

Twitter Thread by André Bothma



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Tax Thread for Influencers/Freelancers - Managing Finances:

Open a separate bank account, where all your freelance/bus income gets paid to and where you pay business transactions from.

This not only makes accounting easier, but shows the monthly profit you're making.

1. Freelance income, especially when you're booked with an agent will normally have a 25% deduction and the 10-15% agency fee.

Be sure that you deduct the agency fee as an expense against your freelancing income, as well as the other business related expenses.

2. If you travel (by car) a lot for business, keep a logbook. There are many apps and websites that can do the tracking automatically, using the GPS on your phone.

When you have lots of motor vehicle expenses, the logbook will allow you to claim a % of that expense.

3. Set aside 10 - 20% of your non-PAYE income for provisional tax payments, or for the annual tax payment. The reason for this is that non-PAYE is not covered and many people spend all the income, leaving them panicking when they need to make a large tax payment.

4. The more business related expenses you have, the more you can claim against SARS, but do note that EXPENSES ARE MORE EXPENSIVE THAN TAX.

Tax is always a % of an expense. See example in note 5

5. Example:

Person A

Income: 100k

Expense: 100k

Profit: 0

Tax: 0

Person B

Income: 100k

Expense: 50k

Profit: 50k

Tax: 15k

Better to get a 50k profit and pay 15k in tax than earn no profit and pay no tax.

Person B has a 35k better cash flow than Person A

6. You don't always need to set up a PTY for your side hustle income. From a tax point of view, if you are the sole director of a PTY, you'll end up paying 42.4% in taxes. (Company tax 28% + Div Tax 20%)

A self employed person can claim business expenses just like a PTY can.

7. The self-employed person can stay quite tax efficient (especially if you're in 36% or lower tax bracket). The reason for this is because an individual can also claim business related expenses.

8. Disclaimer: This thread is just a few ideas / suggestions. While I am a registered tax practitioner, this is not a be all, catch all advice.

Should you wish to get more specific advice, you should reach out to a consultant.

9. Forgot one last thing. Pay a bookkeeper once a year (during March each year), to capture your business bank account to a trial balance.

This can be used as supporting documents for your taxes and to be sent to your tax person to do your taxes for you.

10. Another one (DJ Khaled): Keep BIG invoices. Camera equipment, computer equipment, office furniture etc.

It's a good idea to keep LARGE invoices, I'd say anything over 2k.

This will cover things like: Assets for depreciation, flights, accommodation etc