AITKEN LAMBERT ELSWORTH
CHARTERED ACCOUNTANTS (S.A.)

With Compliments

5A Rydall Views
Rydall Vale Office Park
38 Douglas Saunders Drive
La Lucia Ridge, 4051

Tel: 031 202 7601
Tel: 031 277 2740
Fax: 031 202 7663
Email: info@aitkenlambert.co.za
Website: www.aitkenlambert.co.za

Directors: CC Elsworth, A King and AG Wiggill

CA(SA) CHARTERED ACCOUNTANT SOUTH AFRICA

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Busting the Accounting Myths That are Burying Your Business

"People with limited understanding of business think that it's all about making profits. But those who actually run businesses know that it's all about managing cash flows." (Cedric Chin, entrepreneur and management training consultant)

Most business owners aren't careless with money. They obsess over profit margins and expenses, and carefully analyse their bank

Your Tax Deadlines for August 2025

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balances. Over time, however, many people fall for accounting myths that sound like common sense. These myths crop up in meetings, tax chats, and casual conversations – and they stick. The problem is, some of these ideas distort the way you see your business. They can make you feel more profitable than you are, hide looming cash problems, or cause you to delay decisions until it's too late.

Busting these myths won't only sharpen your numbers – it might unlock the growth that's been out of reach for too long.

"Depreciation is just a paper loss"

Depreciation is often described as being a "non-cash" expense, which leads some to think it's not a real cost. But depreciation is very real. It reflects the wear and tear on your assets, equipment, vehicles, and even your office fittings. (Buildings tend to be an exception to this rule.) Like it or not, that slow erosion of value is going to affect your business eventually.

Ignoring depreciation can leave you thinking you're operating at higher margins than you really are. This, in turn, can lead to decisions (like expanding your business or cutting prices) that the business may actually not be in a position to make. It's therefore essential to treat depreciation as part of your real cost base, because sooner or later, you'll need to replace what's wearing out.

"Profit equals cash"

Because this one feels so intuitive, it can trip up even the most astute entrepreneurs. Your business is profitable, so there should be money in the bank. The thing is, profit is an accounting measure while cash is what you actually have on hand. And the two often travel on different timelines.

Unpaid invoices, stock that hasn't moved, loan repayments … these can all put pressure on your cash position, even when your income statement says you're in the clear. Profit without cash flow can land you in hot water fast. It's often the reason otherwise "profitable" businesses go under. Don't get caught only watching your bottom line.

"If there's money in the account, we're doing fine"

That moment of checking the bank balance and breathing a sigh of relief? We all do it. But a healthy balance today doesn't mean all your bills are paid, or that your tax obligations aren't just around the corner. It certainly doesn't mean you can afford that new delivery van without checking the books first.

A snapshot of your bank balance is just that – a snapshot. It says nothing about what's coming in, what's going out, and what's already spoken for. Operating without a cash flow forecast is like driving with your eyes locked on the rear-view mirror.

"Tax is something to worry about at year-end"

By the time year-end rolls around, your tax position has already been shaped by a hundred small decisions. Wait until then, and there's not much you can do about it, except write the cheque.

Tax planning is an all-year activity. There are dozens of factors that will affect your liability – from choosing the right structure, to timing your asset purchases, handling employee salaries and paying out dividends. A little foresight early in the year can save you a massive headache in February. Don't be one of those businesses that only speaks to their accountant after the damage is done.

"Accountants are just for compliance"

We aren't just here to file returns and send invoices for you. We can help you read the story your numbers are telling. That includes where you're leaking cash, how sustainable your margins are, and what your break-even point really looks like.

"Growth always means more sales"

Growth feels good: bigger orders, more customers, faster turnover. But unless that growth is well managed, it can be lethal. More sales can mean more expenses, more staff, more stock, and more space. If your margins are thin, or if customers are slow to pay, rapid growth can tie up all your cash in working capital and leave you with nothing to operate on.

Before chasing sales targets, it's worth asking, can we afford to grow? And is this growth profitable?

"We can always fix the books later"

When you're flat out running a business, bookkeeping often takes a back seat. But bad books make for bad decisions. They hide problems, delay action, and lead to missed opportunities.

Clear, current numbers are the foundation of everything from pricing and hiring to raising capital. Without them, you're guessing. And guessing can be an expensive habit.

The final word

Don't feel embarrassed if you've been taken in by some of these myths. They're common, they sound plausible, and they're often repeated. But they also limit your options, distort your view, and slow your progress.

Accounting is not about ticking boxes. Done right, it's about clarity. And with clarity come better decisions and better growth.

That's why we'd really like you to chat to us. Not just when SARS comes calling, but whenever you're planning your next move.

SARS' Crypto Crackdown Intensifies with Dedicated Crypto Unit

"Transactions or speculation in crypto assets are subject to the general principles of South African tax law and taxed accordingly." (SARS)

A staggering 5.8 million South Africans hold a crypto asset, with Southern Africa boasting the largest uptake of Bitcoin in the world.

SARS has not failed to notice the phenomenal growth of various digital currencies and crypto assets and is now dedicating substantial resources to ensure that crypto assets and trades are declared on taxpayers' tax returns.

How are crypto assets taxed?

While crypto assets are not considered legal tender, transactions or speculation in crypto assets are subject to the general principles of South African tax law.

Normal income tax rules apply and affected taxpayers need to declare crypto assets' income, and gains or losses in the tax year in which it is received or accrued.

Income from crypto assets transactions can be taxed under "gross income" or it can be seen as a capital gain (and subject to CGT). Whether an accrual or receipt is revenue or capital in nature is tested under existing tax law, of which there is plenty.

Taxpayers are also entitled to claim expenses associated with crypto assets accruals or receipts, provided such expenditure is incurred in the production of the taxpayer's income and for purposes of trade.

Base cost adjustments can also be made according to the CGT rules. Gains or losses in relation to crypto assets can broadly be categorised with reference to three types of scenarios, each of which potentially gives rise to distinct tax consequences:

1. Crypto assets can be acquired through so called "mining" – the verification of transactions in a computer-generated public ledger through the solving of complex computer algorithms.

2. Investors can exchange local currency for a crypto asset (or vice versa) through crypto asset exchanges (which are essentially markets for crypto assets) or through private transactions.

3. Goods or services can be exchanged for crypto assets. Such transactions are regarded as barter transactions and the normal barter transaction tax rules apply.

The onus is on taxpayers to declare all income and gains related to crypto assets.

Stricter enforcement

SARS has intensified its focus on crypto asset trading recently, significantly improving its capacity to detect crypto activity and non-compliance. They have done this by:

- Making greater use of advanced analytics, artificial intelligence, machine learning and algorithms
- Entering into data-sharing arrangements with crypto exchanges
- Establishing a dedicated Crypto Asset Unit

Since last year, SARS has been sending Audit and Request for Relevant Material Notices to taxpayers who have traded, invested or even used crypto assets for purchases.

This is possible because SARS now has access to trading data directly from crypto exchanges. This includes information on taxpayers who have traded in crypto assets but may not have disclosed these activities on their tax returns. In addition, through multilateral agreements, SARS is exchanging information with other tax authorities globally, in line with global tax enforcement trends.

What's more, the establishment of SARS' specialised Crypto Asset Unit is a clear indication that crypto asset taxation has become a priority.

What must I do?

Taxpayers engaged in crypto asset transactions should ensure their tax affairs in this respect are fully compliant. Failure to comply could result in audits and investigations; interest and penalties at percentages as high as 200%, as well as further legal repercussions.

The SARS Voluntary Disclosure Programme (VDP) provides an opportunity for taxpayers who have not declared their crypto holdings to achieve compliance and to avoid potential penalties and interest. However, the VDP has strict conditions, one of which is that the taxpayer must voluntarily approach SARS first, before SARS initiates further action. Once SARS has identified a taxpayer for audit, they can't apply for the VDP.

How we protect your interests

Relying on accounting and tax expertise is essential for correctly assessing any historical crypto tax liability and possibly making voluntary disclosures, correctly declaring current crypto asset transactions, and ensuring compliance requirements are met proactively.

You can count on our experience and expertise in managing your crypto tax affairs!

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6 Ways to Maximise Your Revenue Through Smarter Networking

"Networking is not about just connecting people. It's about connecting people with people, people with ideas, and people with opportunities." (Michele Jennae, business coach and author)

Most entrepreneurs know they should be building a network, but not many know this should be a core business strategy. Building and maintaining the right relationships can lead to improved contracts, revenue gains and business growth, provided you know how to use them.

The good news is, we aren't asking you to go out and become a natural networker. You just need to put a few key habits in place and start treating networking as a long-term business investment. Here are six common misconceptions that, when remedied, can help turn handshakes into business growth.

1. "I go to networking events, but I never see any benefits"

This is a common complaint, but it's seldom the event that's at fault. Many people see no benefits because they approach networking events passively. They show up, have a few chats, hand out business cards, and hope someone follows up. That's not networking. That's exposure.

To make events pay off, you need to arrive with a goal, and steer conversations intentionally. Then afterwards, you need to follow up promptly. This doesn't mean that you need to sell to everyone in the room. Often it's far better to listen to people's needs and identify just where you might be useful. A short, personalised follow-up message, the next day could then unlock a real business opportunity.

2. "I simply don't have time to network"

Networking doesn't have to be a drain on your time. If you're chatting to the right people, just one or two strategic conversations a week might be all you need. The key is to start thinking of networking as business development – everyone has time for that.

If you can carve out 30 minutes a week to check in with past contacts, make introductions for others, or send a useful article to someone in your network, you're already doing more than most. The results won't be instant, but it all adds up.

3. "My industry doesn't work like that"

Whether you're in logistics, consulting, construction, or retail, your next deal could still come from a friendly introduction. The channel might differ, but the principle is the same. People do business with people they trust. That old saying, "it's not what you know, but who you know" has never been truer. No industry is too technical or regulated for word-of-mouth not to matter.

4. "I've already got a good network"

Knowing people isn't enough. That network of people needs to be activated. This means that you need to make yourself visible, helpful, and memorable. Stay top-of-mind by making introductions, sharing your insights, or simply checking in without hoping to make a sale. The goal isn't to extract value, it's to keep yourself fresh in their minds so you're the first person they think of when they do need something.

And remember: relationships decay over time, so make sure you refresh them regularly.

5. "Networking doesn't feel authentic"

Networking should never feel like a performance. The most effective networkers aren't slick or rehearsed. They listen more than they talk. They ask thoughtful questions. If you're having no luck networking, it may be because you're trying too hard to be interesting, rather than simply being interested.

Shift the focus. Stop trying to pitch, and start looking for ways to be useful. Can you make an introduction? Offer advice? Share a resource? That's where trust starts and a true network can develop.

6. "I don't see how this makes me money"

Networking contributes directly to revenue by opening access to people and opportunities you wouldn't reach on your own. The referrals you get from people you have met and been valuable to, will often lead to new business.

The bottom line

There's no need to "become a networking expert," but there is a need to focus on a few strategic relationships. Show up with intent. Follow up with purpose. And above all, give before you ask. The returns might not be instant, but they will come.

Ask us if you aren't sure how much room you have in your marketing budget for networking activities.

Company Directors Take Note: Complying with Your Duties is a Big Deal

"A director must… act in good faith and for a proper purpose; in the best interests of the company; and with the degree of care, skill and diligence that may reasonably be expected…" (Companies Act of 2008)

The first Guideline for 2025 issued by the CIPC (Companies and Intellectual Property Commission) aimed to "sensitise directors on the consequences for non-compliance with their duties to a company."

Here's a quick overview of these duties and what could happen if directors don't comply.

What are the duties of directors?

A director must exercise the powers and perform the functions of a director:

- In good faith and for proper purpose
- In the best interest of the company
- Without using the position to knowingly cause harm to the company
- With the degree of care, skill and diligence that may reasonably be expected of him/her

This means that directors should carefully understand the provisions of the Companies Act that relate to the governance of companies, including, but not limited to:

- Section 75: Directors' personal financial interests
- Section 76: Standards of directors' conduct
- Section 77: Liability of directors and prescribed officers
- Section 78: Indemnification and directors' insurance
- Section 213: Breach of confidence
- Section 214: False statements, reckless conduct and non-compliance
- Section 215: Hindering administration of the Act

Recent amendments

In the last few months, amendments to the Companies Act have introduced significant new changes that have further increased the responsibility and risk that directors shoulder.

Focusing on accountability, transparency, and alignment with international governance standards, the changes include stricter fiduciary duties to prioritise company and stakeholder interests, mandatory transparency in director appointments, and new director criteria disqualifying individuals with a record of insolvency, criminal convictions, or prior misconduct from serving as directors.

Consequences of non-compliance: Civil liability

The Companies Act emphasises that a director of a company in his/her personal capacity may incur civil liability for loss or damage incurred by the company due to the director:

- Acting on behalf of the company without the necessary authority
- Trading recklessly or under insolvent circumstances
- Being a party to an act or omission by a company calculated to defraud
- Being a party to false and misleading financial statements
- Being a party to a prospectus or written statement that contains an untrue statement
- Failing to vote against an unauthorised or inconsistent provision of the Companies Act during a meeting or decision-making process

In a recent High Court case, the court found that directors of a property fund had grossly abused their positions and engaged in reckless conduct that severely harmed the company. The judge declared these directors delinquent and ordered them to compensate the fund for losses incurred due to their actions, including the costs of forensic investigation and reputational harm.

A delinquency declaration can also result in a ban from holding directorships for a specified period or even permanently, as it did for SAA's Chairperson Duduzile Myeni.

Consequences of non-compliance: Criminal liability

A director may be also held criminally liable in his/her personal capacity in terms of various sections of the Act for:

- Disclosing confidential information concerning the affairs of any person obtained in carrying out any function in terms of the Companies Act
- Falsification of the company's accounting records
- Trading recklessly or under insolvent circumstances
- Providing false and misleading information
- Being party to an act or omission by a company that is calculated to defraud
- Being party to a prospectus or written statement that contains an untrue statement
- Failing to satisfy a compliance notice

Some of these contraventions may result in a fine or imprisonment for a period not exceeding 10 years (or to both a fine and imprisonment) while others carry lesser (but still nasty) penalties.

Don't be fooled: Insurance won't always save you

A "Directors and Officers Liability" policy protects directors against claims arising from decisions made in their official capacity. However, breaches of fiduciary duty, dishonesty, fraud, criminal acts and wilful misconduct are common policy exclusions.

In addition, Section 78 of the Companies Act clearly sets out the requirements of indemnification and directors' insurance. Even so, the CIPC says that directors of companies often fail to fully appreciate the requirements of this section: there are loads of requirements to qualify for indemnification.

How we help you comply

The consequences of failing to comply with director duties can be severe, including civil and criminal liability. **You can rely on our expertise to help you understand these duties and to ensure ongoing compliance for the benefit of all concerned.**

Your Tax Deadlines for August 2025

- 07 August – PAYE submissions and payments
- 25 August – VAT manual submissions and payments
- 28 August – Excise duty payments
- 29 August – VAT electronic submissions and payments, Corporate Income Tax Provisional payments where applicable, and Personal Income Tax Provisional payments.