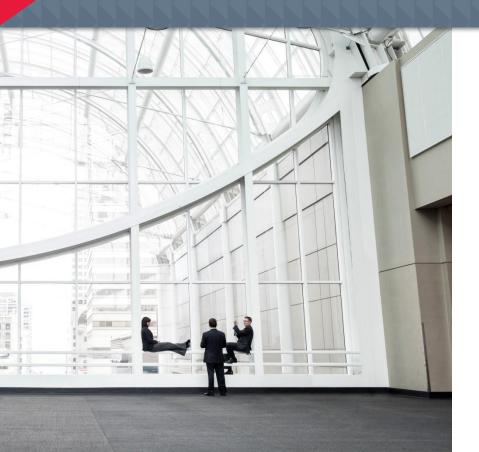




Agenda



- ► Recap from 2024
- ► Taxation of allowances
- ► Taxation of fringe benefits
- **▶** Questions





Topics from 2024



- Corporate clothing exemption
- Inbound foreign lecturers
- Outbound lecturers
- Taxation of lump sums
- Two-pot system





Taxation of allowances



Types of allowances:

- Travel allowance
- Subsistence allowance
- Holder of a Public Office (Not relevant for this session)



Taxation of travel allowance

PAYE treatment of a travel allowance



80% of the allowance subject to PAYE



20% of the allowance not subject to PAYE

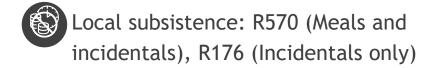
The above split may change depending on the duties and travel pattern of the individual





Taxation of subsistence allowance

Subsistence allowance is not subject to PAYE



Foreign Subsistence: See SARS schedule published annually

Subsistence allowance is not subject to PAYE, however, coding the subsistence allowance is critical.







Acquisition of assets from employer



Various tax implications:

- Asset acquired at less than market value, difference between market value and asset
- Asset acquired to dispose of: cost vs amount paid by EE
- Trading stock: lower of cost/market value vs amount paid by EE



Long service awards



Tax treatment:

- Long service is defined as the initial 15 years and any subsequent unbroken 10 years from that employer
- Assets up to R5 000 are exempt from PAYE.
- From March 2022, even cash awards qualify for the exemption
- Any other amount or asset paid as long service outside the parameters is taxable.



Use of assets



Various types of use tax as follows:

- Property rented by ER: the cost of the rental amount by ER
- Asset owned by ER: 15% of the cost/market value of the asset

Exemption:

Where the asset is used mainly for business and private use is incidental i.e. laptops and cell phones.



Right of use of motor vehicle



Taxed as follows:

- Operating lease: Rental amount and cost of fuel
- Finance lease/owned by ER:
- Worked for 80 hours during the month for the employer
- The individual renders services mainly inside a SEZ
- Has been employed for 18 months

Exemptions:

- Pool vehicle There are 3 requirements (Kept at ER premises, used by EE in general, private use is incidental)
- "Tool of trade vehicle" Use is required outside employee normal hours, and private use is incidental.



Meals, refreshements, meal and refreshment vouchers



Taxed as follows:

Meals, refreshment and vouchers are fully taxable

Exemptions:

- If meals or voucher are provided via a canteen at the ER premises
- Meal or vouchers provided during working or extended hours
- Meal provided because of the EE being required to entertain another person on behalf of the ER



Accommodation



Taxed as follows:

- Third party property: lower of the rental vs the formula
- Employer owned: Formula unless there is a directive from SARS

Exemptions:

- Foreign national less than 90 days
- Secondee to SA: R25 000 for the first 24 months
- SA local employee: where the provision of the accommodation is required and the individual is away from their usual place of residence.



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