



NEWSLETTER

CENTRAL CHAMBER

November/December 2005



The Management, Executive Committee and Staff of the Central Chamber would like to express our thanks to our members, suppliers and sponsors for their support during 2005 and we wish you all a very prosperous New Year!

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TAX REFORM – MEDICAL SCHEMES/EXPENSES

Item 822 (Acknowledgements: SACOB)

In a Discussion document released by the Treasury in early September, certain proposals are made relating to the tax treatment of contributions to medical schemes and medical expenses. In short the objectives of the proposed changes are to:-

- Encourage improved medical scheme coverage;
- Provide more affordable medical treatment (for low income earners) by amending the tax treatment of medical expenses;
- Harmonise the tax treatment of employed and self employed persons;
- Provide a more equitable tax regime in respect of incentives for belonging to a medical scheme.

While supporting objectives for extending medical costs tax relief to lower income groups, the argument that this will be achieved through tax concessions is suspect. As the Treasury paper concedes, it is the high cost of medical scheme packages that is the barrier to low income groups belonging to a scheme.

The proposals extend medical costs tax relief to certain employer-provided 'off-site' medical services. It is a measure on which SACOB has been pressing for some accommodation for at least two years.

The proposals envisage no changes for taxpayers 65 years and older and the R500 *de minimus rule* for handicapped persons would be scrapped.

The impact of the proposals is difficult to predict and the risk of an undesirable outcome is high. For example any one of the following could emerge.

- The status quo could prevail with more individuals in the lower income groups purchasing medical scheme cover.
- The status quo could prevail with medical scheme cover remaining unaffordable for low income groups.

The status quo prevailing for high-income groups, with a buy-down in cover from middle-income groups.

- The high income groups opting to self insure for medical cover and still get their tax benefit (5% - 7,5% rule); and middle income groups buying down.

The Treasury Discussion document was released on 2 September with a three week time provided for comment.



SUBMISSION OF ANNUAL RETURNS – TIME EXTENSION

Item 823 (Acknowledgements: SACOB)

A provision in the Companies Act that came into force on 1st May 2005, requires all companies to lodge an Annual Return with the Registrar (for a fee). Registration can be undertaken electronically at www.cipro.gov.za and set dates are provided by which time returns have to be lodged.

However, a glitch in the electronic system has resulted in the deadline for the lodgement of such returns being extended. The deadline dates have been revised according to the 'company incorporation' date. Accordingly the deadline submission dates for companies are:-

- Companies incorporated in May, June, July, August, September and October must ensure that their annual returns are successfully lodged by the end of November 2005.

Such companies will not be subject to penalties, unless they fail to lodge their returns by the end of November 2005, whereafter CIPRO will then immediately impose a penalty fee of R150, 00.

For noting

In respect of close corporations, despite the fact that the CIPRO website states that CC's are required to register, SACOB has been informed verbally that this annual return requirement does NOT apply to CC's at present.

ANTI-CORRUPTION

Item 824 (Acknowledgements: SACOB)

The latest integrity/corruption survey (Transparency International) shows South Africa in 2004 at 4.5 that compares with 4.4 in 2003 (10 = least corrupt).

In 2004 South Africa's position in the index of least corrupt countries was 46 out of 158 countries. The least corrupt country was Iceland at 9.9; the most corrupt country was Chad at 1.8.

In 2004 South Africa's position was 48 out of 133 countries.

INTELLECTUAL PROPERTY (IP)

Item 825 (Acknowledgements: SACOB)

While S.A. Business is justifiably concerned about the enforcement of IP, there can be another side to this issue. A group of legal scholars, scientists, artists and others from around the world have issued the 'Adelphi Charter'. Their concerns, as articulated in the charter, surround the fact that the IP system is shifting towards the favouring of private enrichment that no longer serves the public interest. For example, in the US the number of patent applications has doubled over the last ten years – much of which is associated with digital technology. As the charter protagonists argue, "good policy does not consist of 'more rights', it consists of maintaining a balance between the realm of property and the realm of public domain".

AVIAN FLU

Item 826 (Acknowledgements: SACOB)

The World Health Organization has been trying for years to attract attention to the threat posed by flu pandemics. Recent concerns over avian flu seem to have made governments worldwide start planning for such an occurrence. Given SA's fragile public health system, there is reason to be concerned, not only in terms of mortality rates but on the economy generally. A flu pandemic would make many workers sick for a long time with serious affects on business operations. Is there a need to panic? No, but be prepared!

UIF INCREASES ITS CEILING

Item 827 (Acknowledgements: SACOB)

The Minister of Labour has announced an adjustment in the maximum earnings level for beneficiaries of the Unemployment Insurance Fund (UIF). The UIF's remuneration ceiling was R8,836 per month.

The monthly level of remuneration for determining maximum contributions and benefits will be increased to R10,966 per month with effect from 1 October 2005.

AIDS INFECTIONS HAVE NOT PEAKED, SAYS STUDY

Item 828 (Acknowledgements: SACOB)

An Old Mutual health-care survey of 100 companies, shows that the HIV/AIDS prevalence rate in the corporate sector has risen to 19,4% from 15% two years ago. These figures sketch a picture of AIDS infections in SA, which suggests that the prevalence of the disease has not yet peaked.

Statistics SA says 16,7% of all people in South Africa between the ages of 15 and 49 are infected, while the United Nations puts it closer to 21%. The latter figure appears closer to the Old Mutual survey.



PERCENTAGE OF TOTAL DEATHS ATTRIBUTED TO AIDS RELATED CAUSES

Item 829 (Acknowledgements: SACOB)

It is estimated that more than half of all current deaths can be attributed to AIDS related causes and this is said to rise to 64% in 2020.

A useful summary of statistical data on this topic can be found on the following website: www.hst.org.za/healthstats/86/data

ABSENTEEISM LOSSES FRIGHTENING – STUDY

Item 830 (Acknowledgements: SACOB)

South African Companies are losing more than R23m annually due to absenteeism in the workplace, says new research by research group Occupational Care SA (www.ocsa.co.za) and UNISA.

The research was carried over one year and included a total of 12 000 employees in 26 companies across a wide range of industries.

As many as 3152 days per 500 employees are lost due to absenteeism, which costs as much as R 851 000 for every 500 employees annually.

(Extract from The Star 26 August 2005)

EVENTS

Item 831 (Acknowledgements: SACOB)

On the 26th of September, Minister Geraldine Fraser-Moleketi addressed SACOB's corporate members, on "Anti-Corruption and the Role of Business".

Points of note reflected the following:

- By the end of the year, the United Nations Convention Against Corruption will be in force.
- Reference was made to the Masterbond and Enron cases.
- The importance of the Financial Intelligence Centre Act (FICA) which imposes an obligation on business to report suspicious transactions.
- The King II Report on corporate governance is now recognised as the benchmark of corporate governance worldwide and will force greater transparency among publicly listed companies. However, there are still some companies only giving superficial or general disclosures in terms of the code.
- The Country Corruption Assessment of 2003 where 1,000 interviews resulted in 62% of business regarding business-to-business corruption as becoming a common practice.

The new anti-corruption legislation has still to be tested, and the efficiency of institutional capacity needs constant improvement. Business needs to continue to strive towards inculcating acceptable behaviour through

partnerships that will sustain the fight against corruption.

Should you require a copy of the full speech, kindly log on to www.gov.za

CLOSE CORPORATIONS: ACCOUNTING OFFICERS: PROFESSION AND MEMBERSHIP NUMBER REQUIRED

(Item 832) Acknowledgements ICSA Corporate Governance Technical Newsletter

The amendments to the Close Corporations Administrative Regulations, contained in Government Gazette 27713 of 1 July 2005 now provide, in regulation 21, that the name of the accounting officers' profession and his membership number must be included beneath his signature.

CORPORATE SOCIAL RESPONSIBILITY: GROWTH IN DISCLOSURE

(Item 833) Acknowledgements ICSA Corporate Governance Technical Newsletter

A recent study by KPMG has found that more than 50 per cent of the world's largest corporates are disclosing their Corporate Social Responsibility practices and are measuring their achievements on a year-by-year basis.

Corporate Social Responsibility has consequently become one of the indicators used by analysts in determining and measuring long term performance prospects.

JAPAN: AGM VOTING BY CELLPHONE AND INTERNET

(Item 834) Acknowledgements ICSA Corporate Governance Technical Newsletter

120 leading Japanese companies have announced that shareholders will be permitted to vote by mobile phone.

A total of 300 Japanese companies have already instituted voting by personal computers to secure internet websites. Voters are sent their access code and password, in the same envelope as their invitation or Notice of the AGM and the copy of the Agenda.

Meanwhile, 400 other corporations are to experiment with virtual voting. Several of the companies will contract with banks to manage internet and cellphone voting.

**PROPERTY TRANSFERS:
WILL SARS DELAY**

(Item 835) Acknowledgements ICOSA Corporate Governance Technical Newsletter

SARS has indicated that all taxpayers, including individuals, trusts and companies, will be required to state that their tax affairs are in order, when they are a party to a property transfer, either as a buyer or seller. SARS has indicated that it may then be necessary to appoint an agent, such as the conveyancer, to receive the outstanding tax from the proceeds of the sale. This may entail a delay for a short time.

The implications of these proposed steps are still uncertain, but it seems that in future the buyer and seller will be required to provide their tax numbers.

**ROAD ACCIDENT FUND:
IMPORTANCE OF REQUIREMENT
TO LODGE AN AFFIDAVIT IN 14
DAYS: HIT-AND-RUN ACCIDENTS**

(Item 836) Acknowledgements ICOSA Corporate Governance Technical Newsletter

In Road Accident Fund v Makwetlane 2005 (4) SA51 (SCA), the Supreme Court of Appeal upheld the validity of regulation [2(1)(c)] which, in the case of hit-and-run accidents, required an affidavit to be lodged with the police within 14 days. It found that the requirement for early lodgement for an affidavit was to discourage fraud.

The Court concluded that the regulation was not unreasonable, as it referred to a hit-and-run accident in which the wrongdoer could not be identified and accordingly the Road Accident Fund could not have recourse. The victim's constitutional rights had not been unfairly prejudiced.

SARS: eFILING: ONLINE SERVICE

(Item 837) Acknowledgements ICOSA Corporate Governance Technical Newsletter

The South African Revenue Service has made an electronic e-mail lodging service called eFiling available, for the lodgement of tax returns and the payment of tax.

Further details are available on the SARS website www.sars.gov.za

**TAXATION: PROPOSALS FOR NEW
RESIDENCE TEST**

(Item 838) Acknowledgements ICOSA Corporate Governance Technical Newsletter

SARS has indicated that the legislation, to be included in the Revenue Laws Amendment Bill, 2005, will contain draft provisions, which have been released for public comment, that deal with the period for an expatriate, who enters South Africa, to become a resident, for taxation purposes.

It is anticipated that the proposals will provide for:

- The period for the physical presence to be extended by 2 years, from 4 to 6 years. Australia and Canada have a similar period.
- A minimum of 91 days in South Africa in each year, for 5 years will be required.
- A total of 915 days in South Africa over the five year period.

**ESTIMATING FOR PRINTERS –
2006**

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CHAMBER INCREASES – 2005

Membership Subscriptions

Following a decision by the Federation Management Committee, the following rates will apply as from 1 January 2006:

Ordinary Membership:

Skilled Employees	<i>R22.03 / month</i>
Other Employees	<i>R12.75/ month</i>
Capitation	<i>R85.00/ month</i>

Associate Membership

R225.95 per month (flat rate)

Discount Offered

It has been agreed that in an attempt to improve collections and reduce administration, any member who pays the 2006 subscriptions in a once off payment for the year BY THE END OF JANUARY 2006, will be granted a 5% DISCOUNT. Any payments made after January, will NOT qualify for the discount.

Please contact our bookkeeper, Susan Fleming on (011) 699 3047, who will gladly process a tax invoice reflecting your yearly amount.

Chamber Consulting Fees

This relates to representing members (consulting), face-to-face contact, regarding negotiations with trade unions or their representatives, or any other labour disputes. This would also include disciplinary hearings and grievance procedures, any dispute between members and their client as well as representing members at CCMA. A further *R399.00* per hour will also be applied to all administration and preparation work.

New Membership Entrance Fee:

This would apply as a once of entrance (joining) fee, when a new member joins the Federation.

Ordinary membership *R746.00* (including VAT) with the monthly subscription based on the number of employees within the company.

Associate membership *R2220.00* (including VAT) and a flat monthly subscription of *R226.00* (including VAT).

Agents Fee

Members often approach the Chamber to assist with the purchasing/selling of equipment, as well as the sale /purchase of businesses. The reason being confidentiality and to avoid using a "third party" for obvious reasons. Only on successful conclusion of the sale, or purchase, is a 5% negotiable commission charged by the Chamber.

Roll of Members and Newsletter

Newsletter

Adverts:

Members	<i>R774.00</i>
Non-Members	<i>R1545.00</i>

Inserts:

Members:	<i>R735.00</i>
Non-Members	<i>R1470.00</i>

Roll of Members

Central Chamber List a cost of R2.20 per PIFSA will be charged.

Central Chamber Labels *R1357.00*

National Lists can be obtained from Maria at the Federation on (011) 699 3015

Non Members:

Mailing (only if envelopes and contents are supplied) –*R2315.00* plus postage.

Employee Files: (per file)

1 – 20 Files	<i>R144.00</i>
21 – 50 Files	<i>R131.00</i>
51 or more	<i>R125.00</i>
Master File and Disc	<i>R550.00</i>

All the above prices include VAT!



Central Chamber



ESTIMATING FOR PRINTERS

This course will assist individuals in not only calculating estimates but also production planning, management and sales.

Course Contents:

- Introduction to Estimating
- Computers and Computer Assisted Estimating
- Paper and Paper Calculations
- Type Calculations
- Technical Terms
- Imposition
- Schemes
- Standard Layout for the Preparation of Quotes
- Magazine Production
- Label Work
- Book Work
- Hourly Cost Rates
- Jobbing Work
- Carton Work
- Estimating for Web-Offset
- Gravure and Flexographic Printing

Starting Date: 7 February 2005

Duration: 40 x 2 hour lectures on Tuesday evenings

Time: 17h30

Course Fee: R2740.00 per delegate (members)
R5480.00 per delegate (non members)
(inclusive of VAT and Course Notes)

PLEASE CONTACT NICKY POTTOW
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