**Special Inclusions**

**List of items specifically included in gross income**

* Even if the requirements in basic definition are not met... *Generally* overrides the ‘Not of a capital nature’ requirement.

**(a) Annuities**

* Someone has the right to receive payment, and the other, an obligation to pay AND it is **repetitive**
  
  ‣ Note: The amount doesn’t have to be the same every time

* A debt payable in equal installments, is **not** an annuity!

* Even if settled in monthly installments

* Chargeable against someone ... an obligation to pay the annuity (not voluntary)

**Immediately in gross income EVEN IF DIVIDENDS ARE PAID AS AN ANNUITY...** The exemption will just fall away

**(10A) Purchased Annuity**

* The capital portion is exempt

* Formula provided to calculate it

**(b) Alimony Received (Spousal maintenance)**

* Fully exempt

**(c) Services Rendered**

* **Any amount:** Any voluntary award or employment or holding of office from services rendered OR TO BE RENDERED.

* Doesn’t matter who receives the money/benefit, person who rendered the service is taxed!

**EXCLUDES:**  
* Fringe benefits

  Causal relationship link: Receipt received due to the services rendered.

* Travelling and other allowances

**INCLUDES:**  
* Bursaries  

  Note there is an exemption for this
Included in the year the amount is received or accrued to the tax payer even if services are rendered at a later date

E.g Bonuses, Waiter’s Tips, Rewards.

Leave pay is not a lump sum if it falls under here!

(cA) Restraint of Trade Payments Received for labour brokers & PSP’s

Fully exempt

(cB) Restraint of Trade Payments Received for Natural Persons

Payment received for refraining to trade or work at a certain place or time

Only applies to natural persons

Only included in gross income if relates to employment!!

(d) Lump Sum Compensation for loss of office

Excludes annuities

Lump sum must be from insurance policy (policy would of paid out)

Lump sum must be paid due to virtue of employment

Still include in employee’s gross income, even if dependent receives money and not employee

PROVISIOnS:

Not applicable to retirement fund lump sums

Amounts paid out due to death are deemed to be paid out before death

Amounts received by a dependant are deemed to have been received by the employee

(e) Lump Sums From Funds (pension/retirement funds)

Fully included in gross income then taxed on its own tax table
(f) Commutation of Service Fees

Commutation amounts due under a contract of employment or services. (Exchanging one type of income for another) = Substitution Payments

(g) Lease Premiums

* Payment for the right to rent property

> Usually a lump sum included in lessor’s G.I. Full amount when received or accrued.

٠ Included all at once!

٠ Lessor will be allowed relief being a specific deduction due to all premiums for lease being included at once.

NB: must be paid by lessee to lessor in additional to rental

(gA) Know-how Payments

* Payments received for sharing knowledge (Scientifical/Technological)

> Taxable in full in the year of receipt or accrual

>>> Transfer of knowledge

(h) Lease Improvements

> Lessee is required to make certain improvements on property leased

٠ Amount of improvement is included in lessee’s income

>>> E.g Your factory that you rent gets improved… you pay tax on the benefit you received

>>> Contractual stipulation, Cannot be voluntary!

٠ If amount stipulated: Use that amount

٠ If no amount stipulated: Use fair and reasonable value of improvements

٠ Excess over stipulated amount not included

٠ Will be capital

٠ SARS includes the value of improvements only in the year of completion

### Lessee will be entitled to a specific deduction
(i) Fringe Benefits
- Usually non-cash benefits
- E.g. The employer letting the employee use a company car
- Use the amount equal to the value of the fringe benefit

NB Applies only to employees and office bearers

(jA) Assets Similar to Stock Trading
- Sale of trading stock is normally included
- Deals with proceeds from the sale of an asset similar to trading stock, even if capital assets.
  - Thus no CGT implications

APPLIES ONLY TO ASSETS:
- Manufactured
- Produced
- Constructed
- Assembled
- Not applicable to purchased assets

(k) Dividends
- All local and foreign dividends are included in gross income

(m) Insurance Policies on employee where employer is the holder
  - “Key-man Insurance Benefits”
- Includes any amount which is from a life policy where the employer is the policy holder and the policy relates to death, disablement or severe illness of the employee
- Less any loans taken out from amount received form policy
- Premiums usually deductible

(n) Recoupments
- Included in gross income