

#QuickFacts

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BESPOKE EXECUTOR SERVICES
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Death and taxes

There are very few certainties in life. And 2020 has seemingly proven this (time and time again). But it was Christopher Bullock who coined the commonly used phrase in his work – the Cobbler of Preston (published in 1716), when he noted, “’tis impossible to be sure of anything but Death and Taxes”, predating Benjamin Franklin’s more famous coining of the phrase in his letter to Jean-Baptiste Le Roy by some seventy-three years (in 1789).

Who knew?

Whatever the origin and despite the some 304 years that have passed, the phrase (and its meaning) is still accepted as a certainty with no signs of diminishing use or application. But death and taxes (which go hand in hand), actually do apply (simultaneously) where inheritance tax is concerned. Stop a second. Before we get into the specifics involving inheritance tax, let’s start off with some basics.

What is tax?

According to Collin’s dictionary, Tax is an amount of money that you have to pay to the government so that it can pay for public services. Seems straightforward enough...

But, what do I actually pay tax on?

A person’s liability for tax is derived from their income. And according to SARS, income tax (derived from money received) is the normal tax which is paid on your taxable income.

Income tax is levied at progressive rates depending on a person’s taxable income for the year. This is calculated by subtracting allowable deductions and exempt amounts from gross income. Some examples (not an exhaustive list) of taxable income include remuneration (income from employment), such as, salaries, wages, bonuses, overtime pay, taxable (fringe) benefits, allowances and certain lump sum benefits, income or profits arising from an individual being a beneficiary of a trust and capital gains tax.

Alright. But what does income have to do with “Death and Taxes”?

Simple – when a natural person dies, that person is called a ‘deceased person’ and all his or her assets on the date of death are placed in an estate. This estate is then referred to as a deceased estate. And arising from this deceased estate are certain inheritance taxes that the deceased estate has to pay, in addition to the personal income tax (which is levied on the income that the deceased person received before their death) for the deceased’s final tax year.

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ROXANNE BENATER [HERE](#)