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December 2023

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Corporate Gifting: How to Boost Your Business This Festive Season

> ***"A real gift comes attached with ribbons, not strings." (Raymond C Nolan)***

Most clients, suppliers and business associates will appreciate a thoughtful gift from your company, and the Festive Season is the most appropriate time to send such a gift.

The challenge lies in selecting a gift that conveys genuine intentions to thank the recipients for the role they play in the success of your business, to strengthen the relationship and to stand out from the competition.

Here are some great tips to ensure your corporate gifts achieve these objectives.

- **Keep it simple:** Choose gifts that are relevant and useful to the recipient, and also align with your business values and goals, for example, sending locally sourced gifts made and packaged with sustainable materials.
- **Stick to the popular choices**: For good reason, certain gifts are most popular among recipients - with gift baskets, food and gift cards the most popular choices, along with handy tech gifts like portable speakers, headphones and tablets.
- **Allow a choice:** Gift cards and vouchers are particularly popular because recipients can choose their own gifts.
- **Edible gift baskets:** Gift baskets filled with delicious treats are very popular, because they can be shared with others. Chocolates and baked goodies like brownies are the favourites.
- **Don't send these items**: Avoid gifts like candles, soaps or magazine subscriptions, useless trinkets, office supplies, keychains, magnets and t-shirts.
- **Avoid over- and under-spending:** A corporate gift does not have to be expensive, but it should be thoughtful and useful, as well as durable and long-lasting. Rather send great gifts to a few top clients, than worthless trinkets to all your business associates.
- **Presentation:** The gift should be attractively packaged, with a personalised note or card included.
- **Personalise:** Gifts that are specific to a certain industry, or - even better - to a particular client, will be much more appreciated. Customised products and personalised gifts are also gaining popularity.
- **Avoid in-your-face advertising:** While part of a company's marketing strategy, corporate gifts should come across as tokens of appreciation, not merely as billboards for your company's advertising. Gifts should be branded with your company name, logo and contact details, but keep it elegant, professional and low key.
- **Experiences:** Recipients may prefer experiences to things, for example, tickets to sporting events, theatre performances or even spa treatments, but be sure to allow a choice, unless you know the recipients' preferences.

- **Host an end of year party:** Another example of gifting an experience is hosting a party (a “Christmas party” if that terminology is appropriate to your guests) to thank business associates, creating an opportunity to get to know each other better.

- **Send an office lunch party:** A favourite food gift is one sourced from well-known local establishments in quantities that can feed the whole office.

- **Charitable donations:** A donation made to a charitable organisation on behalf of a client or supplier can also make a thoughtful corporate gift but allow the recipient to select the cause.

Mind the tax implications

Gifts could be tax deductible as marketing expenses or as cost of sales expenses, but the onus will rest on your business to prove that these expenses were incurred “in the production of income”.

When hosting an end-of-year or Christmas function for clients, expenses such as the venue, meals and entertainment can be claimed as a tax deduction, if your company can prove that expenses were incurred in pursuit of business. Check with your accountant that you will meet all the criteria before you rely on this tax deduction.

Similarly, before making a donation, ask your accountant if it will attract donations tax, which will be payable in the month following the donation date. Only donations made to a registered PBO (Public Benefit Organisation) approved by SARS are not subject to donations tax.

Festive Season Gifts for Employees? Here’s How SARS Will Tax Them

> ***“Think of giving not as a duty but as a privilege.” (John D. Rockefeller Jr.)***

Most businesses want to show appreciation to their employees at the end of a long year’s work, and the “Season of Giving” is the ideal time. A thoughtful gift will make any employee feel more recognised and appreciated, and this will improve morale and enhance perceptions about the company and could even increase employee satisfaction and loyalty.

SARS, however, considers almost any kind of gift to employees as a taxable fringe benefit, and therefore companies need to check with their accountants before giving, to ensure the tax implications are fully understood and taken into consideration.

What does SARS regard as gifts?

Any asset, commodity, goods or property of any nature provided by the employer to the employee at no cost, or a cost which is less than the market value of that item, is regarded as a taxable benefit in the hands of the employee, as per Paragraph

2(a) of the Seventh Schedule to the Income Tax Act.

This means that any gift that can be regarded as an asset will be subject to employees' tax – whether physical or intangible, and regardless of the value, because there is also no minimum value below which gifts from an employer are exempt from tax.

Furthermore, the gift will be taxable even if the gift is given to an employee's family member, such as a partner or a child.

Also remember that the onus of proof lies with your company should SARS challenge the tax treatment of any gifts to your employees.

Tax on common employee gifts

Tangible gifts, such as watches or electronic devices, will be taxed in the hands of the employee based on its market value, or on the cost to the employer.

Intangible gifts such as flights, bus tickets or accommodation are also considered as taxable benefits to the employee and the cost to the employer is the taxable amount.

Gift cards and vouchers are among the most popular gifts for employees, but beware! These are taxed at the same rate as if it the employee received cash. In some cases, it may be better to gift cash instead of a card or voucher that would limit the employee to a single retailer or outlet.

Similarly, bonusses are taxed at the same rate as other remuneration. This means that the amount of the bonus will be added to an employee's annual salary when the rate of tax payable for the year is determined. The danger here is that the bonus amount might push some employees into a higher tax bracket.

How must the tax be deducted?

Depending on the nature of the gift, employers will need to determine the cash equivalent, or the market value, or the cost to the company to calculate the employee tax that must be deducted.

This can be quite complex, for example, the value of a benefit where accommodation is provided depends on whether the company owns the property or rents it, as well as whether or not the employee pays towards the accommodation.

The taxable amount calculated must then be reflected as a fringe benefit on the employee's payslip, and PAYE must be determined and deducted. The benefit must also be declared on the employee's IRP5/IT3(a) certificate.

Some exceptions?

There may be some possible exceptions, for example, if a gift to an employee does not involve any cost to the employer or where the employee gifts are used for business purposes.

An end-of-year function - whether a lunch celebrating the year's achievements, or a team-building experience with snacks and refreshments, or a Festive Season office party with employees and their partners - is also a great way to treat your team with a delicious meal and complimentary drinks in a fun and social setting. The food and drinks will be tax-deductible expenses, regarded as a non-taxable occasional meal.

Paid time off work may also be an option that does not have tax implications for the employee.

An employer could also make a donation on an employee's behalf as a gift. If an employer agrees to process a donation to a S18A-approved organisation through its payroll, such a donation can reduce the employee's PAYE liability.

Professional advice is vital!

Whichever way your company decides to gift your employees, check with your accountant first to ensure it is both tax compliant and tax efficient.

How to Write a One-Page Business Plan

> ***"If you do not know where you are going, every road will get you nowhere." (Henry A. Kissinger)***

Creating a business plan is one of the most important processes when running a business. It is the roadmap for the success of any business and should include everything from cash flow planning to expansion strategies and the company's mission statement. If you want to take out a loan a full-length plan is invaluable, but on a day-to-day basis these documents can be lengthy and difficult to access.

A one-page business plan is primarily a communication tool and is developed as a way to quickly summarise the key points of a business and its goals. It's a great way to clearly define often complex issues in a simple manner and keep executives, partners or staff focused on the mission at hand. They are also a strong place to start when developing a full-length business plan and can help companies to pivot in changing times.

What should a one-page business plan include?

Your one-page business plan needs to include everything below, but resist going into the details. Keep each point to a few well focused sentences. Remove unnecessary words and adjectives.

- **A Brief Description**

  The first thing to do is to simply describe the types of products and services that make up your business.

- **Customer Pain Points**

  What problem are you solving for your customers? Why does your product or service exist? And why are these products or services better than those of your competitors? Avoid generalities and keep your answer focused.

- **Competitive Advantages**

  This is where you look at the things that make you and your company perfect for your industry. What makes you stand out? Is it the team you have put together? Your business model or a unique invention?

- **Making Money**

  This is the space for a three-point financial model. It should include your revenue sources, your company costs and the pricing strategy for your products. Again, avoid the specific amounts. This is not a budget. It simply points to where the money comes from and how it is spent in three sentences.

- **Marketing Plan**

  How do you get your product to your customers and how do you tell people about your business? What are your main sources for attracting new business? This is just a high-level overview on how you go about marketing and making sales.

- **The Competition**

  In one line only, describe each of your major competitors and what makes their business a success.

- **Your Co-workers**

  This is your chance to look at the key figures you have hired to make your company a success. Who are the most important people and why are they important? This will help you to understand which of your employees should be earmarked for promotions or bonuses, and training.

- **Future Funding**

  What are the major things you may need funding for over the next few years? Why do you foresee the need for money in these areas?

- **Your “Why”**

  Why are you doing this? What do you hope to achieve from your company and what is the end goal? While this is not included in a normal business plan, in your one-pager it can help act as a motivation and remind you why everything else exists.

9 Tips for Catching CV Liars

> ***"No man has a good enough memory to be a successful liar" – Abraham Lincoln, President of the United States of America, 1861-1865***

In a recent survey conducted by StandOutCV more than 50% of Americans admitted to lying on their CV. It's a staggering number, and something that is taking place in a country where jobs are plentiful and finding work easy.
Google searches on how to lie on a CV went up 48% in 2022 alone, and searches on how to fake a job reference went up 52% in the same time.

While there is no such research on South Africa, business owners would be cautioned that a similar number is almost certainly to be expected here simply due to the tough economic conditions. The National Qualifications Framework Amendment Act 2019 makes it illegal to lie about qualifications on your CV in South Africa under punishment of a jail sentence and applicants can be made to pay back their full salary. Despite this there are a number of other ways that applicants can lie, which are not punished (e.g: past salary, job titles, and responsibilities) and which are therefore likely to be significantly more common.

9 tips for employers

It's clear that lying on a CV is everywhere, so how can you as the employer protect yourself from this seemingly common scourge? Here are our 9 tips on what to look for to catch liars cold.

1. **What do people lie about most?**

   People lie on their CVs for many reasons. Some do it to avoid being stereotyped or simply to boost their egos, while others do it for far more nefarious reasons like earning a job they aren't qualified for.

   Studies have shown that the most common areas where people lie are: 1: Education level 2: Exaggerated salary 3: Date discrepancies 4: Job titles 5: Fake references and 6: Name dropping.

   These are therefore the areas you need to focus on the most when trying to trip someone up in a lie.

2. **Look for telltale signs**

   Look for areas where people are not being specific. For example: Dates that go from year to year instead of month and year to month and year probably indicate there is something being hidden. Have they said they have a Bachelor's degree from a specific university but not mentioned that it's a Bachelor of Arts or Science? Look for skills that are listed but that don't make sense for the claimed work history – why does this typist of eleven years have brick laying as their primary skill?

3. **Check LinkedIn and other online resources**

   Candidates will happily tell lies in the shadows to one recruiter they don't know, but will they tell those lies online where all their past colleagues can see them? Unlikely. The LinkedIn version of their CV is almost certainly much closer to the truth than anything you see on paper. Double check, check other Social Media profiles, and Google for any other online mentions of the candidate.

4. **Call the references**

   These days it's much more common for people to list their friends as their references and give you their telephone numbers, but this does not mean you shouldn't check-up. Call and have a chat, ask questions - even if these references only guide you to areas you can interrogate in the interview, it has been worth it.

5. **I vs We**

   Candidates who are lying or embellishing their CV will usually continue to do so in the interview. While the use of "I" instead of "We" is not instantly damning it can be very suspicious depending on the position claimed and business they were previously hired at. Work done for larger organisations is usually completed as part of a team and if someone is claiming they did it all alone there is a good chance they are embellishing their CV or may not even know what the role entails at all.

6. **Ask questions**

   Interview questions can be subtly set to probe the areas above where you don't feel entirely comfortable. For example, instead of simply accepting dates of employment, ask the applicant to tell you again when they worked for a given company – it's possible they could forget dates for their first job, but the most recent one is unlikely.

   Don't be afraid to ask specifics about job titles and co-workers either. If you can, research some names off the internet and ask the candidate if they knew them. Ask about their listed skills and ask how they came to be at the level they are. Often you will find they have listed skills they definitely don't have.

7. **Look for hesitation**

   People are going to be nervous in their job interview and this should always be taken into account, but they should also be able to answer simple questions about their work. "Where were your offices?" should be met with an immediate reply. This is not a trick question, anyone who worked at that company should be able to answer quickly. It may even put the honest candidates at ease. Hesitation on these sorts of questions, or vague responses should be treated with suspicion.

8. **Request tangible proof**

   The final definitive answer if you suspect someone is lying is to simply request tangible proof. They say they got seven exemptions in matric, ask them to bring in a certificate. They say they have a degree? They should be proudly able to show you copies. If they have done a TED talk they probably have a YouTube video.

9. **Trust your gut**

   The last thing you should do - trust your gut. Some studies conducted at the University of California in Berkeley examined people's gut reactions after just a few seconds of interview. Surprisingly they found that these initial uncomfortable feelings were actually more accurate than when interviewers were told in advance that someone would be lying and were trying to play detective. Admittedly, none of these studies has been wholly conclusive, but if you have done your homework, and are finding an applicant ticks the boxes above, your gut reaction may be the thing you need to make the final call.

Your Tax Deadlines for December 2023

- 7 December – Monthly Pay-As-You-Earn (PAYE) submissions and payments
- 28 December – Excise Duty payments
- 29 December - End of 3rd Financial Quarter
- 29 December – Value-Added Tax (VAT) electronic submissions and payments & CIT Provisional payments where applicable.

Thank you for your support in 2023.

Have a wonderful festive season, and a happy and prosperous 2024.

Enjoy the break!

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