DTB WEALTH | NEWSLETTER

Wealth management isn't just about beating the market; it's also about crafting and sustaining your ideal lifestyle.
Making life's biggest financial decisions: navigating the question of how much is enough? And more importantly, "enough for what?"

REG SHARES HIS TRIP TO JORDAN

When a relative suggested to Reg and Teresa that they...

SOLAR TAX INCENTIVE

One of the highlights of the 2023 budget was...

AI AND ITS'S BENEFITS

AI and the future of humanity, presented by Prof. Harari...

ENSURING THE BEST RETURN ON LIFE

Helping our clients get and keep the life that they want.

FROM THE DESK OF REG

TRIP TO JORDAN

When a relative suggested to Reg and Teresa that they join a trip to Jordan, there was lots of apprehension. Jordan, an offbeat destination, has Israel to its left, Syria to its north, and Saudi Arabia and Iraq to its east. Certainly not everyone's cup of tea!! On arrival at Amman International Airport, Reg's luggage was one of the last to come out, and the tour leader who was greeting them started asking: "Do you have drones in your luggage, binoculars, firearms, excessive medicines, etc.?" The apprehension revived, but fortunately, the luggage arrived and the journey began.

And what a journey! If one has never been to the Middle East, Amman, the capital, and certainly Jordan as a whole is your perfect introduction. Not only has Amman been a central crossing point and the birthplace of several great civilizations, but it remains a city that is constantly in development, with a stark contrast between its east and west. Amman is westernised but maintains its Middle Eastern flair, brimming with mouth-watering food and incredibly hospitable people. The intensity of Amman's weather, traffic and terrain can be overwhelming, yet at once embraces all that Jordan offers and is the perfect doorway to unique experiences one will remember forever.

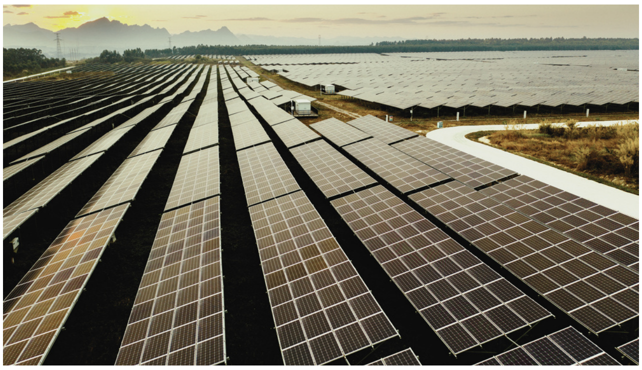
You don't have to be a history or archaeology buff to enjoy the many wonders of Jordan. A perfect example is Mt. Nebo, where Moses is said to have viewed the promised land when he led the Israelites from Egypt. The sense of history that one gets, together with some magnificent scenery, is a journey into a history that still influences many parts of the modern world. A highlight on the trip to Jordan is, of course a visit to Petra, the "Rose Red City ", so named for the pink stone where one can easily spend a full day marvelling at the magnificent handiwork and history of an ancient culture. From there, no spaceship is required to visit the Mars-like landscape of the Wadi Rum desert area. Rugged mountains, sleeping overnight in a luxury tent, and reliving the story of Lawrence of Arabia make for an unforgettable once-in-a lifetime experience.

A trip to the modern city of Aqaba, nestled alongside the Red Sea, gives one clear views into Israel and several other neighbouring countries. One senses visually a focal point of countries joining together. Lastly, and certainly not least, is a day on the Jordanian shores of the Dead Sea. Here one can wade in and cover oneself with mineral-rich mud before floating in the water.

It would be a travesty to forget the incredible culinary experiences that one has. Every meal was a delight and an adventure in itself. In so many ways, the richness of Jordanian culture springs to life in a meal. One leaves with a sense of respect for a stable country with so much to offer that begs for tourists to come and enjoy it.


DTB
WEALTH
In the end...
Money has no use
outside the context of
your **life's goals**

Does the solar panel tax incentive really help individual taxpayers?



By Annie Du Plessis | Sentinel International

One of the highlights of the 2023 budget was the introduction of solar panel tax incentives for individuals and businesses. But how do they really work? Will they make much difference to your pocket? And is there a potential legal argument to justify a full tax deduction for individuals? Sentinel's Anne du Plessis is on the case...

Before we look at how the new tax incentive might affect you, it's important to understand the purpose of this incentive. Eskom can no longer meet the country's electricity needs. It goes without saying that this creates a big crisis. Not only does it put the economy at large at risk, but it's also seriously affecting small businesses and people working from home. Not to mention productivity in general.

Why's government doing this?

Government created the program to encourage households and businesses to invest in clean electricity generation capacity while also supplementing electricity supply. The focus on solar PV panels is to maximise the use of limited government funds to create additional generation capacity.

How does it work?

There are two incentives, one for businesses and one for individuals.

1. **Individuals** will be able to claim a rebate to the value of 25% of the cost of new and unused solar photovoltaic (PV) panels, up to a maximum of R15,000 per individual. The rebate applies to qualifying solar PV panels that are brought into use for the first time in the period 1 March 2023 – 29 February 2024. Individuals who pay personal income tax can claim the rebate against their tax liability. This rebate is not intended for solar installations at business premises. Only solar PV panels with a minimum capacity of 275W per panel (design output) qualify for the rebate. Other components of a system – batteries, inverters, fittings or diesel generators – and installation costs do not qualify. Portable panels will also not qualify.

2. **From 1 March 2023, businesses** will qualify for a 125% tax deduction on qualifying investment costs for a 2-year window period. There will be no limit to the qualifying cost of such investments. This means that businesses will qualify for a cost-plus-25% allowance on renewable projects in the year the cost was incurred. This incentive heavily benefits businesses investing in renewable energy and has been widely praised by experts.

The incentive for businesses is great ... But what about individuals?

First, the good stuff. The incentive is in the form of a rebate, not a tax deduction. This decreases your tax payable (not your taxable income) and is an obvious benefit to your pocket. What's more, "trade" is not a requirement: this is for domestic use solar panels.

This is all very well, but the price of a solar power installation can range from around R60,000 to R200,000, depending on the size of the property and the required electrical output, according to Gauteng-based NexSolar. The R15,000 rebate is simply a drop in the ocean.

What's more, the rebate only applies to PV panels. Other components of a system – batteries, inverters, fittings – and installation costs do not qualify.

Why the caveats?

Government has explained that while an inverter and batteries are vital components of a solar power system, they can also be operated without solar panels – in which case they offer no additional capacity to the grid. This is proof that the incentive is not about relieving an unfair burden placed on the taxpayer, but is rather a way of trying to get taxpayers to solve the energy crisis created by Eskom with limited monetary benefit to themselves.

Since the Covid pandemic, a significant portion of the population is now working from their homes. These taxpayers must now plan to get electricity in their homes since Eskom can no longer supply basic electricity to enable taxpayers to do their work. Energy expert Chris Yelland has strongly criticized the incentives for individuals,saying: "the announced tax incentives forsolar PV installations by individuals are very timid and weak, and as a result, will likely be ineffective in reducing load shedding in SA." Who are we to disagree?

Is there a legal argument to allow a full deduction for individual taxpayers?

The Income Tax Act allows a deduction for expenditure actually incurred, during the year, on the repair of property occupied for the purposes of trade or in respect of which income is receivable, or for the purpose of repairing machinery, implements, utensils and other articles used by the taxpayer for the purposes of his trade, or for beetle treatment of the timber of the property mentioned above.

There is no definition of a repair in the Act, but the courts (CIR v African Products Manufacturing Co Ltd, 1944 TPD) have given the following guidelines:

- A repair is restoration by a renewal or replacement of a subsidiary part of the whole.
- The materials used need not be the same as the original material.
- A repair is different from an improvement or renewal.

Renewal is a reconstruction of the entire asset whereas improvement is the creation of a better asset. For an asset to be repaired, there must be damage or deterioration to a part of the original asset or structure and the intention of the taxpayer must be to restore the asset or structure to its original condition.

Are taxpayers not attempting to "repair" the electricity supply?

When a taxpayer generates their income from home, could they potentially claim a deduction for the "repair" of their electricity supply? And if not, could this expense be considered a capital expense (and therefore an improvement) to their home which could be added to their base cost for capital gains tax purposes when they decide to sell their residence at a later stage?

It could be argued that the original electricity structure is no longer in place / damaged, and that by buying an inverter (or battery or solar panels) your intention is to restore the electricity supply which no longer exists. This could be considered as a motivation to get a full tax deduction.

It is, however, also important to consider S23 with regards to home office expenses. Section 23 prohibits the deduction of the cost of maintenance of the taxpayer, his family or establishment (home); domestic or private expenses. Expenditure such as bond interest, repairs to domestic dwellings, domestic servants' wages and costs of running a private motor vehicle are all disallowed.

It should be noted, however, that the Act does make provision for the deduction of expenditure incurred in respect of any portion of a private dwelling occupied exclusively and regularly for the purpose of trade (normally computed using floor area). That portion must however be specifically equipped for the trade.

A full-time salaried employee will not be permitted a deduction in respect of a home workspace, unless it is specifically equipped for the purposes of the employee's trade and regularly and exclusively used for that purpose, and one of the following applies:

1. The employee's income from employment is derived mainly from commission or other variable payments based on his or her work performance and the employee's duties are performed (mainly) outside any workspace provided to him or her by the employer; OR

2. The employee's duties are mainly performed in his/her home workspace. This would be the case with most taxpayers working from home.

It is submitted that if an employee also carries on some other trade he will still be entitled to a deduction if he uses his home workspace regularly and exclusively for the purposes of that trade and it is specifically equipped for trade.

The Act specifically allows deductions in respect of cost of repairs or expenses in connection with domestic premises which are not disallowed under Section 23. It seems that none of these considerations have been taken into account before implementing the tax incentive for individuals.

The bottom line

Businesses considering installing solar power systems should take full advantage of the government's incentive program to drastically reduce their tax bills. Individuals contemplating installing a solar system in their home should not do so for tax purposes but rather for their own sanity and domestic comfort. While the legal arguments expressed above may be valid, it would take years for such a challenge to work its way through the courts. In the meantime one can only hope that government reconsiders its incentive for individuals to make it more appealing to taxpayers.

ENSURING THE BEST RETURN ON LIFE

In today's fast-paced and demanding work environment, finding true freedom and achieving a fulfilling career can often seem elusive. Even those who are self-employed or work as independent contractors often find themselves answering to someone else, whether it's clients, customers, or business partners. True freedom in one's career lies in the ability to choose rather than being bound by external obligations and expectations.

The shift in work dynamics.

The COVID-19 pandemic brought about a significant shift in work dynamics, with remote work becoming the norm for many individuals. As a result, traditional office spaces became less relevant, leading some families to relocate to coastal towns and pursue a slower-paced lifestyle (and then happened the semi-gration from Gauteng to the Western Cape). The desire for a better life for their children and the longing for a more balanced existence were common reasons behind these decisions. It highlighted the importance of a concept called "Return on Life" in financial planning, which emphasizes personal growth, living dividends, and legacy over mere financial returns.

Beyond financial goals: A new era of retirement and setting life goals.

For too long, the focus in the world of investments and financial planning has primarily revolved around the return on investments, growth rates, and dividend payouts. Very few investment specialists consider your personal growth rather than just investment growth. Very few consider your living dividends: your kids, grandkids, and legacy!

The concept of retirement, as we know it today, has evolved significantly. Historically, individuals were self-sufficient, and work served as a means of sustenance. However, with the advent of industrialization and the dependency era, work became detached from the idea of a fulfilling way of life. Age really is just a number! Often, we are surprised by the 80-year-old setting a new world record for weightlifting or some endurance sport. The traditional retirement system, initially designed for shorter lifespans, is no longer suitable for individuals living longer and more active lives.

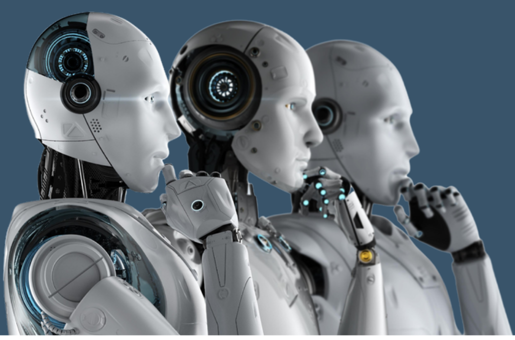
To achieve a fulfilling career and optimize one's return on life, it is crucial to define one's purpose and set life goals beyond mere financial aspirations. Viktor Frankl's assertion that man's chief motivation is the need for significance resonates with the universal desire to make a difference. Pursuing purposeful goals, not solely financial ones, is essential for personal growth and fulfilment. By aligning career goals with personal values, individuals can embark on a journey that transcends monetary gains. After all, if we know the traditional retirement system is flawed and if we all aim for longevity, then perhaps living a more purposeful life where we measure return on life is the way forward.

Redefining success as a goal, not a byproduct.

In our pursuit of success, it is crucial to remember that success should not be a byproduct of our lives; rather, it should be an intentional goal. Relying solely on career goals that yield financial gains can deny us the true fulfilment and meaning that life has to offer. Money should be a tool to create a fulfilling life, not the sole focus of our existence. By emphasising goals that provide meaning and purpose, we can achieve a higher level of satisfaction and maximize our return on life.

By setting meaningful goals and pursuing them alongside financial aspirations, individuals can optimize their return on life. Remember, life is about more than just making money; it's about making a life worth living. Choose a path that aligns with your purpose, values, and desire to make a difference, and success will naturally follow.

INTERESTING FACTS ABOUT ARTIFICIAL INTELLIGENTS



Worldwide, people are worried that their personal data will be stolen through AI

AI

Artificial intelligence (AI) is the ability of a computer or a robot controlled by a computer to do tasks that are usually done by humans because they require human intelligence and discernment.

ASSITING

AI can be used in diagnosing diseases, personalising education, and improving the efficiency of transportation systems.

SOURCING

You can use AI to help you get the next best ideas.

ASSISTANCE

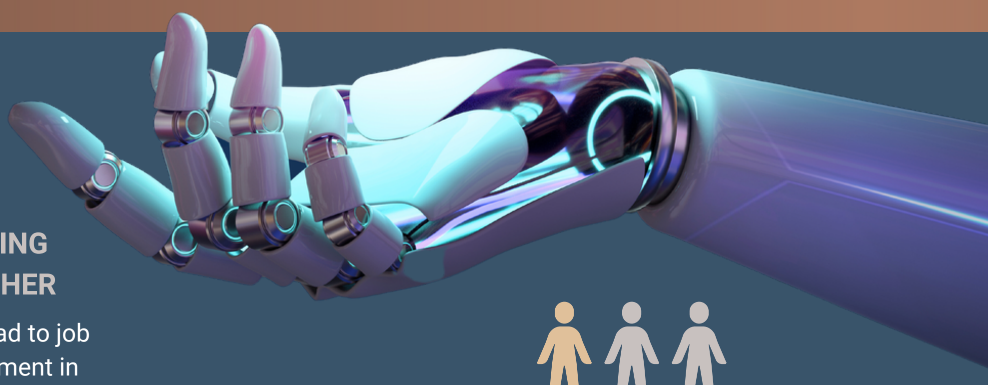
AI can act as you assistant in doing small tasks.

WORKING TOGETHER

AI may lead to job displacement in certain sectors, but it could also create new opportunities in others.

Self Learning AI is able to train itself

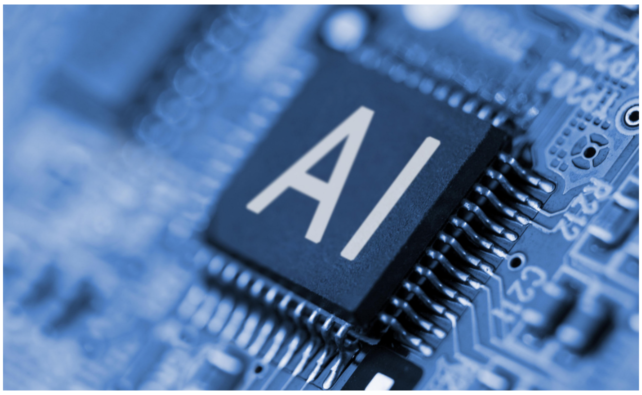
2 in 5 people globally believe that AI will help them in the near future



while 1 in 3 believe that it will bring harm

Resource: Visual capitalist
AI and the future of humanity | Yuval Noah Harari

Insights from Prof. Harari's Presentation: Shaping the Future of Humanity.



AI and the future of humanity, presented by Prof. Harari, historian and author, University of Jerusalem, Israel Prof. Harari recently gave a presentation on ‘AI and the future of humanity.’ There is just so much speculation about what AI means and particularly what its impact will be, for better or worse, on the future of humanity, hence the relevance of this topic.

In this presentation, Harari reflects on language and how it serves as the foundation for forming human cultures, shaping our beliefs, values and social interactions. He suggests that leaders, influencers and advertisers understand the persuasive potential of language and use techniques to manipulate behaviour. This influence, however, can be both constructive and destructive. The relevance of this is: What will happen when language is artificially generated?

Harari argues that this could be the end of human-formed cultures as we know them. Will AI then become an artificial influence through the manipulation of human minds and emotions? His argument is essentially that it is our collective responsibility to harness the potential of AI for positive impact while remaining mindful of its potential to manipulate and harm humankind.

There is an interesting video presentation titled: ‘Harari AI and the Future of Humanity.
The presentation is only 40 minutes long and certainly worth watching.
You can follow this link: **https://www.youtube.com**

DTB WEALTH

Tax Season Reminder

It is tax season! We want to ensure a smooth experience for you when compiling your tax returns. If you require any tax certificates related to your investments, we are here to assist you.

Please don't hesitate to contact us and let us know the specific tax certificates you need. We'll be more than happy to provide you with the necessary documentation promptly.

MEET THE TEAM

Reg Thomson Director, BA LLB LLM (Tax) MPHIL, CFP®

Reg Thomson has been a leader in the South African financial services industry since 1991, and he served as national sales manager for Investec Investment Management Services. After starting out as an advocate at the Johannesburg Bar, he pivoted to corporate finance. He designed some of the early financial investment instruments used in the industry and he has trained and mentored many financial advisers (including Ant and Adam) over the decades. In 1999, he co-founded the Bauer Thomson Investment Group, the precursor to Delport & Thomson. For Reg, the crux of financial planning is coaching clients to work on their relationship with money. When he is not in the office, you're likely to find him giving back to the community or birdwatching in his beloved bushveld. He holds an LLM in taxation and pensions, a Master of Philosophy, and is a Certified Financial Planner®.

Adam Bacher
Director, CFA®, CFP®

Adam Bacher has more than two decades' experience in the financial services industry. He served as head of Alexander Forbes' personal financial planning and investment committee before going on his own in 2010. His technical and strategic expertise is complemented by his keen understanding of relationships, values, and people.

Adam has represented South Africa in international cricket, playing 19 test matches and 13 one-day internationals. His experiences at the highest level of professional sports have left a lasting impression. Dealing with the ups and downs of professional sports made him "super curious to find out what it takes to succeed more than you fail." As his clients will tell you, he seems to have found the answer. Adam has a B.Comm. degree and is a Certified Financial Planner and a CFA® charter holder.

David Terbrugge
Director, CFP®, BCom, PDM

Following a career as a professional cricketer, where he represented the Highveld Lions and South Africa, David Terbrugge embarked on a career in wealth management in 2005. Having spent 14 years at Investec Wealth & Investment and more recently at Anchor Capital, managing the financial affairs and advising some of South Africa's wealthiest families and entrepreneurs, David joined DTB Wealth as a senior advisor and partner on 1 March 2023.

David is passionate about helping his clients navigate the intricacies of managing both their local and international wealth and crafting creative solutions in the ever-changing wealth management landscape. He values identifying his clients priorities, concerns, and aspirations because he knows that financial planning should be approached holistically. As independent advisors, DTB Wealth is ideally positioned to impart independent and client-centric advice. David has a B.Comm., a PDM, and is a Certified Financial Planner.

MEET THE TEAM

Erna van Loggerenberg
Director of Operations

I began my career in 2000 with Momentum, where I worked as a receptionist and later as an administrative assistant. In 2005, I joined Delport & Thomson Wealth Management as an assistant. I am excited about the recent merger with Adam Bacher & Associates to form DTB Wealth, a full-service financial planning practise that delivers exceptional customer service.
I am the Director of Operations for DTB Wealth, and I also have an NQF Diploma in Financial Planning from Millpark Education, which I completed in 2019.
Beyond the office, I enjoy travelling and camping with my husband and two daughters. We all have a strong interest in wildlife conservation.

Leigh-Ann Ritson
Admin Assistant

I have more than 25 years' experience in the financial services industry. I joined Adam Bacher & Associates in January 2010, and I am excited to be part of the new trajectory of the business as we merge with Delport & Thomson to form DTB Wealth.
I assist clients on a daily basis and provide them with peace of mind, knowing that all their concerns are in safe hands. I pride myself on delivering a very high standard of customer service, drawing on my BA in Psychology to really understand what makes people tick.
Travelling is my passion, especially when it ties into my other interests like Egyptology, cooking and broadening my understanding of wine. I also spend much of my free time supporting my three energetic children on the sports field.

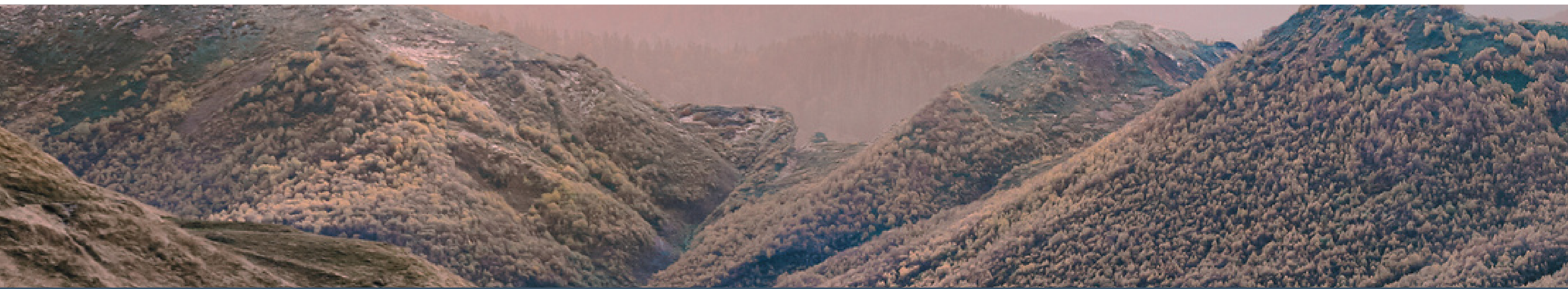
Ylene Wolvaardt
Admin Assistant

I have been working in the financial services industry since 2009, when I joined Delport & Thomson Wealth Management as an administrative assistant. I am excited about the merger with Adam Bacher & Associates to form DTB Wealth, which will certainly take the business to new heights.
I am an energetic and friendly person and I take pride in my work. I love assisting clients and making sure they receive the best customer service possible.
Outside the office, I enjoy spending time in nature with my family and friends.

DTB WEALTH

In the end...

It's important to balance return on investments with **return on life**



Contact Us

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