

NEWSLETTER

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EDITION 5



INTERNATIONAL
GROUP

Find your Purpose

Create Financial Success
through Leadership.



Laws of the lid, financial growth and Influence

This Month I highlight the biggest door to open in order to understand better and grow better in the business industry. The first door to open in order to have a successful life, open other doors and possibly never have to really work again is to FIND YOUR PURPOSE. With that said, my purpose is in my love of business and helping people. If you find your purpose and then make a business out of that, you will not have to work in your life. Once you find your purpose then you follow on to the following important pointers to treasure in your quest to make:

1. **Invest in your purpose:** You may have found your purpose, but you have to learn and be knowledgeable in it in order to run it successfully. It does not help in anyway if you have the purpose but no knowledge.
2. **Invest in Leadership skills:** This is key as you will have to lead others into happily and dedicatedly assisting you reach the peak of the business/es you make from purpose (your "Purpose business". Leadership equates influence which both equals effectiveness.
3. **Know your strengths and Weaknesses**
4. **The law of the lid:** It is important to know what level of leadership ability you have out of 10 in different spheres, this is key to know because it is very important to you know which people you can lead and who you cannot. This is smart knowledge to have as a leader because a person who is a level 8 can not be led by a level 6 leader, this will either mean the level 8 leader will takeover or leave.
5. **The law of Influence:** Influence is necessary to lead. Always remember: If you think you are a leader and no one is listening then you are as good as just taking a walk. The difference between a leader and manager is that a leader will lead and others will be influenced to follow, whilst a manager will lead and no one will follow they will just be in the forefront but holding no influence to make people follow or do better in their different sectors of your "Purpose business". NB. Influence is not governed by fear but good Leadership.
6. **Build Good Character:** People can sense the truth and integrity! Leaders are suppose to have truth, be trustworthy, not just have charisma, be inspiring and motivating. The realness goes a long way in building solid relationships.
7. **Good Relationship:** Surround yourself with the right people, get the correct team and people who are also aligned with the vision.
8. **Intuition:** What you feel, you should be able to read a situation as a leader.
9. **Experience:** Build towards building experience to encourage others to want to be part of your "Purpose business"
10. **Pass successes:** Build reference- where have you been, what have you achieved. This is important as well to build trust of good leadership from the people meant to assist you
11. **Ability:** If you don't have the capability then you are just moving. You much be capable of teaching, coaching and holding up the purpose business and all those who are the to help you achieve this purpose through your business. Invest in being able.

All and above, it is very important to know that leadership is nothing more than influence and that you cannot lead leaders who are above your leadership level, but this doesn't mean it is impossible to become a level 10 leader and the best in your sphere and "Purpose business" because all can be learned and achieved if invested into. Leadership can be learned and achieved with the knowledge and usage of the above laws.

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**We Build
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STATUTORY DEPARTMENT

by Jodene Mills

Did you know...

"Compensation fund will Invoice you an estimation on your pervious years earnings if you do not submit when it is submissions time."

"Compensation Fund also charges 10% late payment fee if not paid within month from date of invoice."

"If a male employee dies due to accident at work compensation fund will only pay out the spouses he is legally married to even if he as five wives then all 5 wives will get money but if female employee has more than one husband not one of the husbands will get money as it is not legal for a woman to be married to more than one husband."



Payroll Department

by Engela Mills

Payroll and EMP501's

An EMP501 reconciliation is a report of all employees' earnings, which must be submitted to SARS. Employers are required to reconcile the payroll taxes liabilities (PAYE, SDL and UIF) declared monthly on the Employer declarations (EMP201).

Reconciliation Period

During this period, employers are required to reconcile the payroll tax liabilities (PAYE, SDL and UIF) declared on their monthly Employer Declarations (EMP201) for the first six months of a reconciliation year (March to August) and then again the last six months (September till February).

The tax values of the interim IRP5/IT3(a) certificates are then generated to contain accurate payroll information, payroll tax payments made to SARS. This information is then completed on the Employer Reconciliation Declaration (EMP501) and submitted to SARS.

The normal due date for the first six months recon is 31 October and for the last six months it is 31 May.

Tax deductions (PAYE) on pension or annuities

by ??

Where a pensioner has one source of income during a tax year, the PAYE system ensures the correct PAYE deductions from their pension or annuity.

However, where a pensioner has more than one source of income, the different sources of income are combined at the end of the tax year to determine the correct amount of tax due. By adding all the sources of income, they are placed in a higher tax bracket which affects their tax due at year-end. This is not a new principle and it applies to everyone, not only pensioners.

Although pensioners can request their retirement fund administrator to deduct a higher amount of PAYE so that any tax due at year-end is adequately covered, not many pensioners are making use of this option, which leaves them with an unexpected tax debt at year-end.

To assist pensioners with more than one source of income, recently introduced legislation makes provision for SARS to determine a more accurate PAYE deduction amount. We do this by using the latest data available to SARS. The retirement fund administrator can then deduct a more accurate amount of PAYE from pensioners. if so, to which benefit? This article seeks to bring some clarity to that...

It is our intention to introduce this service with effect from 1 March 2022.

In practice, this will mean the following:

1. Pensioners will not have to do anything, because SARS will provide the retirement fund administrator concerned with the PAYE deduction percentage.
2. For pensions or annuities payable during March 2022 and for the periods thereafter, the retirement fund administrators will use this rate to deduct PAYE from the pension or annuity.
3. The rate provided by SARS will be valid for the whole tax year, unless circumstances that influence the year-end tax liability change. In such a case, the retirement fund administrator may revert to applying the normal PAYE deduction rate, with effect from the month in which he/she becomes aware of the change in circumstances.
4. The PAYE deducted from the pension may be slightly higher, but in return, you are less likely to be faced with an unexpected tax bill at the end of the tax year.
5. The pensioner may, at any time, request their retirement fund administrator to continue to deduct PAYE at a rate higher than the rate provided by SARS.
6. Pensioners may also request their retirement fund administrator to use the normal PAYE deduction rate, and not the one provided by SARS, however this may result in a high tax bill at year-end.



Accounting reporting standards.

by Antony Tom

Often a challenge that is faced by investors is how to compare investments in companies of different countries that they could invest in. The first challenge is the differences in currencies. The second comes when they want to evaluate the potential of the company in future by analysing the financial statements.

Are financial statements prepared in United States of America comparable to the ones prepared in Malta? This is a key question which that this article will clarify buy through giving insights on accounting standards used to prepare financial statements.

What are Accounting Reporting Standards?

Accounting Reporting Standards ("standards") are written and approved ways that seek to clarify how different transactions should be treated in the same entity and across different entities. Let us give an example, a donkey merchant who keeps some donkeys for sale will have some donkeys in his stable at almost all the time. On the other hand, a farmer who uses and owns donkeys will have also donkeys in his stable but the donkeys are not for sale in his business (unless if the donkey has no prospect of adding value in future). The donkey merchant will have the donkeys in his books probably as stock (items waiting to be sold). The farmer will probably have the donkeys as fixed assets (assets that will be kept for more than one year). To a user a donkey is a donkey, so shouldn't it be presented the same? Not according to the standards. The rationale of the standards is that we have to look at use: For the merchant the donkeys are part of his trading stock and for the farmer he can use them more than one financial year.

What accountings standards are there out there?

There are so many standards with different bodies responsible for their maintenance and pronouncements. Each country will normally have its own standards but most of them are in alignment with International Financial Reporting Standards (IFRSs). In fact, IFRSs currently apply in about 166 countries. A notable exception in United States of America which uses US GAAPs. There is a project underway to harmonize these standards so that at some point in time financial statements issued in South Africa are comparable to the ones prepared in USA.

What do Accounting standards seek to address?

Accounting standards seek to standardize the reporting of the same transactions so that a donkey above would be treated the same by all donkey farmers or merchants. There should be consistency between same companies on transactions of the same nature and also consistency on the same company across different reporting periods.

Are accounting standards law?

Well, this is a tricky question because that is dependent on the situation. All listed entities in South Africa for example must fully comply with IFRSs, any deviation must be disclosed and explained. Normally deviations are allowed if this results in fair presentation. For some small entities, the usage of GAAPs is permissible. In USA for example, US GAAP are also not law but the cost of no compliance can have serious ramifications for a company.

Conclusion

Accounting standards are important for classifying and reporting similar transactions and for consistency. They are not law but non-compliance can have some consequences for an entity. Make sure your entity is using the correct standards and complying with them.

Rule no. 1 for Companies: THE COMPANIES ACT 71 of 2008

by Michell Lukhele

In the Previous Article I discussed the POPIA which is one amongst other Acts and binding other laws in South African legislation put in place for companies respectively. This month we once again tackle another piece of the legislation (which in my opinion is the head of legislation when coming to companies), the Companies Act 71 of 2008 (herein "Company Act"/ "The Act"). This Act is important to know as a business owner or an individual or group who aspire to own any form of company, because NOT ONLY IS IT VERY BINDING, but also provides for a consistent and harmonious regime of business incorporation and regulation, as well as provide for matters connected therewith.

So, what is the purpose of the Companies Act:

The purpose of the Act is...

1. To promote compliance with the Bill of Rights as provided for in the Constitution, in the application of company law.
2. To promote the development of the South African economy by encouraging entrepreneurship and enterprise efficiency, creating flexibility and simplicity in the formation and maintenance of companies and encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation.
3. Promote innovation and investment in the South African markets. reaffirm the concept of the company as a means of achieving economic and social benefits.
4. Continue to provide for the creation and use of companies, in a manner that enhances the economic welfare of South Africa as a partner within the global economy.
5. To promote the development of companies within all sectors of the economy, and encourage active participation in economic organisation, management and productivity.
6. To create optimum conditions for the aggregation of capital for productive purposes, and for the investment of that capital in enterprises and the spreading of economic risk.
7. To provide for the formation, operation and accountability of non-profit companies in a manner designed to promote, support and enhance the capacity of such companies to perform their functions.
8. Balance the rights and obligations of shareholders and directors within companies; (j) encourage the efficient and responsible management of companies; (k) provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders; and (l) provide a predictable and effective environment for the efficient regulation of companies.

Who is bound by it?

Two types of companies may be formed and incorporated under this Act, namely profit companies and non-profit companies.

Profit companies as mentioned above, refers to:

- State-owned companies or a private company if it is not a state-owned company and its Memorandum of Incorporation prohibits it from offering any of its securities to the public and restricts the transferability of its securities.
- A personal liability company if it meets the criteria for a private company and its Memorandum of Incorporation states that it is a personal liability company or a public company, in any other case.

NOTE: As per this act- No association of persons formed after 31 December 1939 for the purpose of carrying on any business that has the objective of the acquisition of gain by the association or its individual members, is considered or may be a company nor any other form of body corporate. The latter is unless it is registered as a company under this Act, formed pursuant to another law or was formed pursuant to Letters Patent or Royal Charter before 31 May 1962

And finally, the question we should always ask ourselves when looking into laws:

Why is this Act so necessary, what is its importance?

- To provide for the incorporation, registration, organisation and management of companies, the capitalisation of profit companies, and the registration of offices of foreign companies carrying on business within the Republic.
- To define the relationships between companies and their respective shareholders or members and directors.
- To provide for equitable and efficient amalgamations, mergers and takeovers of companies.
- To provide for efficient rescue of financially distressed companies.
- To provide appropriate legal redress for investors and third parties with respect to companies.
- To establish a Companies and Intellectual Property Commission and a Takeover Regulation Panel to administer the requirements of the Act with respect to companies, to establish a Companies Tribunal to facilitate alternative dispute resolution and to review decisions of the Commission.
- To establish a Financial Reporting Standards Council to advise on requirements for financial record-keeping and reporting by companies.
- To repeal the Companies Act, 1973 (Act No. 61 of 1973), and make amendments to the Close Corporations Act, 1984 (Act No. 69 of 1984), as necessary to provide for a consistent and harmonious regime of business incorporation and regulation, and to provide for matters connected therewith.

As mentioned, the Companies Act is of key importance to know if you want to own or have the intention to own a Company (Profit or Non-Profit). It gives the guideline of how to go about your company's creation and keeping it inline with the laws. The Companies Act 71 of 2008 is there for your excellence if you obey to its guidelines, but also readily waiting to fight against you if you ever find yourself doing otherwise.



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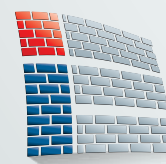
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