



INTERNATIONAL  
GROUP

# NEWSLETTER

EDITION 4

JANUARY 2022

2022

## *New mindset* **NEW RESULTS**

Managing your Financial Success



# Business Accountability and Vital Signs

---

Well, as we just past the last month in 2022, I wonder how you are doing, and more importantly: How is your business doing. In the mist of the COVID Pandemic: Are you still in business... How is your business doing?

There are many people that believe that they do not have a business, but the reality is that everyone has a business. Doesn't matter whether you're an employee, running a non-profit organisation, whether you're an accountant or painter... Everyone has a business! That is the first thing that people have to come to terms with. You must understand what I mean when I ask you what your real business is. Every time I do an event, I ask this question multiple times: What is your real business? What is your real business? What is your real business??? Most people look at what they are selling, but don't really know what their business is.

I also ask what are what the fundamentals of your business? What really makes your business work? Better yet, what are the vital signs of your business? Vital Signs is what I use to refer to the numbers of your business: e.g When you go to ICU, the first thing they check the vital signs (they check your blood pressure, your heart rate, etc.) in order to see the situation of your body and your health. So, what are the vital signs of your business? Can you see the vital signs of your business on a daily?

If you see the vitals sign of your business on a monthly basis, as compared to some that see it every 2 months, 3, once a year, some never even see their vital signs and have no clue: What are the chances that you can correct what is going wrong or better said what is not working in your business? You could be are sitting and your pulse is going haywire, your cholesterol is going up, you blood pressure, you heart rate, you feel something is not right. What are the chances that you could correct what is wrong if you don't check your businesses vital signs frequently? You certainly won't know what is wrong or you could assume, but the only way to know for sure is that you check the numbers... the vital signs. By checking your vital signs you could see that your sales are dropping, your expenses are getting out of hand, your finances. You will know exactly how you doing and avoid your business' health would doing too well. If your business' health is at a great place, then your business will be able to survive any season, whether sunny or rainy with storms.

This month I would also like to ask you: What are you doing about your personal growth? Sometimes you see these vital signs and you not feeling well and you see that the turnovers are not going well. But that is the result not the cause: But what is the cause? It's important to know that any cause of an issue in business can always be categorised in 1 of 3 categories:

- 1) A system problem (Are the systems put in place working for the company.)
- 2) A Training problem (Is this problem caused by lack of person development and/ or technical training: a person with great capability but has a bad attitude or is not trained in a technical level, is more of a liability.)
- 3) Individuals (Do you have the right people on the team: A good system and training could be in place but an individual is the cause or doesn't want to do the correct thing.)

When the cause is categorised, it becomes easier to address the issue, but when you have identified the issue (be it people with bad attitudes, a training issue or a system that is not set in place correctly) and you are still unable to change it accordingly, then maybe you might be the one climbing up the ladder put against the wrong wall. Maybe you are the one that needs to develop themselves, maybe you just in the wrong position or you are not in position for leadership. This all boils down to Accountability and Vital signs: Did you know the Vital Signs of your Business saying? And are you being held Accountable?

Thank you very much for reading IE' Newsletters... and we really hope you have an amazing and productive month.

To hear more about your business' Vital signs: <https://soundcloud.app.goo.gl/BB4Px>

# THE TEAM

*Taking you, your team and your business beyond expectation.*



**Johnny Eliades**

**Managing  
Director**



**Antony Tom**

**Accounting  
Manager**



**Micheal Dusabe**

**Head  
of Tax Department**



**Jason Nel**

**IE Property Development  
Operational Manager**



**Jodene Mills**

**Head of Statutory  
Department &  
Foundation**



**Engela Mills**

**Admin Manager  
& Financial Administrator**

**We Build  
Great Businesses**

# STATUTORY DEPARTMENT

by Jodene Mills

When registering Non-Profit Companies, you must always have at least 3 Directors who are not related to one another.

Companies have to have an Annual General Meeting every year as per the companies Act of 2008. A Company also has to pay an Annual Return fee every year for their companies to remain in business the price will be determined by the turn over of the company and the due date is the month in which company was incorporated.



# Payroll Department

by Engela Mills

## Payroll Tips - Part 2

In November we gave you 5 payroll tips. As promised, here are another 5 payroll tips:

### 6. Keep track of everything

Another great way to simplify your payroll system is to keep your records and documents all in one place. In fact, there are laws requiring employers to hold onto some records for a certain period of time. For example, it's a good idea to keep track of timesheets, leave taken, overtime worked, employee's personal info, payslips with proof of payments, IRP5's, etc. Basically keep track of any payroll info.

### 7. Automate

Find out if your payroll software automatically takes care of uif registrations of your employees and generating PAYE reports and IRP5 reports to be submitted to SARS. This can save time in calculations.

### 8. Factor in raises and benefits

Want to make it easier to give your employees raises? Why not give them additional benefits as a type of reward? You could give your employees a stipend for childcare, a new laptop, cell phone, etc.

### 9. You need employee ID numbers

In order to process taxes, SARS require employers to obtain employee ID numbers. To register employees with UIF the employer also need the employee's ID numbers. When employees do not have ID numbers, they must apply for it.

### 10. Create budget

When planning your payroll, be sure to budget for wages and taxes. The company are required to pay UIF & SDL (if applicable) over to SARS together with the PAYE and UIF of the employee.

*Managing payroll requires patience, organization, and communication across your entire organization. By following these tips, you'll be able to streamline your payroll process and become more efficient.*



# ***Do you need a customised Memorandum of Incorporation (MOI).***

by Antony Tom

**The Companies Act 71 of 2008 (here forth referred to as “The Act”) simplified a lot of things, brought some flexibilities and gave insight on how to run a company. Before The Act, the repealed Companies Act 61 of 1973 was in force which was rigid and saw a lot of companies doing business using close corporations. One such flexibility brought is the MOI. It simplifies starting a business, through the standard MOI which comes with CIPC or one can customise it.**

**The questions then is: Should you customise your MOI, and if so, to which benefit? This article seeks to bring some clarity to that...**

## **What is an MOI and what is it used for?**

A Memorandum of Incorporation (MOI) is a document that can be changed from time to time to set out the rights, duties and responsibilities of shareholders. This is governed mainly by Section 15 of The Act. It is important to note that each provision of the MOI must be consistent with The Act, because if it is not then it is rendered unenforceable.

The MOI is basically “the constitution” of the company. It is used to govern relationships between directors and shareholders and/ or directors and the company. The MOI can be the document that has the classes of shares in the company and their rights. It can address the threshold for special resolutions quorums and ordinary resolutions. It can also address appointment of directors, e.g. whether a certain shareholder has the right to appoint a director.

A very good example of the use of MOI: where The Act gives authority to the board of directors to determine distributions (like dividends) from a company is in section 46(1)(a)(ii). Whereas Section 48(2) concerns itself with a company acquiring its own shares, the shareholders may want to take that power from the directors using the MOI. These are powers that the board has. Such powers can deprive shareholders; hence an MOI has the necessary guides to limit such powers.

It is important to note that all changes to the MOI will need to be lodged with the CIPC.

## **Should one then consider amending their MOI?**

It is a complex situation when you are a shareholder in a company that you are not a director in. It is therefore advisable to have a customized MOI. It is a good idea to have an amended MOI if you have more directors than yourself as well.

Remember, a good working relation today does not guarantee a good one for tomorrow. Dispute resolutions can be put in an MOI.



# Crypto assets subject to general principles of tax law

by Micheal Dusabe

A crypto asset is a digital representation of value that is not issued by a central bank, but is traded, transferred, and stored electronically by natural and legal persons for the purpose of payment, investment, and other forms of utility, and applies cryptography techniques in the underlying technology.

The income Tax Act defines crypto assets as a “financial instrument”. Consequently, transactions or speculation in crypto assets is deemed a taxable event, subject to the general principles of South African tax law. Depending on the facts and circumstances of a case, capital gains tax or normal tax may apply.

SARS issued a media release in 2018 to clarify its stance on the tax treatment of crypto currencies, stating that SARS will continue to apply normal income tax rules to cryptocurrencies and will expect affected taxpayers to declare cryptocurrency gains or losses as part of their taxable income.

SARS' viewpoint is that the onus is on taxpayers to declare all cryptocurrency-related taxable income in the tax year in which it is received or accrued; furthermore, that failure to do so could result in interest and penalties. This position remains unchanged.

Note that the word “crypto currency” was officially replaced with the term “crypto asset” thus the Income Tax Act defines crypto as a “financial instrument” as opposed to “currency”, which would have excluded crypto gains from the ambit of capital gains tax (CGT).



## New Penalty Rule and Auto-Assessment process

New Penalty Rule and Auto-Assessment process: With effect from 1 December 2021, SARS has been empowered to levy a late submission of return penalty where one or more personal income tax returns are outstanding. As a transitional measure for the first year, the one tax return or more rule will only apply to the 2021 tax return.

The deadline for individual non-provisional taxpayers is 31 January 2022. Taxpayers in the auto-assessment population, who neither accepted nor edited and submitted their simulated assessments by this date, will receive an original assessment based on an estimate in accordance with section 95 of the Tax Administration Act, 2011.

This assessment is not subject to objection and appeal. However, a taxpayer who is not in agreement with his or her assessment may file a complete and accurate tax return within 40 business days of the assessment date. Such a return will be late, which means that normal late submission penalties and interest (where applicable) will apply.

# Protection Of Personal Information Act no. 4 of 2013



by Michell Lukhele

The famous Protection of Personal Information Act no. 4 of 2013 (best called "the POPI Act" or "POPIA") has been making the rounds in the lips of individuals, companies and even organisation. But its complex nature has led to The Act being misinterpreted and its purpose misunderstood.

*This article will simplify the meaning of the POPI Act, explain its purpose and also give you clarity on what this act implies for you...*

## So what is this POPI Act really?

Stands for the Protection of Personal Information Act, 2013 POPI Act. It is basically South Africa's data privacy law. It sets out the conditions and standards to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another entity's personal information. It is basically South Africa's equivalent to the European Union's General Data Protection Regulation (GDPR).

## What is the POPI Act's purpose?

As per the Act's Section 2: The purpose of the POPI Act is to —

- "(a) give effect to the constitutional right to privacy, by safeguarding personal information when processed by a responsible party, subject to justifiable limitations that are aimed at-
- (i) balancing the right to privacy against other rights, particularly the right of access to information; and
  - (ii) protecting important interests, including the free flow of information within the Republic and across international borders;
- (b) regulate the manner in which personal information may be processed, by establishing conditions, in harmony with international standards, that prescribe the minimum threshold requirements for the lawful processing of personal information;
- (c) provide persons with rights and remedies to protect their personal information from processing that is not in accordance with this Act; and
- (d) establish voluntary and compulsory measures, including the establishment of an Information Regulator, to ensure respect for and to promote, enforce and fulfil the rights protected by this Act."

## What does the POPI Act do for you?

The POPI Act sets out the minimum standards of accessing and processing personal information belonging to another. The definition of processing as stated by The Act is: "the collection, receipt, recording, organisation, collation, storage, updating or modification, retrieval, alteration, consultation or use; dissemination by means of transmission, distribution or making available in any other form; or merging, linking, as well as restriction, degradation, erasure or destruction of information"

The act is simply meant to ensure that your personal and private information stays that way and/ or is dealt with in a regulated and cautious manner.

## Does The POPIA actually apply to individuals?

Yes, but not necessarily in a way that most people believe: The POPI Act applies to any person, company or organization processing personal information in South Africa, who is domiciled in the country, or those who are not domiciled but making use of means of automated or non-automated processing personal information in the South Africa.

## A personal observation:

The POPI Act works well for the partial protection of its subject's personal information but does not entirely protect them. This is because foreign organisations processing South Africans' personal information outside of the country do not have to comply with the Act. This then renders The POPI Act's first purpose (as stated in Section 2 (1) to "give effect to the constitutional right to privacy..."), as a failure to as is, unless amended to address this issue.

Privacy is not fully privacy if it is publicly accessible outside of the country.



## Johnny Eliades International

The Ultimate Success Strategist

Coaching, Strategy and Systems & Operations



## Chartered Certified Accountants

Managing Financial Success

Management Accounts, Financial Reporting, Taxation and Statutory



## Capital

Investing in Great Business of the Future

Business Investment



## IE Business Connection

We connect your Business to Success

Buy, Sell, Expand or Start your Business



## IE Escrow

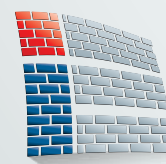
We Secure the Deal

Escrow Services



## IE Property Management

Rental Property Management



## IE Property Development

Building the Future

Building & Renovations



## Johnny Eliades

FOUNDATION

Together Our Impact is Greater  
Contribution | Transformation | Success

B-BBEE, Skills Development, Enterprise Development, Socio-Economic Development & Within Giving