooking appointment.

Please click [here](#) for all the methods available to interact with SARS.

General questions and explanations

What is a tax-free investment (TFI) tax certificate [IT3(s)]?	<p>Your certificate reflects information that we report to SARS, such as the total contributions you made to your tax-free investment, withdrawals you took or whether you transferred from or to another service provider.</p> <p>We also show the net profit or loss for the tax period.</p>
What is a TFI?	<p>A TFI is an investment product that doesn't attract any South African tax, provided you don't exceed the contribution limits (currently R36 000 per tax year and R500 000 over your lifetime). TFIs may be administered by banks, long-term insurers, unit trust companies and the national government.</p> <p>Government implemented TFIs on 1 March 2015 to encourage savings.</p> <p>The following South African taxes won't apply:</p> <ul style="list-style-type: none"> • Income tax in respect of interest and profit or loss in share trading. • Dividends tax. • Capital gains or losses. <p>However, estate duty could apply.</p> <p>Foreign withholding tax deducted within an investment fund will influence your investment balance.</p>
When will we issue an IT3(s) tax certificate?	<p>Certificates are issued yearly before filing season opens. We issue IT3(s) tax certificates if the account is open or active, even if no new contributions were made during the tax year.</p>
Why am I receiving it?	<p>We must report all contributions, withdrawals, transfers to and from this investment, as well as the net return to SARS.</p> <p>This is to monitor and manage the allowed contribution limits of R36 000 per tax year and the lifetime limit of R500 000.</p> <p>You will pay a tax penalty of 40% on contributions that exceed the contribution limit. For example:</p> <ul style="list-style-type: none"> • If you contribute R56 000 to a TFI account during the tax year, the yearly limit is exceeded by R20 000. This means you'll pay a tax penalty of R8 000 $((R56\ 000 - R36\ 000) \times 40\%)$ for the extra amount. • If you contribute more than R500 000 in total to a TFI over your lifetime, a 40% tax penalty will be payable on the amount over R500 000 (reduced by any tax already paid on contributions that exceeded the yearly limit).
Will my certificate details and values automatically be updated on eFiling?	<p>Yes, we submit all your tax-free investment data to SARS on your behalf. If SARS doesn't prepopulate the data, use your tax certificate to complete the information on your income tax return (ITR12).</p>
What should I do with the certificate?	<p>Use the information to check all prepopulated fields on your tax return or complete any fields that haven't been prepopulated. Keep the certificate for at least five years from the date of filing as SARS may ask for a copy later to verify the information.</p>
Where can I get more information and help with this tax certificate?	<p>Speak to a registered tax practitioner or visit taxtim.co.za (a Momentum partner), who can help you file your tax return.</p> <p>You can also contact SARS on 0800 007 277 or visit its website at sars.gov.za.</p>

What do the different source codes and descriptions in this certificate mean?

4219 Tax-free investment account – contributions	This source code indicates the total contributions made to your TFI during the tax year.
4246 Tax-free investment account – transfer in	This source code indicates the amount transferred in from another TFI provider during the tax year.
4247 Tax-free investment account – transfer out	This source code indicates the amount transferred out to another TFI provider during the tax year.
4248 Tax-free investment account – withdrawal	This source code indicates the total withdrawals taken during the tax year.
4239 Tax-free investment account – net return on investment – profit	The net return on investment is the closing balance, minus the sum of the opening balance and contributions, minus withdrawals and transfers in or out. It's not simply the difference between the opening and closing balances. This source code is used to reflect a profit.
4240 Tax-free investment account – net return on investment – loss	This source code is used to reflect a loss. This product is a long-term insurance product and SARS doesn't require reporting on the detailed investment returns of the investment components.

Other information fields on this certificate

Tax year

The South African tax year starts on 1 March of a particular year and ends on the last day of February of the following year. The tax year on your certificate shows in which tax year the information must be reported to SARS.

Start date

This date refers to the start date of the tax-free investment if it was during the tax year; otherwise, it refers to the start date of the tax year.

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How you structure your income, and therefore your tax payable, can have a significant effect on your journey to success. A financial adviser or registered tax practitioner can help you understand how to structure your tax best.

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