

How to calculate Leave Pay Rate and Termination rate per day

Definition of Wage

Wage is defined in the BCEA as “the amount of money paid or payable to an employee in respect of ordinary hours of work or, if they are shorter, the hours the employee ordinarily works in a day or week”.

From this definition it can be seen that for a payment to be included as part of ‘wage’, it must be:

- in cash (money), and
- in respect of ordinary hours worked (the hours in a standard day or week).

Wage is used for the calculation of

- the Overtime Rate per hour, or
- Public Holiday and Sunday hours worked

Definition of BCEA Remuneration

Remuneration is defined in the BCEA as “any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working for any other person ...”.

From this definition it can be seen that for a payment to be included as part of ‘Remuneration’, it must be:

- in cash (money) or in kind (fringe benefits and employer contributions), and
- in return for work done.

BCEA Remuneration is used for the calculation of:

- Notice Pay
- Severance Pay
- Leave Paid Out or Termination Leave (on termination)
- BCEA Leave Pay (a portion of BCEA Remuneration when taking Annual Leave)

Earnings and Allowances included in BCEA Remuneration

Any cash (money) or in kind paid in return for work done such as wage / salary / cash component, overtime, commission, performance bonus and Annual bonus (if guaranteed)

If the allowance is paid to enable the employee to work, the payment must be excluded from BCEA Remuneration. If it is as a result of work done, it is included.

Specific Inclusions for Allowances

- Travel Allowance
- Housing Allowance
- Shift Allowance
- Standby Allowance

- Danger Allowance

Company Contributions and Perks / Fringe Benefits included in BCEA Remuneration

Payments in kind (Employer Contributions and Fringe Benefits), must be included in 'Remuneration' if they are enjoyed as a result of work done.

Specific Inclusions for Company Contributions:

- Death Benefit
- Funeral Benefit
- Medical Aid
- Pension Fund
- Provident Fund
- Retirement Annuity
- Income replacement Policy
- Any other taxable company contribution

Specific inclusions for Perks / Fringe Benefits:

- Use of Motor Vehicle
- Free or Cheap Residential Accommodation

Flagging of BCEA Remuneration

Options to select from on the following 5 screen:

- Earning Definition (Route ED)
Main menu -> Payroll -> Definitions -> Earning Definitions
- Deduction Definition (DD)
Main menu -> Payroll -> Definitions -> Deduction Definitions
- Perks Tax Definition (PD)
Main menu -> Payroll -> Definitions -> Perks Tax Definitions
- Calc Field Definitions (XD)
Main menu -> Payroll -> Definitions -> Calc Field Definitions
- Own Amount Definitions (OD)
Main menu -> Payroll -> Definitions -> Own Amount definitions

BCEA Flag	Table subtitle
<p>Standard fixed</p> <p>Updates Standard BCEA</p> <p>Remuneration on the BCEA Screen</p> <p>F</p>	<p>This option must be used when the amount flagged forms part of the employee's Standard BCEA Remuneration. The amount in the Fixed Column from the Payslip Screen of the flagged item will update the BCEA Screen. This option will normally be used where the employee has fixed earnings as part of their remuneration, e.g. Travel Allowance.</p>
<p>Standard Amount</p> <p>Updates Standard BCEA</p> <p>Remuneration on the BCEA Screen</p> <p>O</p>	<p>This option must be used when the amount flagged forms part of the employee's Standard BCEA Remuneration. The value in the Amount column from the Payslip Screen will update the BCEA Screen</p>
<p>Standard Both</p> <p>updates Standard BCEA</p> <p>Remuneration on the BCE Screen</p> <p>B</p>	<p>This option will be used when the amount flagged forms part of the employee's Standard BCEA Remuneration Select this option when the total of both columns from the Payslip Screen should update the BCEA Screen. This option is not likely to be used to include Earnings as part of BCEA Remuneration. Adjustments do not form part of a specific period's BCEA Remuneration. In the case where both the Auto and the Amount columns for a specific Company Contribution are used every period, this option may be used to include that specific value.</p> <p>In the case where the client</p>

is indecisive regarding the way of calculating a specific value, ensure that you mention the situation in your Consulting Report.

In the case where some employees should be linked to a Method of Calculation (Fixed column) and other employees' values should be entered manually (Amount column), the specific line should be split.

The line with the Method of Calculation will be flagged as Standard Fixed. The line where the user manually enters a value must be flagged as Standard Amount.

Variable
Updates Variable
Remuneration
on the BCEA Screen)
V

This option must be used for all the earnings received which are variable (fluctuates) and for work done. These earning lines must be flagged as Variable. These kinds of payments can be regular, but the Earning amount varies each period, e.g. Overtime and Commission.

Guaranteed Periodic
Payments
G

It is unnecessary to link any earning to this option as it has no effect on the BCEA remuneration calculation.

If the Annual Bonus is guaranteed and should be included in BCEA remuneration it must be flagged using an alternate option on the XS screen to include 1/12 of the bonus each month as Standard

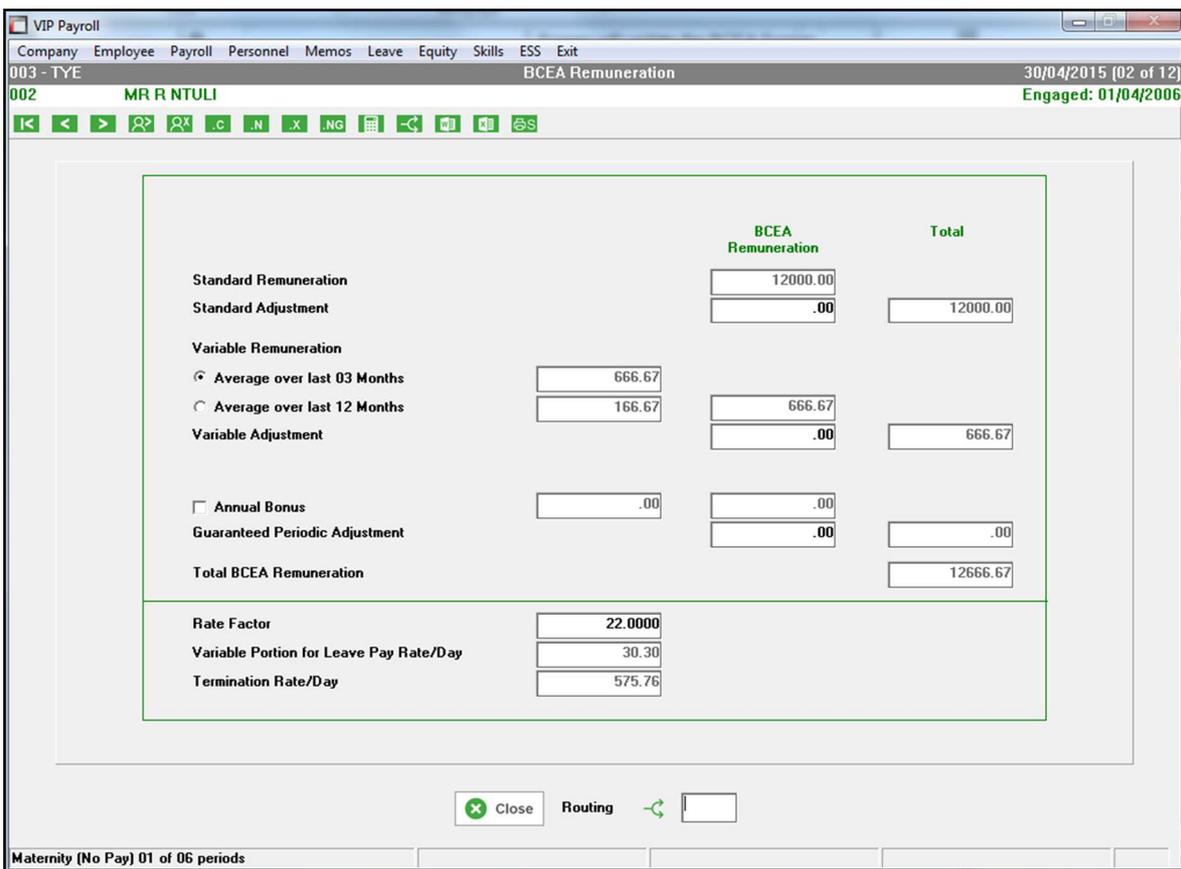
Not linked

N

This option must be used for items to be excluded from BCEA Remuneration, e.g. Reimbursive payments, statutory Company

BCEA Definitions on the BCEA screen
Standard Remuneration

- The Standard Remuneration is the Total of all the Items flagged as “Standard Fixed / Amount / Both” on the Definition Screens (F, O, B)
- The Standard Adjustment is an input field. The user can make an adjustment if they do not agree with the Standard Remuneration for a specific employee. The employee might have been on maternity leave for a few months and adjustments are necessary.
- This field will clear with each Start of Period



Variable Remuneration

- Variable remuneration is the total of all items flagged as Variable on the definitions screens (V).
- There are 2 Averages that could be calculated:

- An average of the preceding 3 months in a monthly company and 13 weeks for Weekly and Bi-weekly companies.
- An average of the preceding 12 months in a monthly company (interpretation of legislation) only one of the Variable averages may be selected.
- The Variable Adjustment Column is an input field, where the user can adjust the Variable Remuneration. This adjustment will be taken into account for calculating the total average in that specific period. The average does not include any adjustments that were made in previous periods.
- The Variable Adjustment field will clear with each Start of Period.
- When you change any of the flags on the Definition Screens, the system will recalculate the amounts for the current period according to the new flags.

The screenshot shows the 'BCEA Remuneration' screen in the VIP Payroll system. The window title is 'VIP Payroll' and the menu bar includes 'Company', 'Employee', 'Payroll', 'Personnel', 'Memos', 'Leave', 'Equity', 'Skills', 'ESS', and 'Exit'. The header shows '003 - TYE' and '30/04/2015 (02 of 12)'. The employee name is '002 MR R NTULI' and the engagement date is 'Engaged: 01/04/2006'. The screen contains a table of remuneration components and their values.

		BCEA Remuneration	Total
Standard Remuneration		12000.00	
Standard Adjustment		.00	12000.00
Variable Remuneration			
<input checked="" type="radio"/> Average over last 03 Months	666.67		
<input type="radio"/> Average over last 12 Months	166.67	666.67	
Variable Adjustment		.00	666.67
<input type="checkbox"/> Annual Bonus	.00	.00	
Guaranteed Periodic Adjustment		.00	.00
Total BCEA Remuneration			12666.67
Rate Factor	22.0000		
Variable Portion for Leave Pay Rate/Day	30.30		
Termination Rate/Day	575.76		

At the bottom of the screen, there is a 'Close' button, a 'Routing' section with a dropdown menu, and a 'Maternity (No Pay) 01 of 06 periods' indicator.

Rate Factor

- Hours per period / hours per day as on the Increase screen

VIP Payroll
 Company Employee Payroll Personnel Memos Leave Equity Skills ESS Exit
 003 - TYE BCEA Remuneration 30/04/2015 [02 of 12]
 002 MR R NTULI Engaged: 01/04/2006

	BCEA Remuneration	Total
Standard Remuneration	12000.00	
Standard Adjustment	.00	12000.00
Variable Remuneration		
<input checked="" type="radio"/> Average over last 03 Months	666.67	
<input type="radio"/> Average over last 12 Months	166.67	
Variable Adjustment	.00	666.67
<input type="checkbox"/> Annual Bonus	.00	
Guaranteed Periodic Adjustment	.00	.00
Total BCEA Remuneration		12666.67

Rate Factor	22.0000
Variable Portion for Leave Pay Rate/Day	38.30
Termination Rate/Day	575.76

Close Routing

Maternity (No Pay) 01 of 06 periods

Working Hours per Month	176.00	$176/8=22$
Working Hours per Day	8.00	Pay Scale
Annual Basic Salary	144000.00	Current Notch
Monthly Basic Salary	12000.00	Review Period
Rate per Day (Pay)	545.4545	Package
Rate per Hour (Pay)	68.1818	Shifts per Period
Charge Out Rate/Hour	.0000	

** If Shifts are used in the ETI Calculation, a General Recalculation must be done when Shifts have been amended.

Variable Portion of Leave Pay Rate/Day

- Whenever an employee goes on leave, he or she should not be worse off than what he would have been working. All employees earning variable income on a monthly or weekly basis should be remunerated in a specific way to make up any loss of income whilst on leave. VIP will calculate a rate per day based on any income flagged as variable BCEA remuneration. An employee who has no variable income will not receive any BCEA Leave Pay, as this employee will receive a full salary.
- Total Variable remuneration / rate factor

VIP Payroll

Company Employee Payroll Personnel Memos Leave Equity Skills ESS Exit

003 - TYE BCEA Remuneration 30/04/2015 [02 of 12]

002 MR R NTULI Engaged: 01/04/2006

	BCEA Remuneration	Total
Standard Remuneration	12000.00	
Standard Adjustment	.00	12000.00
Variable Remuneration		
<input checked="" type="radio"/> Average over last 03 Months	666.67	
<input type="radio"/> Average over last 12 Months	166.67	
Variable Adjustment	.00	666.67
<input type="checkbox"/> Annual Bonus	.00	.00
Guaranteed Periodic Adjustment	.00	.00
Total BCEA Remuneration		12666.67
Rate Factor	22.0000	
Variable Portion for Leave Pay Rate/Day	30.30	
Termination Rate/Day	575.76	

666.67/22=30.30

Close Routing

Maternity (No Pay) 01 of 06 periods

Termination Rate/Day

- This rate is used to calculate Notice Pay, Severance Pay and Leave Paid out upon Termination
- Total Standard remuneration + Total Variable remuneration / Rate factor

VIP Payroll

Company Employee Payroll Personnel Memos Leave Equity Skills ESS Exit

003 - TYE BCEA Remuneration 30/04/2015 [02 of 12]

002 MR R NTULI Engaged: 01/04/2006

	BCEA Remuneration	Total
Standard Remuneration	12000.00	
Standard Adjustment	.00	12000.00
Variable Remuneration		
<input checked="" type="radio"/> Average over last 03 Months	666.67	
<input type="radio"/> Average over last 12 Months	166.67	
Variable Adjustment	.00	666.67
<input type="checkbox"/> Annual Bonus	.00	.00
Guaranteed Periodic Adjustment	.00	.00
Total BCEA Remuneration		12666.67
Rate Factor	22.0000	
Variable Portion for Leave Pay Rate/Day	30.30	
Termination Rate/Day	575.76	

12666.67/22=575.76

Close Routing

Maternity (No Pay) 01 of 06 periods

Should you need any assistance, please contact the Support Desk on
+ 27 12 420 7000.