Newsletter – July 2026

Newsletter for the month of July 2026 from the pen of Jaco Fouché, CEO of Midnight Moon Accounting – your partner in your company's financial success.

Legislation & Business Insight

Are your business assets working for you—or costing you more than they should?

Many business owners invest in new equipment, vehicles or computers believing the full cost can be claimed immediately for tax purposes. Unfortunately, accounting rules and SARS tax rules don't always work the same way.

When a business buys an asset, it isn't usually claimed as an expense all at once. Instead, the asset is written off over its useful life through **depreciation** for accounting purposes, while **SARS may allow a different wear-and-tear deduction** depending on the type of asset and the applicable tax legislation.

This means two important decisions can have a real impact on your business:

- **Choosing the correct useful life** of an asset.
- **Estimating a realistic residual value** (what it is likely to be worth at the end of its life).

If these estimates are unrealistic, your financial statements may not accurately reflect your business, and your tax calculations could differ from your accounting records. Incorrect depreciation can overstate profits, undervalue expenses and even lead to poor business decisions.

Our advice: Before purchasing expensive assets, speak to your accountant. The right advice upfront can help you:

- Budget accurately for future costs.
- Understand the difference between accounting depreciation and SARS wear-and-tear allowances.
- Avoid surprises when preparing your annual financial statements or tax returns.

Remember: Buying an asset should never be driven by tax alone—it should make good business sense first.

Did you know?
An asset's cost is more than just the purchase price. Delivery, installation and other costs to get the asset ready for use often form part of its cost for accounting purposes. Depreciation only starts once the asset is available for use—not necessarily when you paid for it or when you first use it.

Client Question of the Month

"Why do I need a monthly budget? My business is doing fine without one."

This was a question one of our clients recently asked us, and it's a common one.

Our answer was simple:

A budget isn't there to predict the future—it helps you prepare for it.

Many business owners judge the health of their business by the money in the bank. Unfortunately, a healthy bank balance today doesn't always mean the business will have enough cash next month.

We've seen businesses show healthy profits on paper while struggling to pay suppliers or salaries because money was tied up in debtors, stock or unexpected expenses. Profit and cash flow are not the same thing, which is why a monthly budget and cash flow forecast are such valuable management tools.

A well-prepared monthly budget helps you:

- **Plan your cash flow** before problems arise.
- **Compare actual results against your expectations** and identify issues early.
- **Make informed business decisions** about spending, pricing and growth.
- **Give management meaningful monthly reports** instead of simply looking back at historical figures.

As a director, you have a responsibility to ensure that your business remains financially sustainable. This means understanding where the business is heading, identifying potential cash flow pressures early, and making informed decisions before problems arise. A realistic **monthly budget** is one of the most effective tools to help you fulfil this responsibility and steer your business with confidence.

Our advice: Don't see your budget as an accounting exercise. Think of it as the GPS for your business. Without it, you may still reach your destination—but you'll only realise you've taken a wrong turn when you've already travelled too far.

Midnight Moon Tip of the month:

A management account without a budget is like a speedometer without a speed limit. It tells you where you've been—but not whether you're on track to reach your goals.

Important Deadlines & Reminders

SARS Filing Season Has Arrived – Are You Ready?

July marks the start of the SARS Individual Income Tax Filing Season. While many taxpayers will receive an automatic assessment, it is important not to assume that everything is correct. Reviewing your assessment and ensuring all income and deductions have been included could prevent unnecessary tax, delays or future SARS queries. SARS will issue Auto Assessments between **1 and 12 July**, followed by the general filing period from **13 July** for taxpayers who need to submit a return.

This month we encourage clients to focus on the following:

FOCUS AREA	WHY IT MATTERS
SARS AUTO ASSESSMENTS	If you receive an auto assessment, review it carefully. Check that your income, medical aid, retirement contributions and banking details are correct before accepting it.
PERSONAL INCOME TAX RETURNS	If you are not auto-assessed, or your assessment is incomplete or incorrect, prepare your supporting documents early and submit your return as soon as filing opens on 13 July. Submitting early gives us time to identify opportunities, resolve SARS queries and avoid the pressure of last-minute filing.
SUPPORTING DOCUMENTS	Keep your IRP5, medical aid certificates, retirement annuity certificates, investment income certificates and any other supporting documentation readily available. Having these prepared early makes filing quicker and reduces the risk of errors.
BUSINESS OWNERS	If you earn rental income, business income or other non-salary income, your tax affairs are usually more complex. Early preparation allows sufficient time to review your tax position and avoid last-minute surprises.

Our advice this month

Don't think of tax season as a once-a-year administrative task. Think of it as an opportunity to review your overall financial position. A well-prepared tax return not only keeps you compliant but also helps identify deductions, verify that SARS has the correct information and avoid costly corrections later.

Midnight Moon Advisory Tip

If we prepare your personal tax return, please send us your IRP5s, medical aid certificates, retirement annuity certificates, investment statements and any other relevant tax documents as soon as you receive them. The earlier we receive your information, the more time we have to review your tax position, identify legitimate tax-saving opportunities and ensure your return is submitted accurately and on time.

Closing Note from Jaco

As we move further into the second half of the year, I encourage every business owner to spend as much time planning for the future as they do reviewing the past.

This month's newsletter has focused on planning ahead—whether you're investing in business assets, preparing a realistic budget or getting ready for SARS filing season. The common thread is simple: good planning leads to better decisions

At Midnight Moon Accounting, we believe that great accounting is about more than compliance. It's about providing the insight, guidance and support you need to grow a stronger, more resilient business with confidence.

Thank you for your continued trust in us. We look forward to partnering with you as you navigate the opportunities and challenges that lie ahead.

Warm regards,

Jaco Fouché

CEO | Midnight Moon Accounting

Thank you for being part of our journey. For more updates and support, visit us at www.midnightmoon.co.za, call us at **011 568 8346**, or connect with us on Facebook at **Midnight Moon Accounting.**

Midnight Moon Accounting – Accounting made simple, Business made stronger.

💬 **Quote of the Month**

" Plan with purpose. Budget with discipline. Decide with confidence. Grow with certainty."