

FREQUENTLY ASKED QUESTIONS REGARDING YOUR 2017 ANNUAL TAX SUBMISSION

The 2017 tax filing season starts on 1 July 2017 and is expected to close towards the end of November 2017. During this time, you may need to submit an income tax return to the South African Revenue Service (SARS). To assist you to do so, we have put together the answers to some frequently asked questions.

DO I NEED TO REGISTER FOR INCOME TAX AND IF SO, HOW CAN I DO IT?

SARS requires all individuals, including minors, who earned taxable income for the 2016/2017 tax year above the following thresholds to register for income tax:

- Below age 65: R75 000
- Age 65 and below 75: R116 150
- Age 75 and over: R129 850

To register, you will need to complete a SARS IT77 form, which is available from the SARS website, www.sars.gov.za, or by contacting SARS. Once completed, you will need to hand the form in at your local SARS branch together with the following:

- A certified copy of your ID, passport or driver's licence
- Income details for the last three years (e.g. copies of your IRP5)
- Proof of your bank details (e.g. an original/certified copy of your statement or an original letter from the bank confirming your bank details)
- Proof of your residential address (e.g. an electricity bill no more than three months old)

DO I NEED TO SUBMIT AN INCOME TAX RETURN AND IF SO, HOW CAN I DO IT?

Not everyone who is required to register for income tax needs to submit a tax return to SARS. You will have to submit a completed and signed income tax return to SARS if you are registered for income tax and for the 2016/2017 tax year (i.e. from 1 March 2016 to 28 February 2017) you:

- Earned an income greater than R350 000, or
- Have more than one source of taxable income (e.g. salary, interest, rental income), or
- Have deductions you want to claim from SARS (e.g. medical expenses, travel or retirement annuities)

There are various ways to submit an income tax return. These include:

- Online via eFiling (visit www.sarsefiling.co.za for more information)
- Using the SARS Smartphone app on a mobile device
- By posting your return to SARS or placing it in the drop box at a SARS branch
- By visiting a SARS branch and requesting assistance from a SARS consultant

WHAT HAPPENS IF I DO NOT SUBMIT MY INCOME TAX RETURN BY THE SARS DEADLINE?

SARS charges non-compliance penalties for each month that your return is outstanding. If you do not submit your income tax return and pay your penalty, SARS may deduct the penalty from your salary, income or bank account.

WHAT INFORMATION DOES ALLAN GRAY REPORT TO SARS ON MY BEHALF?

To verify the information that tax payers provide to SARS and to prepopulate certain sections on tax payers' income tax returns, SARS requires third parties (including Allan Gray) to report certain information. We report the following client information to SARS twice a year:

- Investment income (e.g. dividends and interest)
- Capital gains/losses
- Living annuity income
- Contributions to retirement annuity funds
- Contributions, withdrawals, and returns earned on tax-free investment accounts
- Information required under FATCA/CRS (once a year, see below)

HOW DO I USE MY ALLAN GRAY TAX CERTIFICATE(S) WHEN COMPLETING MY INCOME TAX RETURN?

If there is information about your Allan Gray investment that needs to be included on your income tax return, we will send you a tax certificate before the 2017 filing season starts via email or post, depending on your communications preference. You will also be able to access your tax certificates via your Allan Gray Online account (under the 'Tax certificates' tab). The table below highlights the different tax certificates that we issue for each product.

TAX CERTIFICATE OR STATEMENT	TAX CERTIFICATE DESCRIPTION	PRODUCT	ACCOUNT NUMBERS STARTING WITH
IRP5/IT3(a)	Reports all annuity income and lump sum payments. An IRP5 is issued when tax was deducted and an IT3(a) is issued when tax was not deducted.	<ul style="list-style-type: none"> ■ Allan Gray Living Annuity ■ Allan Gray Pension Preservation Fund ■ Allan Gray Provident Preservation Fund ■ Allan Gray Retirement Annuity Fund 	<ul style="list-style-type: none"> ■ AGLA ■ AGPE ■ AGPR ■ AGRA
IT3(b)	Reports interest and dividends for local and offshore investments.	<ul style="list-style-type: none"> ■ Allan Gray Unit Trust ■ Allan Gray Local Investment Platform ■ Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> ■ AGUT ■ AGLP ■ AGOS
IT3(c)	Reports capital gains and losses for local and offshore investments.	<ul style="list-style-type: none"> ■ Allan Gray Unit Trust ■ Allan Gray Local Investment Platform ■ Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> ■ AGUT ■ AGLP ■ AGOS
Offshore annual statement	Issued to investors who cannot receive an IT3(c) due to insufficient information supplied from a transferring company regarding weighted average unit cost. It can be used to calculate capital gains and losses.	<ul style="list-style-type: none"> ■ Allan Gray Offshore Investment Platform 	<ul style="list-style-type: none"> ■ AGOS
IT3(s)	Reports all contributions, withdrawals, and returns earned on a tax free-investment.	<ul style="list-style-type: none"> ■ Allan Gray Tax-Free Investment 	<ul style="list-style-type: none"> ■ AGTF
Retirement annuity fund contribution certificate	Reports all retirement annuity fund contributions made during the tax year.	<ul style="list-style-type: none"> ■ Allan Gray Retirement Annuity Fund 	<ul style="list-style-type: none"> ■ AGRA

WHEN WILL I RECEIVE MY TAX CERTIFICATE(S)?

The table below shows the anticipated dates when we will send investors their tax certificates for the tax year ending 28 February 2017.

CERTIFICATE OR STATEMENT	DISTRIBUTION TIMELINE	AVAILABILITY ONLINE
Retirement annuity contribution certificate	19 April - 20 April 2017	20 April 2017
IT3(b) local and offshore	21 April - 3 May 2017	3 May 2017
Offshore annual statement	2 May 2017	2 May 2017
IT3(s)	4 May 2017	4 May 2017
IT3(c) local and offshore	5 May - 11 May 2017	11 May 2017
IRP5	26 May - 28 May 2017	28 May 2017
IT3(a)	26 May - 28 May 2017	28 May 2017

WHAT INFORMATION AM I REQUIRED TO REPORT TO SARS REGARDING TAX-FREE INVESTMENTS?

You are required to declare the contributions and withdrawals made as well as the return on all of your tax-free investments as found on your IT3(s) tax certificates. The values for interest, dividends and capital gains/losses will reflect as zero. This is because your Allan Gray Tax-free Investment Account is an investment policy issued by Allan Gray Life Limited (Allan Gray Life) and Allan Gray Life owns all of the underlying investments. As a result, all income earned (interest and dividends) and capital gains/losses accrue to Allan Gray Life for tax purposes and not directly to you. You are therefore not required to declare it in your income tax return.

IS IT NECESSARY TO REGISTER MINOR CHILDREN FOR INCOME TAX AND SUBMIT TAX RETURNS FOR THE SOLE PURPOSE OF DISCLOSING A TAX-FREE INVESTMENT ACCOUNT?

No. The Income Tax Act requires a parent to include in their return any income received by, accrued to, or in favour of any of their minor children either directly or indirectly from that parent, or any income deemed to be that parent's income. As receipts or accruals in respect of a tax-free investment are exempt from normal tax, it is not income, and there is no obligation to include it in the return of the parent. For the same reason, it is not necessary to register the child as a taxpayer - the child must only apply to be registered if they become liable for any normal tax.

WHAT IS FATCA/CRS AND WHO DOES IT AFFECT?

The Foreign Account Tax Compliance Act (FATCA) and the Organisation for Economic Cooperation and Development's (OECD) Common Reporting Standard (CRS) were introduced to facilitate and standardise the sharing of information between tax authorities around the world. In doing so, they aim to prevent investors from evading tax by housing assets and income in favourable tax jurisdictions. To comply, we will provide SARS with the following information once a year for investors who have indicated that they are active in countries other than South Africa:

- Dividend and interest amounts earned
- Withdrawal amounts
- Certain static information e.g. foreign tax identification numbers

This affects investors in the following products:

- Allan Gray Unit Trust Account
- Allan Gray Investment Platform Account
- Allan Gray Offshore Platform Account
- Allan Gray Endowment Policy
- Allan Gray Tax-Free Investment Account (FATCA only)

WHO SHOULD I CONTACT FOR MORE INFORMATION?

For more information regarding your tax submissions, please contact SARS directly on 0800 007 277 or visit www.sars.gov.za.