

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

The tax season for submissions is:

- 1 July to 4 December 2021 for non-provisional taxpayers using eFiling and the MobiApp.
- 1 August to 31 October 2021 for taxpayers submitting at a South African Revenue Service (Sars) branch.
- 1 July 2021 to 31 January 2022 for provisional taxpayers using eFiling.

During tax season, you need to submit an income tax return (ITR12) to the South African Revenue Service (Sars) so that they can calculate the tax liability on your income and any deductible expenses for the year of assessment (1 March to the end of February).

Depending on the products that you have with Momentum, we'll publish the relevant tax certificates online every year so that you can complete your tax return. Usually, all your tax certificates would be published online by the end of June every year.

Some or all the information on the tax certificate may already be pre-populated by Sars on your tax return. All you have to do is to check the pre-populated information against the information on the tax certificate. If you are happy that the information is correct, you can continue completing your tax return.

Based on the information available, Sars may auto-assess your tax return (also referred to as a simulated tax calculation). Where you are auto assessed, an SMS will be sent to you to logon to Sars eFiling or the MobiApp to either:

- accept the results of your auto-assessment; or
- edit your return where you do not agree with the pre-populated data.

If your return hasn't been pre-populated by Sars, use the information on the tax certificate to complete your tax return.

You don't submit the tax certificates to Sars when you submit your tax return but keep them for a period of five years in case Sars requires them from you.

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

- click on 'Help-You-eFile' on Sars eFiling;
- request a call-back; or
- call 0800 007 277.

Due to Covid-19, Sars is not servicing any taxpayers at the branches. Please click [here](#) for all the methods available to interact with Sars.

General questions and explanations

<p>What is a tax-free investment (TFI) tax certificate (IT3(s))?</p>	<p>It reflects the transactions during the tax year such as the contributions you made to your tax-free investment, withdrawals you took from it or where you may have transferred to another service provider (whether in or out). We also show the net profit or loss for the tax period.</p>
<p>What is a TFI?</p>	<p>A TFI is an investment product that doesn't attract any South African tax, provided that you don't exceed the contribution limit. Any foreign withholding tax that is deducted inside an investment fund will influence your investment balance.</p> <p>TFIs can be administered by banks, long-term insurers, collective investment scheme companies and national government. 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; and • capital gains or losses. <p>However, estate duty could apply.</p>

When will we issue an IT3(s) tax certificate?	Certificates are issued if the account is open or active, even if there were no new contributions made during the tax year.
Why am I receiving it?	<p>We must report the contributions, withdrawals, transfers to and from this investment, as well as the net profit/loss to Sars.</p> <p>This is to monitor and manage the allowed contribution limit of R36 000 (applicable to the tax year ending February 2021) to TFIs during a tax year, and R500 000 over the lifetime of a person.</p> <p>You will pay tax at a rate of 40% on contributions that exceed these limits. Example:</p> <ul style="list-style-type: none"> • If you contribute R56 000 to a TFI account during the 2021 tax year, the yearly limit is exceeded by R20 000. So, you'll pay tax of R8 000 ((R56 000 - R36 000) x 40%) on this amount. • If you contribute more than R500 000 in total to a TFI over your lifetime, a 40% tax will be payable on the amount over R500 000 (reduced by the tax already paid on contributions in excess of the yearly limit).
Will my certificate details and values automatically be updated on eFiling?	No, you'll have to fill in the information on your income tax return (ITR12).
What should I do with the certificate?	Use it to fill in the relevant fields on your tax return and keep it for your records.
Where can I get more information and help with this tax certificate?	<p>Speak to a registered tax practitioner or visit taxtim.com (a Multiply partner) who can help you file your tax return.</p> <p>You can also contact Sars on 0800 007 277 or visit it's website at sars.gov.za.</p>

What do the different source codes in this certificate mean?

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.
4240: Tax free investment account – Net return on investment – loss	<p>We report the net return for the tax period as either a:</p> <ul style="list-style-type: none"> • 4239: Net return on investment – profit or • 4240: Net return on investment – loss. <p>This product is a long-term insurance product and Sars doesn't require reporting on the detailed investment returns of the investment components.</p>
4219: Tax free investment account – contribution	This source code indicates the total value of the contributions made to your TFI during the tax year.
4247: Tax free investment account – transfer out	This source code indicates the amount transferred out to another provider during the tax year.
4246: Tax free investment account – transfer in	The value attached to this source code indicates any amount received from another provider during the tax year.
4248: Tax free investment account – withdrawal	This source code will indicate the value of any amounts withdrawn during the tax year.

Other information fields on this certificate

Tax year

This is the period starting on 1 March of a particular year to the end of February of the following year. The tax year shown on your certificate will show the correct income tax return you'll need to submit.

Start date

This date refers to the start date of the TFI if it was during the tax year; otherwise it refers to the start date of the tax year.

Financial success is about you and your money, and how you use the money you earn to make a living and shape your financial future throughout the different stages of your life and that of your family.

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 best structure your tax.

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