Global Employer Services

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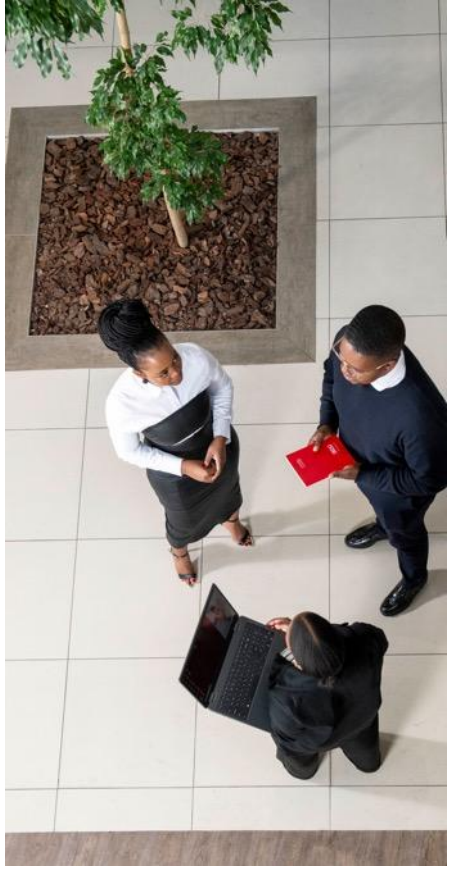


TAX UPDATE

2026 RAEI WORKSHOP

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Latest SARS and Payroll updates

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Latest payroll and tax updates

Employees' tax and individuals tax SARS updates

- Update to the tax rates as well as the rebates
- Update to the medical aid rebates (R376 for member, R376 for first dependent, R254 for additional dependent)
- Travel reimbursive rate increased to R4.95
- Abatement for residential accommodation formular increased to R99 000
- Retirement fund deductions increased to R430 000 per annum
- Deduction of section 11(nA) amounts via payroll
- CGT exclusions is R50 000 and primary residence exclusion is R3 million
- Donations tax exemption increased to R150 000



Recent rulings and publications affecting employers

- Most ruling were related to employee share scheme: N/A for our purposes
- ETI: meaning of an employee for Employment Tax incentive
- Requirement for employees to be registered for tax to submit EMP501
- SARS' response to SAICA submission on relocation expenses:
  - Broadband and internet connection for new residence – may be exempt
  - Storage facilities no exceeding one month – may be exempt
  - Appliances and other household items purchased by someone formerly living with parents – not exempt
  - Fees incurred for early lease termination – not exempt
  - Deposit for new apartment/residence – not exempt
  - Expenses needed to new residence i.e. tiling of carpets – not exempt
  - Cleaning expenses for new residence – not exempt

Employees’ tax compliance obligations

Obligations placed on employers:

- Calculation the correct monthly PAYE
- Submission of returns (Monthly and Bi-annually)
- Determination of the relationship between employer and employee
- Ensuring that employee information, especially tax numbers are captured on EMP501’s



Payroll risks

Normal payroll risks:

- Timely update of tax rates on the payroll system
- Correct classification of consultants
- Incorrect ETI calculations
- Incorrect treatment of reimbursements
- Incorrect coding of income
- Non-disclosure of payment processed via finance on the payroll

Case studies

Case study 1:

- Individual employed by Employer A as a senior executive
- Individual receives a gift from Employer B worth R20 000
- Employer B is an associated institution of Employer A
- Does Employer A or Employer B have a PAYE withholding obligation on the gift of R20 000?

Case study 2:

- Taxpayer A is employed by University A for a period of 10 months as its acting CFO
- Taxpayer A engages with University A as a consultant during this period. University A pays Taxpayer A a monthly amount of R120 000 for the services of Taxpayer A
- Should University A subject the monthly payments to Taxpayer A?

Case study 3

- Employee A is employed by ABC University in a difference campus.
- ABC University moves Employee A from one compass to another and pay for the following costs:
  - Transport of the employee and family as well as their personal effects
  - Payment of bond cancellation cost for previous resident
  - Temporary accommodation for 5 months
  - Reimburse employee actual costs for curtains, kids uniform
- Explain the tax treatment

QUESTIONS

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