

## FEE POLICY - 2018

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### PART 1

#### WHAT IS NEW IN 2018

In general, very little has changed since 2017

1. adjustments in line with SARS and CIPC processes;
2. A general inflation adjustment;
3. *2018 amendments are in italics.*

## PART 2

### GENERAL OVERVIEW OF THE BKV BILLING PROCESS

Part 2 of this document sets out how our fees are calculated, introduces our standard fees, explains our terms of payment, sets out some discounts and explains our invoicing procedures. We are always open to new suggestions and willing to learn, when we feel the suggestion is mutually beneficial and normally adjust our procedures. The information below is based on best practice, discussions with clients over the years and regular market comparisons.

When you join BKV as a client, we will continue attending to your and your related entity's work until we are instructed to stop. We consider this as part of our ongoing mandate to keep your affairs up to date. We often take the initiative and work - up to a point - on risk. We forms part of our **Ongoing Mandate**.

#### 1. Basic methodology

Fees are calculated according to the time spent on a matter and the complexity of the matter. Normal expenses incurred by us are added in the final fee. **All the rates and fees provided in this document are before the 10% discount for early settlement (see paragraph 10) and VAT at the applicable rate.**

#### 2. Fixed fees

Many tasks undertaken by us are of a repetitive nature. (e.g. provisional tax returns) In those instances we bill clients at predetermined rates. A list of these tasks and the applicable rates are attached as part 3 to part 5 of this document.

#### 3. Rates

An hourly billing rate is determined for each staff member. Our rates are adjusted in January each year, with smaller adjustments done annually in July.

Our rates for 2018 are as follows:

- practitioner R2 300
- managers R1 350
- tax expert R1 100
- seniors R600 – R750
- juniors R300
- bookkeeper R400 – R500

#### 4. Volume discounts

We offer volume discounts. This is usually in areas where standard rates are used and most commonly found when multiple CIPC returns are due, or provisional tax returns or multiple similar secretarial instructions are received. The following are some of the volume discounts we apply:

- *provisional tax returns - more than 5 entities* - 10%
- *provisional tax returns - more than 10 entities* - 20%
- *2 annual returns CIPC* - 33<sup>1</sup>/<sub>3</sub>%
- *3+ annual returns CIPC* - 50%;
- *2 similar secretarial instructions* -15%;
- *4 similar secretarial instructions* -30%;
- *6+ similar secretarial instructions* -40%;

#### 5. Billing intervals

*Times have changed. Currently 95% of our information is received in an electronic format and almost nothing of value is mailed any longer. Bill Gates wrote a book, "Business at the Speed of Thought" in 1999. Most business processes have sped up over the last 40 years. We have been practicing weekly billing for the last 3 years and will formalise this further in 2018.*

*We will still bill clients once work is **materially** complete. Interim billings are done on jobs spanning multiple weeks. Where the final completion of a job is delayed, the remaining (normally 20%) will be billed after a further 2 (previously 3) month period.*

*Work of an ongoing nature (e.g. litigation support) is billed on a weekly basis. This assist parties to keep abreast with the accumulation of costs and comparisons with fee estimates (see next paragraph).*

#### 6. Quotes

We normally provide fee estimates (and not quotes) before any task is undertaken. Estimates are provided based on OUR UNDERSTANDING of the work. Please provide us with enough information to enable us to provide a proper estimate.

There are normally four reasons why estimated fees are exceeded.

- accounting errors made by our clients;
- delays by clients in responding to requests for information;
- issues relating to the fair presentation of the financial statements and or correct accounting policies;
- additional adjustments to the financials as a result of tax related matters that often require a number of versions of the final financial statements;

We therefore maintain the right to deviate from quoted fees when we need to spend additional time to complete a job. Clients are entitled to request an explanation when we digress from the quoted fee.

7. Contingency fees & Deferred fees

We perform certain work on a contingency fee basis. Contact us should you wish to follow this route.

*Likewise, we occasionally accommodate clients with a long term startup project by deferring fees until a positive cash flow is achieved. This normally relates to property developments and similar projects. The maximum period of deferral is three years.*

8. Annual fees

BKV uses an annual billing system for provisional tax and CIPC returns. This is in line with the methodology followed by many accounting firms as this procedure hugely reduces the administrative workload.

This billing is done in January every year and covers the ensuing calendar year.

9. Payment – general rule

**Our invoices are payable on presentation of invoice.** (an exception is explained in 13.6 below)

This is standard in our profession and can be explained as follows: The average job takes 60 days to complete. Our major expenses are payable monthly (salaries and rent and so on). None of these “suppliers” offer us 30 or 60 day terms and our capital outlay and overheads are mostly payable in advance.

*Some of our highest costs are incurred prior to the commencement of any work. This include client take on cost and staff training. These costs are expensed by BKV and needs to be recovered over the next few years.*

Payment terms are industry specific. (e.g. - nobody pays a restaurant 30 days after you had your meal)

10. Settlement discount

We offer 10% settlement discount for payment within 7 calendar days. This is on condition that no other fees of the client (or group) are outstanding. (Due to bank cut-off times our Accounts Department often allows up to 10 days and 14 days during the annual close down.) The 7 days commence on the later date of invoice or date of delivery of the invoice.

11. Disputes

Please notify us ASAP if you are unhappy with any invoice raised. Do not dodge our phone calls and emails for 6 months (or the third invoice) and then inform us about your grievance. Over the years good communication has resolved more than 90% of our fee disputes.

Should only a line item on an invoice be under dispute, the 10% settlement rule still applies if the remainder is paid on time. This also applies when we have exceeded the budgeted figure.

12. Late payment

We have a culture in South-Africa of the late payment of outstanding monies. At BKV we strive to avoid that culture. You should not request us to do any work if you cannot pay us on time. If circumstances change and you cannot pay on time, let us know so that arrangements can be made. It is our general rule to hand delinquent payers over to our attorneys for collection after 90 days from statement.

**Since January 2013 we formally started enforcing our policy that work will be suspended on clients (or groups) with long outstanding fees. In general we do not notify you of this suspension as you will already be aware of your arrears.**

*In determining the period referred to in the previous paragraph, we take the period you have been a client as well as your past payment history into consideration.*

13. Special arrangements

13.1 We will try to accommodate everyone as best we can on any of the above. Please discuss any special requests but please also respect our systems.

13.2 We do the income taxes of people employed in fulltime community service or pastoral work for free, should that be their exclusive source of income. Likewise we do all professional work for charities at a 50% discount. *As from 2015 the double discount (50% and 10% - settlement discount will fall away with only the 50% discount applicable, and becoming conditional upon early settlement)*

13.3 A similar discount scheme is offered to our pensioner clients. Should a pension earner join our firm as a client, the first year will be at our normal rates and subsequent years at a nominal amount. Should a pensioner also conduct a small business, the 50% rule will be applied.

13.4 From a marketing or goodwill point of view we sometimes undertake to perform work for free, but due to an aging memory, I have on the odd occasion not kept my side of the bargain, only to be informed at a much later stage of my oversight. Please remind me as I wish to honor my undertakings to the tee. For the sake of clarity, please agree the scope of the pro bono work beforehand.

13.5 We often receive requests for urgent work and consider this to be part of the service we offer. A premium might be added to this based on our workload at that time.

13.6 Clients with multiple entities and a fair amount of work and a good credit history are allowed to do a monthly comprehensive payment if agreed to beforehand. These clients will receive a monthly statement on the 25<sup>th</sup> day of the month (or closest working day) covering the period from the 26<sup>th</sup> of the previous month and needs to effect payment by the last business day of the current month.

14. Interest

Our computer system adds interest on outstanding balances older than 30 days at the mora rate on the last calendar day of the month. *The definition of the Mora Rate was amended effective 1 January 2016 and is now the repo rate plus 3,5%, effective from the first day of the second month following the change.* Future receipts are first allocated to outstanding interest and then to the outstanding capital.

15. Managing your cost

There are a number of tasks you can perform that will help to keep your costs down:

- sort out your receipts as far as possible before handing them to us;
- bring all your records in one batch and not piecemeal;
- respond timeously to our requests;
- give us a reasonable period to do the work, rushed jobs often result in us not being able to assign the best suited (read economical) person for the job;
- give us your expectations beforehand and avoid repeated requests for adjustments to the financial statements.

16. Spilled cost

We often receive instructions which are then terminated after a week or two when we have done the bulk of the work (for example setting up a trust). We will in future bill 50% of the agreed fee.

17. Deposits and security

Should you build up an unfavorable credit record with BKV over time, we might request a deposit on future work or request payment before the work is released.

We usually require owners or another financially sound associates to guarantee the recoverability of fees of any fellow entities.

It is my humble opinion that most of the procedures set out in the previous 6 pages are not BKV specific, but just morally correct and sound business practice.

**PART 3**

**STANDARD FEES - SECRETARIAL**

**COMPANIES**

Incorporation of new company (excluding name reservation)	
Short MOI	R2 800
Long MOI (BKV options used)	R4 800
Tailored MOI	P.O.A.
includes company register, issue of shares, appointment of directors (max 4 entities)	
Shelf company (short MOI)	R950
just the company, nothing included. other instructions charged on a pay as you go basis	
Shelf company (short MOI)	R4 500
includes everything except year-end and name changes. includes company register, transfer of shares, appointment of new directors (max 4 entities) change of registered address and auditors	
<i>Shelf company (short MOI with bank account)</i>	<i>R7 200</i>
<i>includes bank account, internet profile, company register, transfer of shares, appointment of new directors (max 4 entities) change of registered address and auditors (excluding year-end and name changes) (This service is only available to existing clients)</i>	
New MOI	
Short form	R3 100
Long form (BKV options used)	R3 800
Tailored form	P.O.A.
Increase in share capital	
CoR15.2      Increase in authorised share capital (CIPC fee R250 included)	R2 800
CoR15.2      New class of shares	R4 200
Allotment of shares, no sub division, including share certificates, minutes and update of shareholders' register	
1 <sup>st</sup> transfer	R1 300
2 <sup>nd</sup> – 4 <sup>th</sup> transfer	R650 each
5 <sup>th</sup> plus	P.O.A.
Name Change	
CoR9.1      Reservation (CIPC fee R50 included)	R400
CoR9.1      Reservation (manual) (CIPC fee R75 included)	R700
CoR15.2      Certificate (CIPC fee R250 included)	R950
Includes minute and notice to SARS	

**PART 3**

**STANDARD FEES – SECRETARIAL (continued)**

Change of Directors		
COR39	Return, minute update of register	
	1 <sup>st</sup> director	R1 900
	2 <sup>nd</sup> + director	R350 each
	unfriendly	R3 400
Transfer of Shares		
	1 <sup>st</sup> transfer	R1 550
	2 <sup>nd</sup> – 4 <sup>th</sup> transfer	R500 each
	5 <sup>th</sup> plus	P.O.A.
	Includes CM42, new certificates, minutes, update of register. Remember STT if selling price is above R40 000.	
Securities transfer tax, return and arrangement of payment		
	1 <sup>st</sup> transfer	R1 050
	2 <sup>nd</sup> – 4 <sup>th</sup> transfer	R450 each
	<i>Affidavit on missing share certificate</i>	<i>R550</i>
Other Company related services:		
CoR21.1	Change of registered address	R550
CoR44	Appointment of auditors	GRATIS
CoR44	Change of year end including minute, update of register and notice to SARS	R1 300
Opening new company register		R1 700
Annual return (variable CIPC fee excluded)		R980
	First year	R1 100
	Full submission (public companies from 1/7/2018)	R2 300
	<i>Removal of auditor</i>	<i>R450</i>
<b>CLOSE CORPORATIONS</b>		
CK2	Change in members, year-end or name (including SARS notice)	R1 900
CK2A	Change of registered address	R550
	Change in Accounting Officer	GRATIS
Annual return (ongoing)		R980
	First year	R1 100
Certificate of member's interest		R190 each



**PART 3**

**STANDARD FEES – SECRETARIAL (continued)**

**TRUSTS**

Formation	R7 800
Changing of a trustee	R1 600
Amendment to trust deed	min R1200 + time

**OTHER SECRETARIAL SERVICES**

Conversion of close corporation to company (short MOI)	R2 500
Opening of bank account including copies of all	R2 500
Storage of documents	GRATIS
CIPC search	R180

Acting as public officer (overseas clients only) (forms part of annual fee)  
(1<sup>st</sup> year 50% discount applies)

- Income tax	R2 500
- VAT	R2 500
- PAYE	R2 500
- Any 2 of the above	R3 500
- All three	R4 000

Acting as local trustee / director R2 500

Earnings certificate <900 000 pa – R975  
>900 000 pa – R1 350

Solvency Certificate (excluding preparation of supporting documents) R4 500  
Watered down version R1 050

Conveyancer's Certificate R1 000  
If any correction thereto required R1 500

BEE affidavit and letter – Turnover < R10m R1 400

***FICA assistance***

***R550***

*(from September 2016 the South-African banks have become very harsh with regard to their FICA requirements. We are sending repeated copies to some clients. Towards the end of 2015 we made a huge investment in digitising all permanent documents. Beginning 2017 we will recover some of our investment from clients that do not maintain and safeguard their own copies of permanent documentation)*

Deregistration (company or close corporation) (including *tax clearance*)

- dormant	R2 800
- trading	P.O.A.

Restoration of company or close corporation

non property owning	R3 500
property owning	R5 500

(includes advertising in government gazette and local newspaper but excludes outstanding CIPC returns)

**PART 4**

**INCOME TAX AND OTHER STATUTORY RETURNS**

Registrations	
- PAYE	R1 100
- VAT (client present at interview)	R3 600
- VAT (tax practitioner present at interview)	R5 200
- VAT registration: 2 <sup>nd</sup> SARS visit:	add R800
- Income tax (individual)(including as provisional taxpayer)	R 400
- Income tax (company) (including as provisional taxpayer)	R 800
- Income tax (trust) (including as provisional taxpayer)	R2 200
- UI Fund (takes 6 months) & Ufiling	R 550
- Compensation Commissioner (takes 6 months)	R 1 100
- Customs (in- and exporter)	R4 500
- The whole deal	R7 000
- non-resident taxpayer (additional amount)	R5 500
Updating SARS details (not bank account)	
Via efiling	R480
Via branch visit	R1 500
Updating SARS details (bank account)	
Via efiling	R480
Via branch visit	R1 500
Provisional tax returns:	
- zero return - no calculation required	R 650 each
- zero return - calculation required	R 770 (1 <sup>st</sup> return)
	R1 030 (2 <sup>nd</sup> return)
- with payment	R 820 (1 <sup>st</sup> return)
	R 1 325 (2 <sup>nd</sup> return)
- income above or close to R1m	R1 400 (1 <sup>st</sup> return)
	R2 500 (2 <sup>nd</sup> return)
- Deregistration	R850
Dividend tax returns	
1 <sup>st</sup> return	R2 800
per shareholder above 2	R350
Subsequent returns	R1 500
per shareholder above 2	R200
more than 10 shareholders	P.O.A.
solvency and liquidity test	P.O.A. (or time spent)
NOO - simple matter	R1 500
- complex matter	time spent

**PART 4 (continued)**

**INCOME TAX AND OTHER STATUTORY RETURNS**

Withholding tax on interest	
- Registration	R950
- Return (per payment)	R450
Tax clearances	
- no issues	R575
- no issues FIA	R1 650
- issues	time spent
Annual Compensation Commissioner returns	R1 150
PAYE monthly return (per month and billed quarterly)	
nil returns	R125
1 – 5 employees	R325
5 – 10 employees	R475
11+ employees	time spent
Half year PAYE reconciliation	
1 – 5 employees	R850
5 – 10 employees	R1 650
11+ employees	time spent
Annual PAYE recon	
1 – 5 employees	R2 300
5 – 10 employees	R2 750
11+ employees	time spent
UIF return (monthly, but billed quarterly with PAYE return)	
1 – 5 employees	R250
5 – 10 employees	R400
11+ employees	time spent
Compromises (base cost)	R10 500
Includes 1 <sup>st</sup> and 2 <sup>nd</sup> request	
VAT returns	
nil returns	R125
just the submission	
(no liability excepted, except timeous submission)	R300
we do the calculations	time spent
we do the bookkeeping	(included)
with corrections	time spent)

**PART 4 (continued)**

**INCOME TAX AND OTHER STATUTORY RETURNS**

ANNUAL WORK

Tax returns (individuals)

▪ Nil return or single IRP5	R 900
▪ Normal return. (2 IRP5, medical, travel allowance, RAF)	R1 700
▪ Complicated return (the aforementioned items plus one of rental income, capital gain, small business)	±R2 750

The above fee estimates is given as guidelines only and is subject to the provisos explained above.

Tax return (company or close corporation)

Dormant	R600
Small trading (<R1m turnover)	R1 500
Actively trading (>R1m turnover)	R2 200
IT14SD	R1 500 or time

Tax return (trust)

Dormant	R900
Three or less disclosable matters	R1 500
Three to Seven disclosable matters	R1 800
Multiple disclosable matters	R2 700

All fees for tax returns include:

- controlled submission with SARS;
- reporting to client thereon;
- monitoring assessment;
- receiving assessment;
- comparing of assessment with return;
- follow up on any minor errors on assessment;
- submitting requested information on e-filing
- reporting to client on above result;
- record keeping for 5 years.

**PART 5**

**ACCOUNTING & AUDIT WORK**

**BOOKKEEPING**

Due to the variety of services we classify hereunder and the unique requirements of each business, it is not possible to provide a fee estimate in this regard. We are willing to contract either on a fixed fee basis or on a variable fee basis.

**ANNUAL FINANCIAL STATEMENTS**

Set of dormant financial statements Close corporation, trust or company	R1 400
Set of accounts – small entity (excluding accounting support)	R3 000
Set of accounts – medium entity (excluding accounting support)	R3 800+
Set of accounts – special disclosure (excluding accounting support)	R6 600
Independent review	P.O.A.
Audit	P.O.A.

**PART 6**

**SERVICE LEVEL AGREEMENT / TURN AROUND TIMES**

All company secretarial related work this period relates to the time taken us in drafting the required documents	48 hours
Tax returns	2 weeks
Bookkeeping – completed by 25 <sup>th</sup> of subsequent month	
Annual work (audit / review / compilation)	30 days (1 month) from day of instruction