

10 October 2013



NEWSFLASH

Dear Colleagues

SARS THIRD PARTY APPOINTMENT TO COLLECT OUTSTANDING TAXES

Please note that the South African Revenue Services (SARS) has appointed Transnet as an agent in terms of Section 99 of the Income Tax Act. This act entitles SARS to appoint an employer to withhold and pay over to SARS any amounts due by a taxpayer in respect of the Income Tax act. This happens when a taxpayer does not respond to any notices in respect of their outstanding taxes and/or penalties by the due dates given in the notice or demand. When this happens, Transnet receives an ITA88 "Notice of Agent Appointment". This notice legally binds Transnet to transfer the amounts due to SARS by the date stipulated on the ITA88 notice. The impact is as follows:

- For the vast majority of employees at TFR, this appointment will have no impact on their pay. You do not need to do anything.
- For certain employees who do not have their tax affairs in order, Transnet will be obligated to deduct outstanding tax and/or penalties from the October 2013 pay-run.
- If your tax affairs are not in order it is suggested that you contact your local SARS office and resolve the relevant issues immediately to avoid Transnet deducting any taxes or penalties within the pay-run. In this regard, you are requested to submit proof from SARS by 20 October 2013 that Transnet is no longer obligated to deduct any amounts (to Naas Pretorius (Naas.Pretorius@transnet.net) or Mpho Mohammed (Mpho.Mohamed@transnet.net)). Failing to send such proof through will result in the deduction taking place. Please note that if the non-compliance giving rise to the penalty/ tax is not remedied, amounts will continue to be deducted until the non-compliance is remedied.

As much as I understand the sensitivity and impact on our employees surrounding the implementation of this requirement we have to understand that Transnet is required by law to comply with legislation. We advise that all employees should timeously comply with their taxation obligations.

Kind regards

Nomfuyo Galeni
CHIEF FINANCIAL OFFICER 10/10/2013