

Perspective

Investment Management



Tax-Free Investments

A Plain Language Guide

A plain language guide on TAX FREE INVESTMENTS

How does it work?

- Provided you operate within the allowed guidelines, you will not pay any income tax, dividends tax or capital gains tax on the returns from investments in regulated unit trust funds that formally qualify for and are registered as tax-free investment vehicles, such as our **Perspective Balanced Prescient Fund** or our **Perspective Executive Equity Prescient Fund**.
- You may contribute **a maximum of R36,000 per direct family member per tax year** (annual limit). To be clear: parents can invest on behalf of each of their minor child/ren. The minor child/ren will use his/their own annual and lifetime limits. *Please note that any portion of unused annual limit is forfeited (i.e. not carried forward to the next tax year).*
- There is a **life-time limit in total contributions of R500,000** per direct family member.
- When the returns on your investment are added to the capital contributed, the balance may exceed both the annual and/or lifetime limits. **The retention of these returns within your fund does not affect the annual and/or lifetime limits.** *Example: Should you invest R36,000 for a tax year and receive a return on this investment of R5,000, which you have chosen to keep in the fund, the total amount in the fund would be R41,000. However, the following tax year you will still be able to invest your full R36,000.*
- Should you withdraw the investment returns on your contributions and reinvest later for the same amount, your reinvestment amount is regarded as a new contribution and impacts on both your annual and lifetime limits.
- *You may use more than one tax free investment vehicle; however, you have to do so within your annual / lifetime contributions.*
- Tax Free Investments *cannot* be used as transactional accounts.