Everest
WEALTH

GUIDED BY EXPERIENCE

Dividends vs Interest

DIVIDENDS	INTEREST
Investment type	
Ownership of equity in a company.	Typically associated with debt instruments such as bonds, loans, or certificates of deposit.
Tax Treatment	
Dividend are taxed at a fixed rate of 20% within South Africa and at a rate of 0% between businesses.	Interest is taxed at a natural person's marginal income tax bracket in South Africa.
Recipient	
Received by shareholders (owners) of a company's stock.	Received by lenders or bondholders who have provided a loan or purchase a bond.
Interest Rate Risk	
Equity investors feel the long-term effect of changing rates but remains diversified from the debt asset class as a product.	When interest rates rise, banks offer similar returns through guaranteed products that can become increasingly more attractive than private debt where there is no guarantee of returns.
Interest Rate Dependency	
Equity investments are dependent on the performance of the underlying business to increase in value and/or generate a cash flow.	Debt investments strongly rely on interest rates and become increasingly vulnerable on the decisions of the Reserve Bank.

A comparison of interest vs dividends

- calculated for individual clients according to tax bracket.

CLIENT IN 31% TAX BRACKET

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	31%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R161 510
Net Growth	R512 000	R478 490

CLIENT IN 39% TAX BRACKET

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	39%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R203 190
Net Growth	R512 000	R436 810

CLIENT IN 45% TAX BRACKET

Return Type	Dividend	Interest
Investment	R1 000 000	R1 000 000
Return	12.80%	12.80%
Period (years)	5	5
Non-Compounded	Yes	Yes
Tax Rate	20%	45%
Annual Tax Rebate	No	R23 800

Growth After 5 years	R640 000	R640 000
Tax	R128 000	R234 450
Net Growth	R512 000	R405 550

The above illustrations are provided for comparative and illustrative purposes only and are based on the assumptions reflected in the table. Individual tax outcomes may differ depending on each investor's personal tax circumstances and applicable tax legislation. Investors should obtain independent tax advice before making investment decisions.

Why Everest Wealth?

Challenging the trust, in traditional investment opportunities by offering competitive investment opportunities through tangible, stable and credible investment alternatives.

Six reasons to choose

Private Equity with Everest Wealth

1 Everest Wealth aims to provide consistent returns over the investment period.

2 Everest Wealth provides diversification from the traditional investment portfolio by focusing our investments through a pure private equity fund that is less correlated to general investment solutions.

3 Through Everest Wealth, there will be no upfront fee charged to the clients' initial capital.

4 Everest Wealth targets double digit returns, net of taxation and fees.

5 The investor buys a preference share into the fund that will be taxed through dividends as the investor buys equity, rather than a debt agreement as per most usual investment vehicles. Natural persons will thus be taxed at a flat rate of 20% and businesses at 0%.

6 Everest Wealth provides a special dividend to all clients investing in our Onyx Income portfolio at maturity equal to 10% (before fees and tax) of the investors' initial capital.

Subject to the terms of the investment and the performance of the underlying assets.