



Personal Income Tax

Frequently Asked Questions

Operating Guide



Directorate of Taxation
Ministry of Finance and Economic Planning
Republic of South Sudan
Juba, South Sudan
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Mission Of The Directorate Of Taxation

To Collect The Proper Amount Of Tax By:

- ✓ **Applying The Tax Laws With Fairness And Integrity**
- ✓ **Assisting Taxpayers With Meeting Their Tax Obligations**
- ✓ **Enhancing Our Employee's Knowledge, Skills, And Motivation**

To Contribute To The Prosperity Of The Republic Of South Sudan.

Personal Income Tax

What is personal income tax?

Personal income tax is a tax that is levied on the income of an individual earned or received from different sources including wages, entrepreneurial activities, rent, interest, dividends, capital gains, royalties, and lottery and other gambling winnings. In some countries, this tax is also known as an individual income tax.

Who is required to pay personal income tax?

All resident and non-resident individuals who have earned or received income are required to pay personal income tax.

Who is a resident individual?

An individual who is domiciled in South Sudan or is physically present in South Sudan for 183 days or more in any tax period is a resident individual.

Who is a non-resident individual?

An individual who is not a resident individual is a non-resident.

Is there any difference between a resident and non-resident individual from income tax point of view?

Yes, a resident individual is required to pay personal income tax on income from South Sudan sources as well as foreign sources income while a non-resident individual is required to pay tax only on South Sudan sources income.

How is tax on wages, interest, dividends, rents and royalties levied?

These sources of income are subject to withholding tax. Please refer to the brochure on withholding taxes for details.

Income from entrepreneurial activities is not clear to me. Could you please explain it a bit?

*The Taxation Act, 2009 defines “**entrepreneurial activities**” as any economic activity entered into by an individual for profit including, but not limited to: retail operations, manufacturing, trade, entertainment, transport, agricultural, vocational, professional or other services. Income generated through these sources is income from entrepreneurial activities.*

Do I have to pay tax on gross income from entrepreneurial activities?

No, you can deduct the expenses incurred during the tax period wholly and exclusively in connection with entrepreneurial activities and a few other specified expenses including representation costs, donation, bad debts; and contributions made to the approved funded pension schemes from the gross income from entrepreneurial activities and pay the tax on the net income.

Cannot I deduct expenses on capital assets such as vehicles, computers, office equipments, buildings etc.?

No you cannot deduct expenses on capital assets at the time of their purchase but can recover such expenses over time through depreciation deductions.

I did not get it. Could you please explain it further?

Okay. If you buy a car for your business at SSP 60,000 in December 2011, you cannot deduct this amount immediately. But you can deduct 33% of this amount as depreciation each year. Similarly, you can deduct depreciation on other capital assets at the following rates:

| <i>Category</i> | <i>Asset</i> | <i>Rate</i> |
|-----------------|---|-------------------|
| <i>1</i> | <i>Building and other structures</i> | <i>10 percent</i> |
| <i>2</i> | <i>Vehicles, office equipment and computers</i> | <i>33 percent</i> |
| <i>3</i> | <i>All other property</i> | <i>25 percent</i> |

It is still not clear. Could you please explain how is depreciation calculated?

According to tax regulations 2011 depreciation for buildings and other structures (i.e. property classified in Category I) will be calculated for each property separately under the straight line method of depreciation. The amount of annual depreciation deductions will be equal to 10% of the original cost of the property increased by the value of improvements that exceed 5% of the current cost basis of the property.

Is Depreciation calculated in similar way in case of other assets also?

No, all other types of assets are grouped into two categories (pooled) and depreciation is calculated using the straight line method of depreciation as follows:

- (i) The amount of annual depreciation deductions for category 2 assets (i.e., vehicles, office equipment and computers) will be equal to 33% of the original cost of the property increased by the value of improvements that exceed 5% of the current cost basis of the property.*
- (ii) The amount of annual depreciation deductions for category 3 assets (any other asset) will be equal to 25% of the original cost of the property increased by the value of improvements that exceed 5% of the current cost basis of the property.*

Are there any expenses that are not allowed to deduct from income earned through entrepreneurial activities for the purpose of calculating the personal income tax?

Yes, the following expenses are not deductible from income earned through entrepreneurial activities:

- cost of acquisition and/or improvement of land;*
- cost of acquisition, improvement, renewal and reconstruction of assets that are depreciated or amortized;*
- fines and penalties;*

- *income tax and value added tax for which the taxpayer claims a rebate or credit;*
- *personal, living, or family expenses; or,*
- *any loss from the sale or exchange of property directly or indirectly between related persons.*

What are the rates of personal income tax?

Personal income tax is levied with graduated rates as follows:

| Income bracket/monthly income in SSP | Tax rate |
|--------------------------------------|---------------|
| Up to 300 | Exempt |
| Above 300 | 10% |
| Above 5,000 | SSP 470 + 15% |

When do I have to pay personal income tax?

You have to first pay personal income tax as an advance payment of estimated tax in every quarter and settle the final amount due on or before first of April of the year following the tax period.

What is an advance payment of estimated tax?

Advance payment of estimated tax is the payment of tax in specified installments, which is adjusted with the final tax liability calculated on the annual income of a taxpayer.

Who is required to make an advance payment of estimated tax?

Any person who is engaged in any entrepreneurial activity or receiving income from rent is required to remit an advance payment of estimated personal income tax.

When is it necessary to make payment of an advance tax?

Personal income tax on entrepreneurial activities must be paid in advance as follows:

| <i>Tax period</i> | <i>Filing & payment date</i> | <i>Amount to be paid</i> |
|--------------------------------|---|--|
| <i>1 January - 31 March</i> | <i>15 April</i> | <i>25% of estimated PIT</i> |
| <i>1 April - 30 June</i> | <i>15 July</i> | <i>25% of estimated PIT</i> |
| <i>1 July - 30 September</i> | <i>15 October</i> | <i>25% of estimated PIT</i> |
| <i>1 October - 31 December</i> | <i>15 January</i> | <i>Estimated PIT and advance payment</i> |

How much do I have to pay with each quarterly payment?

Each quarterly advance payment must equal at least 25% percent of the prior year Personal Income Tax Liability. If you had no Personal Income Tax liability in the prior year, your quarterly advance payment should equal the amount of tax due on taxable income for the quarterly tax period that just ended. You must pay at least 100% of the prior year tax liability or 90% of the current year tax liability if you owed no taxes in the previous year.

Can I get credit for the advance payment of estimated tax?

Yes, you may credit against the final tax liability.

What is an advance payment of income tax on imported goods?

*An advance payment of income tax on imported goods is a tax levied on goods at the time of importation into **South Sudan**.*

Who is required to pay advance income tax on imported goods?

*Any person who imports goods into **South Sudan** is required to make an advance payment of income tax for imported goods.*

What is the rate of advance income tax on imported goods?

Advance income tax on imported goods is levied at four percent of the customs value.

What is the base of advance income tax on imported goods?

*It is levied on the customs value of the goods as determined per the laws of **South Sudan**.*

Are any items exempt from the payment of advance income tax on imported goods?

Yes, the following imports are exempt from the advance payment of tax:

- *all food items that are considered to be basic necessities and unprocessed foods as may be determined by regulations;*
- *humanitarian aid when imported by a bona fide organization as prescribed by regulations;*
- *goods imported by a contractor, other than a local contractor, in the performance of a contract with the United Nations, the UN Specialized Agencies, or other international or governmental donors to the Republic of South Sudan;*
- *goods imported by the United Nations, the UN Specialized Agencies, or other international or governmental donors to the Republic of South Sudan;*
- *personal goods accompanying a traveler; and,*
- *used household effects of any person intending to take up permanent residence in South Sudan.*

When is it necessary to pay advance income tax on imported goods?

The tax must be paid at the time of the importation of goods into South Sudan.

Can the advance income tax on imported goods be adjusted with the annual tax liability of a taxpayer?

Any taxpayer who is liable to file a tax return may obtain a credit for an advance payment income tax on imported goods against the amount of tax owed for the taxable year. In case of others, the advance income tax paid on imported goods is deemed to be a final payment of tax liability and shall not be subject to a refund.

Do I have to maintain accounts for the purpose of personal income tax?

Yes, all taxpayers who earn or receive income from entrepreneurial activities subject to tax are required to maintain a sales book, a purchase book, an expense book, a capital account, if applicable, and any other prescribed book or record.

When do I have to submit return of personal income tax?

You will have to submit a return of personal income tax on or before 1 April of the year following the tax period.

What if I fail to submit return and pay tax within due dates?

If you fail to submit return and pay tax within due dates you will be liable to pay additional charges, penalties and interest as follows in addition to the payment of liable tax:

- *Failure to submit a return attracts an additional charge of 5% of the tax reportable on the return for each month the return is late, up to a maximum of 25% of the tax reportable.*
- *A penalty of 5% each month is imposed on any amount of tax arrears.*
- *Any tax arrears is subject to an interest of 120% of the prime commercial rate during the period the amount was due.*

Further Inquiry

Please contact the Taxpayer Service Section of the Taxation Head Quarters in Jebel Kujur, or the Taxation Branch Office nearest you.

Tel: +211 (0) 955 069 720

Website:

Other Tax Information Packages

1. Taxpayer Identification Number Registration
2. Employee Withholding Employer's Responsibilities
3. Tax Registration and Taxpayer Identification Number
4. Withholding Taxes
5. Business Profit Tax
6. Excise Tax
7. **Sales Tax**