



Cube
Advice

TAX CHANGES

TO INCOME PROTECTION POLICIES

As from 1 March 2015 your disability income insurance policy is no longer tax deductible. If you have an income protection policy either through your employer or as an individual it is affected by the amount of tax you pay.



**“IF YOU DON'T BUILD
YOUR DREAM, SOMEONE
ELSE WILL HIRE YOU
TO HELP THEM BUILD
THEIRS.”**
TONY A. GASKINS JR

BEFORE 1 MARCH 2015

If your employer pays the premium on your behalf you do not pay any tax on the benefit as it is tax neutral.

If you have taken out an income protection policy as an individual you are able to claim the premium as a deduction in your tax return. Any income paid as a consequence of a claim is taxable in the hands of the recipient.

FROM 1 MARCH 2015

As an employee the premium paid by your employer will be taxed as a fringe benefit and your tax liability will increase accordingly. This means that your take home pay will be slightly impacted by the value of the additional tax you have to pay.

As an individual policy holder you will no longer be able to claim the premium as a tax deduction.

It is important to note that these changes will come into effect in addition to any tax changes announced in the National Budget on 25

February 2015. Therefore your March payslip will reflect an overall change to your tax and take home pay.

TAX ON CLAIMS

On the plus side, any income paid by these policies will be exempt from tax. This means that any income you receive from a claim will be paid to you tax-free.

This is with immediate effect, so whether you have received the tax deduction in the past on your premiums you will still receive your policy income tax-free. In addition, if you are already receiving income from a claim, from 1 March 2015 you may see an increase in your income as you will no longer be paying tax on the amount you receive.

Speak to your financial adviser to see how this tax change affects your level of insurance cover.

SOURCE: www.liberty.co.za



Financial health 101:

*Have an emergency fund.
You will never get out of the
debt cycle if you have to rely
on a credit card when you
have a financial emergency.
Even if you are paying off
debt start putting some
money away each month
into a money market ac-
count for emergencies. Your
aim is to have three months'
worth of household expens-
es for emergencies.*



Do not hesitate to contact us if you require any additional information or any clarity on your current portfolio :

Tel: 012-345 6480 * Fax: 086 513 0769 * GERAL: 082 326 5517 * E-mail: geral@cubeadvice.co.za

Material contained within the e-mail and or attachment is intended for general information purposes only and is not intended as professional, Counsel or investment advice, and is not to be used as such. GvJ Financial Services makes no representation as to the accuracy, completeness, timeliness, merchantability or fitness for a specific purpose of the information provided in this newsletter. GvJ Financial Services assumes no liability whatsoever for any action taken in reliance on the information contained in this newsletter, or direct or indirect damages resulting from use of this Newsletter, its content or services. Any unauthorized use of material contained herein is at the user's own risk. Please send the word "STOP" to geral@cubeadvice.co.za if you want to stop receiving the newsletter. GERAL van Jaarsveld Financial Services member of Cube Advice; Authorised Financial Service Provider (No 40503)