EFFECTIVENESS OF THE CURRENT RULES BY SARS FOR DISABILITY DEDUCTIONS

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The current guidelines by sars has improved the lifestyle of the disability person in South Africa, since the last amendments in March 2012. One of the major changes was the split of the physical impairment category (code 4022) and the permanent disability category (code 4023). This has an impact on the level of deductions as the physical impairment code has a ceiling of 7, 5% on taxable income, whereas the total permanent disability deduction is allowed and deductible from taxable income.

But still, there is a lot of work to be done. One of the major contentious areas is that off the methodology around the calculation of the taxable income, when a disability expense is deducted. In simple terms it means that the larger your tax rate, the more you will benefit from your disability deduction. Hence it brings the shortfall for tax payers that have a low income and respective low tax rate, but has large costs on disability. Therefore it will not benefit them as much as the taxpayer with the higher tax rate and subsequent higher income. Looking at it in another way, is that the type of disability or cost is not aligned with the tax payer's tax status.

This brings another area of concern in that for those that do not pay tax and has a disability, cannot claim. From what I gather, this is a rather substantial portion of some poor communities, especially when looking at areas, like the east rand.

I think the abovementioned areas will need to be re looked at going forward.

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