

Customer Checklist

ETI Checklist 2019



TAKE NOTE:

- This checklist is only a guideline to ETI. You may also book a consultation.

	ACTION	DONE	NOTES
1	PREPARATION		
1.	Ensure that you are on the latest version released by sage.		
2	DEFINITIONS		
1.	ETI Month: <ul style="list-style-type: none"> Refers to a full calendar month, irrespective of whether the Payroll Month in a non-monthly Company Rule begins and or ends before or after the first or last day of the month. 		
2.	ETI Age: <ul style="list-style-type: none"> Refers to the age of the employee as at the last day of the calendar month. 		
3.	ETI Remuneration: <ul style="list-style-type: none"> Taxable Amount of all Earnings except for <ul style="list-style-type: none"> Earnings where Type = "Annual Bonus". Earnings where Type = "Annual Bonus" Total amount must be included. Taxable Amount of all Company Contributions. Taxable Amount of all Fringe Benefits. 		
3	STATUTORY LIMIT TYPES		
1.	ETI Lower Bracket (R0 – R1 999.99): <ul style="list-style-type: none"> Employers receive 50% of the employee's monthly remuneration as the ETI for less than R2000.00. 50% is used in respect of the first 12 qualifying months of the employee and 25% is used for qualifying months 13 to 24 of the employee. 		
2.	ETI Middle Bracket (R2 000 -R4 499.99): <ul style="list-style-type: none"> Employers receive a fixed ETI of R1000.00 in respect of employees with a monthly remuneration greater or equal to R2000.00 but less than R4 499.99. R1000.00 is used in respect of the first 12 qualifying months of the employee and R500.00 is used for qualifying months 13 to 24 of the employee. 		
3.	ETI Upper Bracket (R4 500 – R6 499.99): <ul style="list-style-type: none"> Employers receive ETI according to a formula; <ul style="list-style-type: none"> $R1\ 000 - (0.5 \times (\text{Monthly Remuneration} - 4500))$ is used in respect of the first 12 qualifying months of the employee. $R500 - (0.25 \times (\text{Monthly Remuneration} - 4500))$ is used for qualifying months 13 to 24 of the employee 		
4.	ETI Remuneration Cap (R6 500.00): <ul style="list-style-type: none"> Where the employee's ETI remuneration is greater than or equal to R6500.00 the employer will not be able to claim ETI amounts. 		
5.	ETI Age Start (18): <ul style="list-style-type: none"> The minimum age an employee must be at the end of any month in respect of which the employment tax incentive is claimed in order to be a qualifying employee. 		

6.	<p>ETI Age End (29):</p> <ul style="list-style-type: none"> The maximum age an employee must be at the end of any month in respect of which the employment tax incentive is claimed in order to be a qualifying employee. 		
7.	<p>ETI Min Wage (R2 000.00):</p> <ul style="list-style-type: none"> An employer is not eligible to receive the ETI in respect of an employee if the employee does not earn more than the minimum wage as determined by either one of the following “wage regulating measures”: <ul style="list-style-type: none"> Collective agreement Sectorial determination A binding bargaining council agreement If the wage payable is not subject to any “wage regulating measure” the employee must earn R2000.00 or more a gross-up must be done where the employee does not work 160 hours or more. 		
4 COMPANY SETUP			
1.	<p>SIC Group Type:</p> <p>This allows you to define SIC Group codes to group SIC Types.</p> <p>Expand Parameters</p> <p>Expand Company</p> <p>Double click SIC Group Type</p>		
2.	<p>SIC Type:</p> <p>This allows you to define the applicable SIC Types.</p> <p>Expand Parameters</p> <p>Expand Company</p> <p>Double click SIC Type</p>		
3.	<p>Special Economic Zone (SEZ Type):</p> <p>There are specific SEZ's that have been designated by the Minister of Finance in GG 41759 from effective 1 August 2018:</p> <p>Expand Parameters</p> <p>Expand Company</p> <p>Double click SEZ Type</p>		
4.	<p>Min Wage Type:</p> <p>This screen allows you to define minimum wage types for wage regulating measures applicable to the organisation.</p> <p>Expand Parameters</p> <p>Expand Payroll</p> <p>Double click Min Wage Type</p> <p>The minimum Monthly Wage defined will override the ETI lower bracket of R2 000.00 specified. This value may not be less than 0.00 and it must be a monthly figure, therefore the client should convert the weekly or bi-weekly wage to a monthly wage figure. (RPD x Calendar Days OR Wage x 4.3333). The minimum Monthly Wage linked to each employee (or R2 000 if not defined) will be compared to the sum of the earnings based on the earning definitions defined on the Min Wage Earning Definition Relationship screen or earnings with the Earning Type = Basic Income (if not defined). Should the employee's earnings be more than the minimum Monthly Wage (or R2 000 if not defined), the employee will be a qualifying employee.</p>		
5.	<p>Minimum Wage-Earning Definition:</p> <p>To determine whether an employee earns more than the minimum Wage it is necessary to define the earnings that must be included in the minimum Wage. The Minimum Wage-Earning</p>		

	<p>Definition Relationship screen allows you to select the earning definitions per specific Company that must be added together and compared to the Minimum Wage Type of the employee OR R 2 000.00, to determine if the employee is a qualifying employee.</p> <p>Expand Parameters Expand Payroll Double click Min Wage Earning Definition Relationship</p> <ul style="list-style-type: none"> • Salary Companies: <ul style="list-style-type: none"> ○ Salary earning definition ○ Unpaid Leave earning definition • Cost to Company Companies: <ul style="list-style-type: none"> ○ Cash earning definition ○ Taxable allowance which forms part of package. • Wages Companies: <ul style="list-style-type: none"> ○ Wage earning definition ○ Any other earnings that form part of "Wage" e.g. Sick Pay, Public Holiday Not Worked, Back Pay, Leave Pay. <p>Take Note: If no earning definitions are defined all earning definitions with an Earning Type = Basic Salary will be included in the minimum wage calculation.</p>		
6.	<p>Company Rule:</p> <ul style="list-style-type: none"> • SIC Type: Select the SIC Type that must be used for the company rule. If the employees are not linked to a SIC Type individually the SIC code linked on the company rule will be used in the tax certificate export. • SEZ Type: Select the SEZ code, If applicable, that should be used for the company. If the employees are not linked to a SEZ Type individually the SEZ code linked on the company rule will be used in the tax certificate export. • ETI Eligible Employer: Check this check box to indicate that the employer qualifies for ETI. ETI calculations will be applied for all employees linked to the company rule. The check box will be automatically checked when you create a new database. For existing customers, the selections made before the March release will not be changed. • Min Wage Type: Link a minimum wage type that must be used for all employees linked to the company rule. Should the minimum wage type only be applicable to some employees or the employees have different minimum wage types it is advisable to link the employees individually. • ETI Min Wage Hours Calculation Entry Link a Custom Calculation that must be used to calculate the employees' ETI Min Wage Hours (Ordinary Hours – Unpaid Hours). Include MTD values for weekly company rules. It is important to convert al daily units to Hourly units. • ETI Remuneration Hours Calculation Entry: Link a Custom Calculation that must be used to calculate the employees' ETI Remuneration Hours (Ordinary Hours – Unpaid Hours + Additional Hours). Include MTD values for weekly company rules. It is important to convert al daily units to Hourly units. <p>Take Note: The calculation should pick up the Units field for all earning lines making up the hours of the monthly wage or salary, therefore Unpaid Leave or Short Time should also be included by subtracting the units on this line plus additional hours such as overtime (should</p>		

	<p>the salary or wage line default the normal total hours per period.) Also make sure to pick up the Month-to-date values on each line when it is a non-monthly Company Rule.</p> <ul style="list-style-type: none"> • ETI Hours Calculation All Employees: Check this checkbox if the custom calculation linked to ETI Hours Calculation Entry must be applied to all employees linked to the company rule and not just employees flagged as temporary employees for ETI purposes. 		
<p>5 EMPLOYEE SETUP</p>			
<p>1.</p>	<p>Asylum Seekers and Refugees: The information for asylum seekers and refugees must be defined on the Basic Information screen of the employee. Employees with a valid ID number or an Asylum Seeker Permit are qualifying employees.</p> <p>Expand Employee Management Expand Employee Click on Employee Detail Click on Basic Information Click on Permits</p>		
<p>2.</p>	<p>Statutory Detail:</p> <ul style="list-style-type: none"> • ETI Non-Qualifying Employee: Check this check box if the employee does not qualify for ETI. All ETI calculations will be ignored. • ETI Temporary Employee: Tick the tick box if the employee must be regarded as a temporary employee for ETI, which will mean that the employee works less than 160 hours in a month. The system will check the actual hours entered on the payslip to determine the monthly wage and the ETI remuneration, therefore the hours per period on the Rates and Hours screen will be ignored. Where the custom calculation must be applied to all employees in the company rule there is a new field on the Company Rule > Apply ETI Hours Calculated All Employees. This means that temporary employees and permanent employees will be treated the same. • SIC Type: If applicable link the employee to the relevant SIC type. If the employee is not linked to a SIC type the SIC type linked on the company rule will be used. • SEZ Type: If applicable link the employee to the relevant SEZ type. If the employee is not linked to a SEZ type the SEZ type linked on the company rule will be used. • ETI Type: This field allows you to select the ETI Type of the employee. This allows you to apply age exempt SIC's and SEZ's without having to maintain SIC Code and SEZ Types. If nothing is selected the SIC Code / SEZ linking on Employee Rule or Company Rule will be applied. The options are: <ul style="list-style-type: none"> ○ "N – ETI Normal" – SIC Code / SEZ linking on Employee Rule or Company Rule will be applied. ○ "I – ETI SIC Force" – SIC Code linking on Employee Rule or Company Rule will be overridden, the age limits will not be applied because the user is confirming that the employee is employed in an industry that has been designated by the Minister of Finance. ○ "Z – ETI SEZ Force" – SEZ linking on Employee Rule or Company Rule will be overridden, the age limits will not be applied because the user is confirming that the employee is employed in a Special Economic Zone. 		

	<ul style="list-style-type: none"> • ETI Start Date: When you add a new employee, the field will automatically default from the Date Joined group field. Once you have saved the new employee record this field will not be updated automatically when you change the Date Joined Group. <p>Take Note: This date should reflect the date on which the employee was employed by the employer, or associated institution (whichever is the earliest).</p> <ul style="list-style-type: none"> • ETI Override Rate per Hour: This field allows you to enter a rate per hour where the employee's rate per hour should not be used for ETI purposes. This rate per hour will be used instead. • Min Wage Type: A drop-down list that allows you to select the Minimum Wage type for the employee which will be the employee's ETI lower bracket with regards to the minimum Monthly Wage (instead of R 2000). If an employee is not linked to a Minimum Wage type on the Employee Detail screen, the Minimum Wage type linked to the Company Rule will be used for the employee. Should no Minimum Wage type be defined, the ETI lower bracket of R2000.00 will be used. <p>Take Note: Only a rate per hour check will be applied where an employee is linked to a minimum wage type.</p>		
6 EMPLOYEE TAX TOTAL SCREEN			
1.	Tax Total Tab: <ul style="list-style-type: none"> • SIC Type: Defaults the SIC code selected on the Employee Detail screen or it will default from the Company Rule. • SEZ Type: Displays the SEZ type selected on the Employee Detail screen or it will default from the Company Rule. • ETI Min Wage Applied: When the employee's ETI Hours Total is less than 160 hours a gross-up of the ETI Actual Wage Calculated will be applied. A gross-up of the ETI Actual Wage Calculated will not be applied where the employee is linked to a minimum wage type. • ETI Actual Wage Calculated: This field displays the actual wage used to determine the ETI min wage. This field will display the total of the earnings defined on the Min Wage Earning Definition screen. If no earning definitions were linked the total of the earnings where the Earning Type = Basic Salary will be displayed. • Min Wage Type: This field displays the minimum wage type to which the employee is linked to Employee Detail or it will default from Company rule • Min Monthly Wage: If the employee is linked to a minimum wage type this field will display the Monthly Wage of the minimum wage type to which the employee is linked. If the employee is not linked to a minimum wage type the minimum monthly wage will be R2000.00. • ETI Min Wage Rate per Hour: If the employee is linked to a minimum wage type the Hourly Wage of the minimum wage type applicable to the employee will be displayed. The Hourly Wage will be used to determine if the employee qualifies for ETI. 		

	<p>ETI Totals MTD+:</p> <ul style="list-style-type: none"> • ETI Qualifying Month BF: Displays the number of months (excluding current month) that the employee has qualified for the ETI with the current employer or associated employer. • ETI Qualifying Month Adjustment: This field allows you to adjust the ETI qualifying months, e.g. take-on. • ETI Month: This field indicates that the employee qualifies for ETI in the current month. • ETI Rate per Hour: Displays the employee's rate per hour or if you entered an override rate per hour. • ETI Temporary Employee: This field indicates that the employee has been flagged as temporary employee. • ETI Type: Displays the ETI Type selected on the Employee Rule screen. • ETI Hours Calculated: This field displays the calculated ETI hours. The calculated ETI Hours in this field will be determined by the following criteria: <ul style="list-style-type: none"> ○ A custom calculation has been linked on the Company Rule> Defaults > ETI Hours Calculation Entry AND the employee has been flagged as an ETI temporary employee ○ A custom calculation has been linked on the Company Rule> Defaults > ETI Hours Calculation Entry AND the Company Rule> Defaults > ETI Hours Calculation All Employees has been checked. ○ Where no custom calculation has been linked on the Company Rule> Defaults > ETI Hours Calculation Entry AND the employee has been flagged as ETI temporary employee. The total units entered on the earnings where the Earning Type = Basic Salary or the earnings linked on the Minimum Earning Definition setup will be used ○ Where no custom calculation has been linked on the Company Rule> Defaults > ETI Hours Calculation Entry AND the employee is a New/Terminated employee. The ETI Hours will be calculated using the days worked * hours per day. Should the employee have worked overtime an adjustment must be made to the ETI Hours manually. • ETI Hours Adjustment: This field allows you to adjust the ETI hours for the current month. Employee had unpaid leave, but a negative amount was entered and not hours. • ETI Hours Total: This is the total of the ETI Hours Calculated + ETI Hours Adjustment. • ETI Remuneration: The field displays the total of the actual ETI Remuneration. The ETI Remuneration is calculated as follow: <ul style="list-style-type: none"> ○ Taxable Amount of all Earnings excluding Earnings where Earning Type = "Annual Bonus", ○ Plus Total Amount of all Earnings where Earning Type = "Annual Bonus", ○ Plus Taxable Amount of all Company Contributions, ○ Plus Taxable Amount of all Fringe Benefits. • ETI Remuneration Applied: If the employee worked less than 160 hours a gross-up calculation will be applied. <ul style="list-style-type: none"> ○ $\text{Remuneration Amount} / \text{ETI Hours Total} * 160$ 		
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	<ul style="list-style-type: none"> • ETI Remuneration Adjustment: This field will be disabled in the current pay period. Adjustments can only made for previous pay periods. Use the ETI Adjustment System Batch to adjust the ETI remuneration of a previous pay period. • ETI Remuneration Total: This field displays the total of ETI Remuneration Applied and ETI Remuneration Adjustment. • ETI Reason: Displays the reason the employee did not qualify for ETI. <ul style="list-style-type: none"> ○ ETICAP: Employee does not qualify because he / she earns R6500.00 or more. ○ NELIGEMPLOYER: The employee is linked to a Company Rule that is flagged as a non-eligible employer. ○ ETINONQULEMP: <ul style="list-style-type: none"> ▪ The calendar year for the active pay period is less than 2014. ▪ The employee has been flagged as a non-qualifying employee on Employee Rule. ▪ The employee is a PSP Company or PSP Trust (Entity Type <> Individual). ▪ The employee's Tax Status = Labour Broker. ▪ The employee's total qualifying month's (including current month) is greater than 24. ▪ The active UIF Record's status = Independent Contractor". ○ SEZ: Employee qualifies irrespective of age because he is linked to a SEZ that is flagged as "Age Exempt". Employee ETI Type = "Z – ETI Force SEZ" on Employee Rule. ○ SIC: Employee qualifies irrespective of age because he is linked to a SIC Code that is flagged as "Age Exempt". Employee ETI Type = "I – ETI Force SIC" on Employee Rule. ○ AGE: Employee does not qualify because their age as at the last calendar day of the month is <18 or > 29. ○ DATEJOIN: Employee does not qualify because Date Joined Group < 2013/10/01. ○ MINWAGE: The sum of the Earnings included in the employee's Minimum Wage is less than R2000, or the employee's Rate per Hour on Employee Rule is less than the Hourly Wage of the Minimum Wage Type the employee is linked to. ○ EMPBASICINFO: The employee has no ID Number/Asylum Seeker Permit Number/Refugee Permit Number. • ETI Applied: This field displays the ETI calculated for the current month. If an employee worked less than 160 hours the ETI amount will be grossed down. ETI amount / 160 * ETI hours. • ETI Adjustment: This field will be disabled in the current month. ETI Adjustments can only be made for history months. • ETI Total: This field displays the total of the ETI Applied + ETI Adjustment. 		
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7 BATCHES														
1.	<p>Currently there are 2 batches in the Sage 300 People application that can be used to make changes to history ETI values.</p> <p>ETI Adjustment System Batch:</p> <p>This allows you to adjust the ETI Hours, Remuneration and ETI Applied amount for previous months. The ETI adjustments can be done per pay period. You must create a batch template for the correct pay period to ensure that the correct pay period is updated. ETI values are calculated per tax record per pay period. Where an employee has multiple tax records in the same pay period you must select the applicable tax record for which you need to capture ETI adjustment values.</p> <p>Take Note: ETI is always calculated in the last pay period for non-monthly company rules. However, when an employee in a non-monthly company rules is terminated the ETI values will be calculated in the termination period.</p> <p>ETI Take on System Batch</p> <p>The big difference between the ETI Take-on Batch and the ETI Adjustment is the amount of data that can be imported. Therefore, when a monthly report for ETI is calculated the correct ETI wage, ETI Hours, ETI Periods and ETI Remuneration is imported.</p> <p>Take Note: No History payslip will not recalc, therefore all total fields and the ETI Month field must be updated with the ETI Take On batch.</p>													
8 ETI REPORTS														
1.	<p>ETI Detail Report</p> <p>The ETI Detail report displays ETI Detail per employee. ETI values are only calculated in the final pay period of the month. By default, the report includes employees with an ETI Value or an ETI Reason. The user must be able to exclude employees with a Zero ETI value. The user will need to select the applicable Calendar Month and Calendar Year to view the report.</p> <table style="margin-left: 40px;"> <tr> <td>Expand</td> <td>Reports</td> </tr> <tr> <td>Double click</td> <td>All Reports</td> </tr> <tr> <td>Select</td> <td>ETI Detail</td> </tr> </table> <p>ETI Dynamic report</p> <p>The main purpose of the ETI Dynamic report is to assist users to reconcile their ETI values, as well as print multiple periods to simplify the process of creating manual IRP5 certificates</p> <table style="margin-left: 40px;"> <tr> <td>Expand</td> <td>Reports</td> </tr> <tr> <td>Double click</td> <td>Dynamic Reports</td> </tr> <tr> <td>Select</td> <td>ETI Dynamic Report</td> </tr> </table>	Expand	Reports	Double click	All Reports	Select	ETI Detail	Expand	Reports	Double click	Dynamic Reports	Select	ETI Dynamic Report	
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9 REIMBURSEMENT AND ROLL-OVER AMOUNT														
1.	<p>Reimbursement:</p> <ul style="list-style-type: none"> • Employers will be able to claim the full amount, if tax compliant. • If employer fails to be tax compliant within the next 6 months, excess amount is permanently lost. 													

	<p>Roll-over Amount:</p> <p>ETI may be rolled over for 6 months (March to August and September to February) in the following instances:</p> <ul style="list-style-type: none">• If the incentive amount available exceeds employees' tax due in a month, the excess may be carried forward to the next month or,• If the employer was not allowed to reduce the employees' tax payable due to tax returns outstanding or SARS debt incurred,• If the employer did not claim the amount entitled to.<ul style="list-style-type: none">○ If not claimed in the 6-month period, employer will forfeit the ETI amount. It cannot be backdated.		
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