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In this Issue

Ignoring an Online Review Could be Catastrophic for Your Business!

Maximise Your Business Travel Tax Deduction

Loadshedding: Survival Tips for Small Businesses

How the New Assessed Loss Tax Limitation Works

Budget 2023: The Minister of Finance Wants to Hear from You!

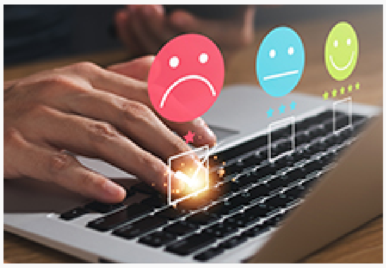
Your Tax Deadlines for February 2023

Subscribe

February 2023

Ignoring an Online Review Could be Catastrophic for Your Business!

> ***"Your most unhappy customers are your greatest source of learning" (Bill Gates)***



If you have founded a business then there is little less certain than that at some point in the future, you will get a bad review. It's simply impossible to please all of the people all of the time, which is why many business owners say they don't worry too much about reviews and try to keep on doing their best. The sad part is, they really should be worrying about their reviews, both good and bad.

A series of recent reports suggest that there is little as damaging to a modern business as bad reviews that go unanswered. With 91% of all 18 to 34-year-olds saying they trust online reviews as much as recommendations from a friend and as many as 93% of all customers saying they check reviews before buying, the impact of a company's online reviews is obvious. But there's more – you should respond to all reviews, both good and bad. According to the BrightLocal *Local Consumer Review Survey 2022*, 57% of all consumers say they would be 'not very' or 'not at all' likely to use a business that doesn't respond to reviews at all.

Under this climate it might seem that, while a good review could gather new customers, getting a bad review could be a death knell for your company. Fortunately, all kinds of reviews are good opportunities to show off your company, turn experiences around, and even gather customers. Assuming you do the right things. Here then is how you should be handling your online reviews.

Track your reviews

The first step is to make sure you know when and where a new review has been written about your company. How can you possibly respond to something you don't know exists? Once you know a review is up, you need to react quickly. It's no good responding years later.

Two different sites will help you to track and respond to reviews across the internet and may become valuable tools for managing your reviews as well.

First is Google my Business which not only allows you to manage and track your online reviews but can also help with sending information to clients and promoting your business. All it takes is a free account and you can help potential new customers find your business and ensure they get the information they need. Having positive Google Reviews can often be critical when it comes to customers making buying decisions.

In South Africa, Hello Peter has established itself as a core place to review companies and for companies to respond. While it can be more expensive to respond as a business, there are definite benefits and keeping tabs on your Hello Peter reviews will help you to know exactly where you stand.

Professional accounts on other sites like Trust Pilot or Media Tool Kit can also help you to track and interact with customer reviews. If you are a new company this may seem like an unnecessary or unwarranted expense, but as already seen, it can also be one of the most valuable tools you can use. If you are battling to find the space in your budget, it is highly recommended that you speak to your accountant about how to streamline and maximise your finances to ensure it can be afforded.

Respond to all reviews, good and bad

As already established, it's absolutely vital that you respond to reviews, whether they are good or bad. According to the Local Consumer Review Survey 2022, 89% of consumers are 'highly' or 'fairly' likely to use a business that responds to all of its online reviews.

For a good review, you should of course thank the customer for their kind words (see some tips on how best to do that here), and you can also ask them if they would be open to you using what they said in future marketing. A bad review takes a little more finesse. While most sites give you the option to turn off reviews, avoid the temptation to do so. The worst thing you can do is censor your customers. According to Oberlo, 62% of customers say that they won't buy from brands that censor reviews.

It's not necessarily about what they said

For a bad review you may be tempted to reject what the reviewer is saying. Do not do this. The person reading your reviews is much more likely to side with the person leaving a review, even if they are being unfair or wrong. Instead, take this as an opportunity to show how good your customer service is. Those reading the review will understand that sometimes things go wrong and want to see how you react when they do, or how you react to unfair or mistaken criticism.

Customers who write reviews are desperate to be heard and understood. It is therefore vital that your response to a bad review does more than simply apologise. You need to show the customer that you are listening. This is done by looking into their particular experience, responding directly to that and clearly acknowledging how they are feeling. Ultimately, nothing is going to make this customer more upset than ignoring the way they feel or trying to invalidate their emotions.

Instead, take a minute to express their feelings are valid – "I am sorry for how you feel", then back that up with what you are going to do to fix it. Describe the facts of their case, and show you know whom you are speaking to, then explain what will be done to correct their unhappiness. Conclude by asking if there is anything else you can do.

If it looks like the review process is going back and forth online, ask the customer for their contact details so you can respond personally. Never ask them to contact you. Asking them to contact you elsewhere suggests you are simply trying to hide your response while giving them the personal attention of a phone call makes them feel like they have been heard.

What to do with fake reviews

There is a third kind of review, one that can be even more damaging than a really bad review and those are reviews written by bots or fake accounts. Usually, these reviews are damaging simply because they tend to use much more emotive language. The reviews are never casually negative, but rather fumingly angry and as there will never be a response from the complainant, can make it look like you never resolved the problem.

Fake reviews are easy to spot. Usually, the reviewer will have no personal information, and their reviewing methods will be inconsistent. Additionally, their reviews are far more likely to link out to third-party products or websites. Often the review they left for you will be repeated on other sites and for other brands as well, so do a Google search to determine if this is the case.

Luckily handling them is simple, but it must be done. Simply find the administrator contacts for the review site and alert them to the fact that you have been fake reviewed with whatever evidence you have on hand. This should be enough to get those reviews taken down.

Ask for reviews

The final and best way to handle a bad star rating for your company is to ask happy clients to post positive reviews. If someone sends you an email or letter thanking you, why not pop them an email with a link asking them if they would consider leaving a formal review? WordStream has some more tips for you **here**. According to the Local Consumer Review only 3% of consumers will even consider using a company that has only 1 or 2 stars from reviews, down from 14% in 2020, so ensuring you keep that star rating up is going to be critical to your future success.

Maximise Your Business Travel Tax Deduction

> ***"Without a logbook, you will not be able to claim a travel deduction." (SARS Travel Logbook 2022/23)***

Even while recovering from the economic impact of COVID and facing the challenges of power blackouts, businesses and their employees are also contending with the costs of travel that have reached historic highs. Thankfully, expenses related to business travel can be deducted from taxable income – reducing the tax liability for taxpayers, including businesses, employees, commission-earners and independent contractors. All these taxpayers should prioritise maximising the available tax deductions by ensuring they can claim for every actual business travel-related expense.

This is increasingly important given the rapidly rising costs of travel, fuel and vehicle ownership. Fuel prices have more than doubled over the last five years and continue to set new records. In addition, Wesbank recently reported that the monthly cost of vehicle ownership for an average entry-level vehicle is 33% higher than five years ago and has increased 32% between November 2021 and November 2022.

To claim any business travel expenses, it is compulsory to keep an accurate and up-to-date SARS-compliant logbook for each vehicle. In addition, there are other tax implications related to travel expenses, travel allowances and travel reimbursements, some of which are briefly highlighted below.

Claiming the business travel deduction – fast facts

- Businesses can claim business travel expenses incurred in the production of income.
- Employees who receive a travel allowance can claim a deduction for the use of their private vehicles for business purposes.
- Employees may also be entitled to claim a reduction on the fringe benefit in respect of business kilometres travelled in a company car.
- To claim any travel deduction, an accurate, up-to-date logbook detailing all business kilometres travelled is required. SARS accepts electronic logbooks.
- There is no deduction allowed for private travel, which is any travel not for business purposes, such as travelling between home and work.
- In addition to a logbook, taxpayers who want to claim actual travel expenses should keep accurate records and proof of all travel expenses, such as fuel and maintenance, incurred during the year.
- A separate logbook and records must be kept for each vehicle used for business purposes.
- SARS reserves the right to query and audit the content or information recorded in any logbook by the taxpayer.
- Logbooks and other records must be kept for at least five years as taxpayers may be required to submit them to SARS for verification of travel claims.

How to claim a business travel tax deduction

1. Record the vehicle's odometer reading on the first day of a tax year (1 March for individuals and also for companies).
2. Maintain the logbook all year – SARS requires the following minimum information for every single business trip: date of travel; kilometres travelled; and travel details including where the trip started, the destination and the reason for the trip. It is not necessary to record details of private travel.
3. Keep records of all related travel expenses such as fuel, oil, repairs and maintenance, car licence, insurance, vehicle tracking costs, wear-and-tear, and finance charges or lease costs to claim the actual travel costs incurred.
4. Record your motor vehicle's closing odometer reading on the last day of the applicable tax year (end of February for individuals and also for many companies). The difference between the opening odometer reading and the closing odometer reading equals the total kilometres (business and private) travelled for the full year.
5. Calculate the total business kilometres for the year using the detailed logbook.
6. The travel deduction can then be calculated in one of two ways:
    - Use the cost scale table supplied and updated annually by SARS, if you have not kept an accurate record of all travel expenses - the table simply provides a rate per kilometre based on the value of the vehicle, or
    - Calculate the claim based on actual costs incurred, determined by the accurate records and proof of all business travel expenses during the year, in addition to the logbook.

Tax implications to beware of

- If an employee receives a travel allowance as part of his/her remuneration, 80% of the travel allowance must be included when calculating PAYE. This percentage is reduced to 20%, where the employer is satisfied that at least 80% of the motor vehicle use during the tax year will be for business purposes.
- However, if there is any underpayment of PAYE on the travel allowance due to incomplete or incorrect information, the employer is liable for any shortfall, so obtain professional advice before providing travel allowances and ensure employees with travel allowances keep detailed logbooks.
- Fuel costs can only be claimed if the employee pays the full cost of fuel used in the vehicle, and similarly, maintenance costs can only be claimed if the employee carries the full cost of maintaining the vehicle, for example, if the vehicle is covered by a maintenance plan.
- Where a travel allowance or advance is based on the actual distance travelled by the employee for business purposes (reimbursive travel allowance), it is non-taxable (i.e. no employee's tax must be deducted) provided that two criteria are met: the rate per kilometre is not higher than the rate published by SARS, and no other

compensation in the form of an allowance or reimbursement (except parking or toll fees) is received in respect of the vehicle.

- If the two criteria mentioned above are NOT met, the reimbursive travel allowance is taxable and employees' tax must be deducted from any amount that exceeds the prescribed rate per kilometre.

To maximise the tax deductions related to business travel, make sure that an accurate and up-to-date SARS-compliant logbook is kept current for each vehicle and each employee with a travel allowance, and that you consult with your accountant to understand the many tax implications for all concerned before making decisions regarding business travel.

Loadshedding: Survival Tips for Small Businesses

> ***"We want to assure business that by the time you get back to work in January, we will have a much more stable situation." (Public Enterprises Minister, Pravin Gordhan, December 7, 2018)***

With loadshedding now a constant reality in our lives and Eskom and the government offering no signs of any form of short-term recovery, small business owners are being forced to increasingly adapt in order to survive. Here are our top five tips that might help, beyond simply "buy a generator/inverter".

Adopt work from home

Those who are single will have heard the advice to date someone on a different loadshedding schedule, and this tip can be liberally applied across a company. By allowing staff to work from home, most businesses can be reasonably assured of having someone online and capable of handling client calls and enquiries at any given time.

At the very least companies need to be looking at offering flexible work hours, so they don't find employees sitting in the traffic caused by all the traffic lights being out, only to arrive at work to sit in the dark. Allowing staff to do the work when and where they want could do wonders for productivity. Perhaps you can even negotiate with a local coffee shop for discounts when your staff come to work there?

Move to cloud-based solutions

If you aren't already using cloud-based solutions now is the time to adapt. Storing everything you do on the cloud with storage and backup solutions such as Dropbox or Microsoft's OneDrive will mean your data can be accessed from anywhere and is much less likely to be lost should servers or computers become damaged by the power cuts. Set computers to do regular saves and backups so nothing gets lost.

Use mains-free tools

If your tools can come in a battery-operated version, then now is the time to start trading out of plug reliant technology. PCs should be traded in for laptops, electric cookers and fridges can be traded in for gas and everything from power tools to hairdryers have battery operated versions. Move your company's main number to a cell phone or to a VoIP solution and make sure all key personnel cell phones are permanently charged.

Unplug equipment

The second the power goes down it's time to unplug all the expensive equipment. Don't take the risk of the surge destroying your vital machines, assembly lines and computers when the power comes back on. If you can, invest in insurance, but make 100% sure that it covers loadshedding damage, as some companies have removed that protection from their contracts.

Ensure that your, and your key employees' Wi-Fi connections are attached to a UPS system.

Use more than one payment system

Using two or even three different network options will ensure you are always able to take payments whenever your equipment is charged, even if the power is off. Don't lose a vital sale or shut up shop simply because you have a contract with one network service provider whose tower always goes down when the power is off.

And of course, get solar, install an inverter and/or buy a generator - there are tax incentives for some solutions that your accountant can help you with.

How the New Assessed Loss Tax Limitation Works

> ***"People who complain about taxes can be divided into two classes: men and women." (Unknown)***

The assessed loss rules have always allowed companies to deduct from their taxable income each year any assessed losses from previous years. The remaining assessed loss balances could be carried forward indefinitely. This meant that a company would only pay income tax once it made a taxable profit **and** all previous assessed losses had been deducted from the taxable income.

These rules have changed and may affect your next income tax bill.

What's new?

Under the new rules, assessed losses brought forward from a previous year of assessment can only be offset against a maximum of 80% of the current year's taxable income or R1 million, whichever is higher.

This means that many companies will now pay income tax on up to 20% of the taxable income for the year if it exceeds R1 million, even if the assessed loss balance carried forward from previous years far exceeds the taxable income. Adjust your cash flow forecasts accordingly.

What you should know

- The new rules apply to any year of assessment that began on 1 April 2022 onwards and that ends on or after 31 March 2023.
- The new limitation applies to a company's assessed loss balance as at 1 April 2022, and not only to assessed losses accumulated after this date.
- Companies do not **lose** the balance of an assessed loss that could not be utilised in one tax year, it is just carried forward to the next tax year.
- If a company does not trade for a full year of assessment and no income is earned from such trade, the assessed loss balance will be lost.
- Further complex rules may apply in certain circumstances, for example, the 3-out-of-5-years rule and the ring-fencing of losses if a business carries on one of the listed "suspect trades", which means professional advice is essential when deducting an assessed loss against taxable income.

Will your tax bill be affected?

Some companies will not be affected immediately, for example:

- Companies that made a loss during the year and therefore have no taxable income to reduce;
- Companies that do not have an assessed loss balance brought forward; and
- **Smaller companies with a taxable income below R1 million are not affected by the new rules and can still deduct the full balance of an assessed loss against 100% of their taxable income.**

However, the changes will have tax cash flow implications for other companies. The examples below illustrate this.

Example 1	**New rules**	**Previous rules**
Taxable income	R1,500,000	R1,500,000
Assessed loss balance brought forward	R3,000,000	R3,000,000
Assessed loss allowed	Greater of 80% of taxable income / R1 million	100% of taxable income
Assessed loss deducted	R1,200,000 *(80% of R1,500,000)*	R1,500,000
Taxable income after deduction	R300,000 *(R1,500,000 less*	R0

deduction	(R1,500,000 less *R1,200,000 deducted above*)	
Tax payable at 27%	*R81,000*	*R0*
Assessed loss balance carried forward	R1,800,000 (*R3,000,000 less R1,200,000 deducted above*)	R1,500,000 (*R3,000,000 less R1,500,000 deducted above*)

Example 2	**New rules**	**Previous rules**
Taxable income	R4,000,000	R4,000,000
Assessed loss balance brought forward	R3,500,000	R3,500,000
Assessed loss allowed	Greater of 80% of taxable income / R1 million	100%
Assessed loss deducted	R3,200,000 (*80% of R4,000,000*)	R3,500,000
Taxable income after deduction	R800,000 (*R4,000,000 less R3,200,000 deducted above*)	R500,000
Tax payable at 27%	*R216,000*	*R135,000*
Assessed loss balance carried forward	R300,000 (*R3,500,000 less R3,200,000 deducted above*)	R0

Example 3	**New rules**	**Previous rules**
Taxable income	R30,000,000	R30,000,000
Assessed loss balance brought forward	R31,000,000	R31,000,000
Assessed loss allowed	Greater of 80% of taxable income / R1 million	100%
Assessed loss deducted	R24,000,000 (*80% of R30,000,000*)	R30,000,000
Taxable income after deduction	R6,000,000 (*R30,000,000 less R24,000,000 deducted above*)	R0
Tax payable at 27%	*R1,620,000*	*R0*
Assessed loss balance carried forward	R7,000,000 (*R31,000,000 less R24,000,000 deducted above*)	R1,000,000

Both the old and the new rules are complex. In addition, some of the wording in the legislation still needs to be clarified, so speak to your accountant about the impact the new rules will have on your next tax bill.

Budget 2023: The Minister of Finance Wants to Hear from You!

> ***"Finally, we pay tribute to the millions of South Africans, whose resilience and courage during these times of pandemic and economic hardship, is an inspiration to all of us who have the privilege to serve in the public sector." (From the 2022 Budget Speech)***

Finance Minister Enoch Godongwana has invited the public to share suggestions on the 2023 Budget he is expected to deliver on Wednesday 22 February 2023.

Go to National Treasury's "Budget Tips for the Minister of Finance" **page** and fill out the online form.

Your Tax Deadlines for February 2023

- 7 February - Monthly Pay-As-You-Earn (PAYE) submissions and payments
- 27 February - Excise Duty payments
- 28 February - Value-Added Tax (VAT) electronic submissions and payments & CIT Provisional payments where applicable.