

# **200c Release Notes 5.4a**

March 2020

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## 1.0 RSA: Important Notice

When you go into a company licenced for **Tax Country: South Africa**, an Important Notice will come up containing the following information:

- Legislative changes for the 2020-2021 Tax Year have been implemented.
- New Termination Reasons and UIF Employment Statuses also form part of this release.
- Employment Tax Incentive (ETI): From 1 August 2019 the ETI Wage Test to determine whether an employee qualifies for ETI changed.
- Follow the steps in these Release Notes to ensure your current ETI Setup and ETI History values are correct.
- For Employees falling under the National Minimum Wage - Employee > Change Employee > Select Employee > Employment Tax Incentive Tab:
  - link to a Minimum Monthly Wage Code and
  - tick Wage Regulating Measure/National Minimum Wage Rate
  - The National Minimum Wage values also increased from 1 March 2020.
  - To amend the applicable Minimum Wage Codes, go to Payroll > Definitions > System Description Codes > ETI.
- If you are a qualifying company for Special Economic Zones (SEZ), ensure that you do still qualify and adjust if necessary.
- It is the beginning of the Tax Year, confirm that Tax Status is correct for all the Employees.

This notice will be displayed each time you access the company until you acknowledge the message at the bottom of the screen.

You can print this screen for reference purposes.

## 2.0 RSA: Tax Related Changes

### 2.1 Tax Table Changes 2020/2021

When you installed Release 5.4a, the new Tax Rates were applied retrospectively to 1 March 2020, according to the Budget Speech by the Minister of Finance on 26 February 2020.

Taxable Income (R)	Fixed Amount	Rate of Tax (R)
0 – 205 900	0	18% of taxable income
205 901 – 321 600	37 062 +	26% of taxable income above 205 900
321 601 – 445 100	67 144 +	31% of taxable income above 321 600
445 101 – 584 200	105 429 +	36% of taxable income above 445 100
584 201 – 744 800	155 505 +	39% of taxable income above 584 200
744 801 – 1 577 300	218 139 +	41% of taxable income above 744 800
1 577 301 and above	559 464	45% of taxable income above 1 577 300
<b>Tax Rebates</b>		
Primary		R14 958
Secondary (Persons 65 and Older)		R 8 199
Tertiary (Persons 75 and Older)		R 2 736
<b>Age Tax Thresholds</b>		
Below age 65		R 83 100
Age 65 to below 75		R128 650
Age 75 and over		R143 850
<b>Personal Service Providers (Company)</b>		28%
<b>Personal Service Providers (Trusts)</b>		45%
<b>Medical Scheme Fees Tax Credit</b>		
Main Member		R319
First Dependant		R319
Additional Dependants		R215

If the update was loaded after the first pay period to which the new Tax Rates apply, the Tax has been recalculated as from the first pay period in March 2020, and the change has been applied in the period in which you installed the Release.

If you updated **after March**, the Medical Scheme Fees Tax Credits have not been backdated. These employees will be allowed to claim any possible benefits on assessment or you can correct this in one of two ways:

Manually, by entering a value in the 'Beneficiary Adjustment' field for the previous month(s) on the Employee MHS Screen, to force a recalculation. Remember to remove this again to reflect employee's actual beneficiary tally.

Globally, with the assistance from your Sage **Support** team, by backdating beneficiaries on the ML Screen. You will need to edit employees who had a valid change to their Medical Aid Beneficiary tally in the current month, because this will now be incorrect for the previous month(s).

You can view the Statutory Rates of Tax by clicking on the <TXB> button on any Employee's Tax Screen.

The new Tax Deduction Tables will also be applied to R.S.A. Dormant Companies that are in the 2020/2021 Tax Year.

## 2.2 Subsistence Allowances and Advances

Where the recipient is obliged to spend at least one night away from his/her usual place of residence in South Africa, an amount equal to the following is deemed to have been expended for each day or part of a day for:

- meals and incidental costs, R452;
- incidental costs only, R139.

The rate for foreign travel will be gazetted soon and can be found on [www.sars.gov.za](http://www.sars.gov.za) under the Legal Counsel tab.

## 2.3 Table for Calculation of Rate per km/Travel Allowance

Value of the Vehicle (Including VAT) (R)	Fixed Cost (R p.a.)	Fuel Cost (c/km)	Maintenance Cost (c/km)
0 – 95 000	31 332	105.8	37.4
95 001 – 190 000	55 894	118.1	46.8
190 001 – 285 000	80 539	128.3	51.6
285 001 – 380 000	102 211	138.0	56.4
380 001 – 475 000	123 955	147.7	66.2
475 001 – 570 000	146 753	169.4	77.8
570 001 – 665 000	169 552	175.1	96.6
Exceeding 665 000	169 552	175.1	96.6

## Prescribed Rate for Reimbursive Kilometres

The SARS prescribed rate per kilometre increased from R3.61 to R3.98.

If you have already entered Travel Transactions before updating to the current release, the rate per kilometer will have been calculated at R3.61/km. Delete these transactions and recapture them to apply R3.98/km.

## 2.4 ETI – Alignment of ETI Act to National Minimum Wage Act

The Taxation Laws Amendment Act, 2019 was published on 15 January 2020. The changes to ETI below are **effective from 1 August 2019** and must be **backdated** accordingly.

For an employee to qualify for ETI, he/she must be paid at least the minimum wage (amongst other qualifying criteria, which is not changed by this amendment). If he/she is not paid at least the minimum wage he/she must be excluded from ETI.

**Before 1 August 2019**, an employee could have qualified if he/she was paid:

- the minimum wage according to the wage regulating measure, or
- if no wage regulating measure was applicable, R2000 per month for 160 employed and remunerated hours.

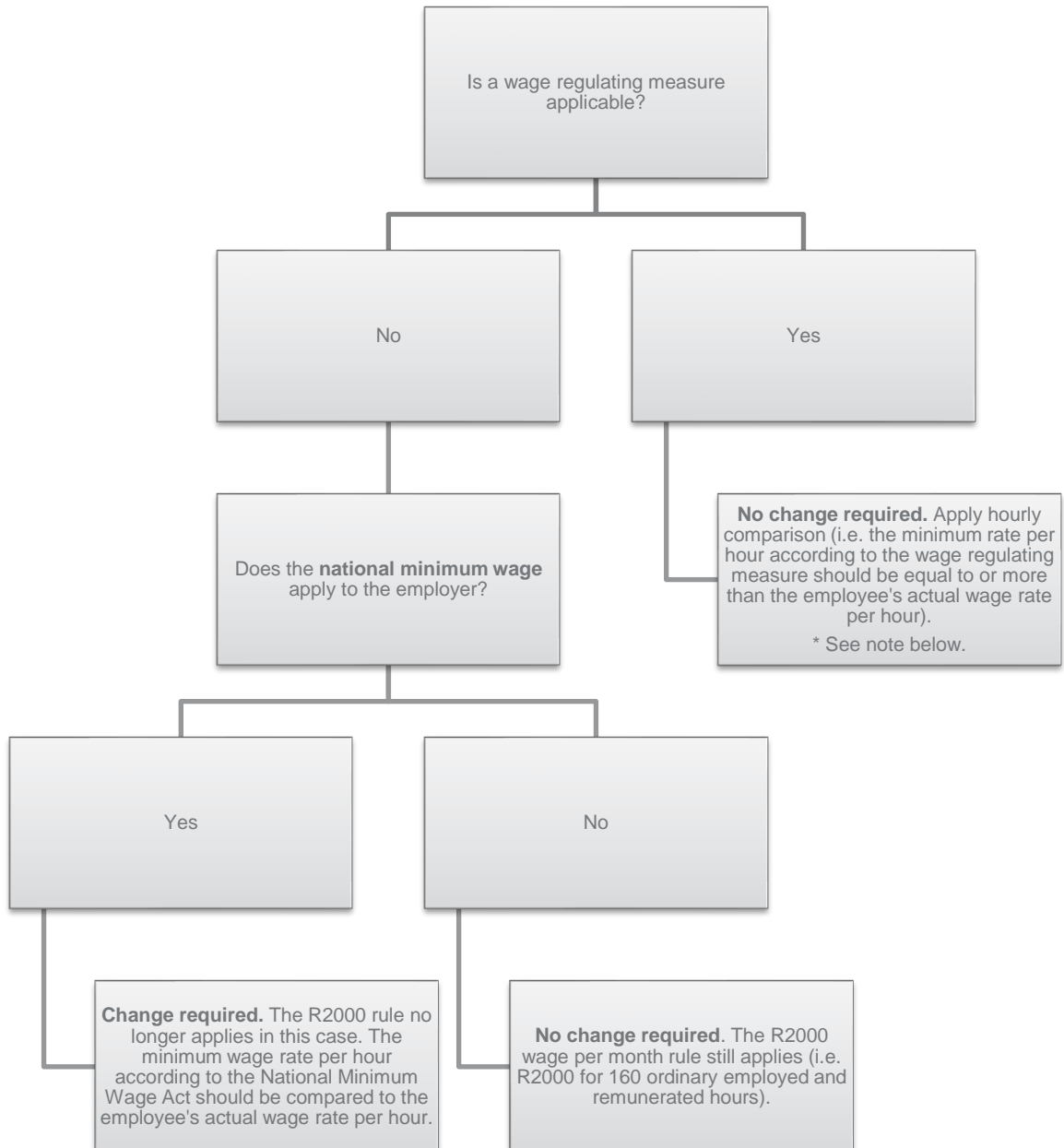
**From 1 August 2019**, to align the ETI Act with the National Minimum Wage Act, the minimum wage requirements to possibly qualify for ETI were changed to:

the higher of -

- the national minimum wage (R20 per hour, R18 per hour for farm workers, R15 for domestic workers, R11 per hour for workers employed in a public works programme and the minimum weekly learnership allowance for learners), or
- the minimum wage according to the wage regulating measure (sectoral determination, bargaining council agreement or collective agreement).

If none of the above is applicable (for example the employer is exempt from the national minimum wage after successful application and there is no wage regulating measure), then the R2000 wage per month for 160 ordinary employed and remunerated hours should be used as the minimum wage.

## 2.4.1 Summary of Change



\* The National Minimum Wage Act takes precedence over any wage regulating measure. Therefore, each bargaining council agreement, sectoral determination and collective agreement had to be updated with the correct minimum wages to be at least equal to or more than the national minimum wage. It is the employer's responsibility to confirm that the minimum wage according to the wage regulating measure is at least the minimum wage and this comparison will not be a change in the system. If the employee was/is not paid at least the minimum wage, then the employee must not qualify for ETI and backdated corrections must be made (if applicable).

## 2.4.2 Steps to Apply the New Legislation from the Current Period Going Forward

This will only apply to employees who **do not belong** to a wage regulating measure and who are not exempt from the national minimum wage.

This step **must** be actioned for Tax Year 2019 – 2020 and for Tax Year 2020 – 2021.

Make a backup before changing any information on the payroll.

### Step 1: Change the ETI Setup on Company Level.

Company > Basic Company Information > Employment Tax Incentive Tab

Tick the relevant field to indicate where Rate Per Hour must be stored (this change is required, although the employees do not belong to a wage regulating measure, to ensure a rate per hour comparison is applied).

**Step 2:** Ensure that the Rate Per Hour is correctly captured for each employee based on the setting made in step 1.

### Step 3: Amend or add the Minimum Wage Code.

Payroll > Definitions > System Description Codes > ETI Codes > Minimum Wage

Add a new code or select and amend the existing code to the applicable national minimum wage rate per hour (R20 per hour, R18 per hour for farm workers, R15 per hour for domestic workers, R11 per hour for workers employed in the public works programme and the minimum rate per hour for learners).

**Step 4:** Link all employees to the applicable National Minimum Wage Rate Code set up in step 3.

Use the **Global Activation** function to link all or groups of employees.

Payroll > Global Activation > ETI > Employee Tax Incentive Description

### Step 5: Tick the Wage Regulating Measure option for the employee

This change is required, although the employee does not belong to a wage regulating measure, to ensure a Rate Per Hour comparison is applied.

Use the **Global Activation** function to link all or groups of employees.

Payroll < Global Activation > ETI > Wage Regulating Measure

## 2.4.3 Steps to Backdate the New Legislation to August 2019

This will only apply to employees **who do not belong** to a Wage Regulating Measure and who are not exempt from the National Minimum Wage.

The following steps **must** be performed in your Tax Year 2019 - 2020. For continuity, you can repeat them in your Tax Year 2020 - 2021.

### Step 1: Export the ETI History Information for 2019 and 2020

- Interfaces > Export Data > ETI History
- Select to export the relevant year (for TAX 2020, you will need to do an export for 2019 and one for 2020).
- Select a destination and file name and select to export all employees.
- Click on Export
- Select Yes to save the file in Excel
- Excel will open, and requires you to select the export destination folder and file
- The Excel template will populate with the ETI data.

### Step 2: Filter data based on the month

For 2019: Month 8 – 12 should be taken into account

For 2020: Month 1 up to the current month number should be taken into account.

### Step 3: Compare the ETI Minimum Wage Value

Apply a calculation by dividing the 'Actual Wage' (column O) by the 'Wage Hrs' (column AC) to calculate a rate per hour. Ensure the answer is at least equal to or more than the applicable national minimum wage rate per hour applicable from August 2019 to February 2020 (i.e. the rates before the increase effective March 2020, which were R20 per hour, R18 per hour for farm workers, R15 per hour for domestic workers, R11 per hour for workers employed in the public works programme and the minimum weekly allowance for learners).

- If the answer is less than the applicable national minimum wage rate per hour, amend the ETI value on the spreadsheet to be 0.00.
- If the answer is equal to or more than the applicable national minimum wage rate per hour, no changes are required.

### Step 4: Review the ETI Period and Sets and correct where needed

This step **must** be actioned in Tax Year 2019 – 2020 and Tax Year 2020 - 2021.

**Please Note:** If you make changes to the ETI Set and Period, all subsequent months (and values where applicable) should be amended.

### Step 5: Finalise the Import File

- Delete transactions that you don't want to import.
- Delete columns AE (New/Term Days) to AL (Comment).
- Save file as an Excel Spreadsheet.
- Save the file again, but this time Select "Save As", enter a file name, and change the file type to CSV comma delimited (to be in the correct import format).

**Step 6: Make a Backup (advisable) before we import the data**

**Step 7: Import the File**

- Interfaces > Import Data > Utility Imports > ETI Take-on
- Select Import
- Select the folder where you saved the CSV file and enter the file name
- Click on Import

**Step 8: Restate EMP201/EMP501 declarations where needed and make shortfall payments to SARS.**

EMP201 for August can't be restated. EMP501 will have to be resubmitted for March 2019 – Aug 2019 once the shortfall payment has been made to SARS.

These corrections can result in late payment penalties and interest.

It is important that the total 4118 value (ETI value on the tax certificate of each employee) balances back to the total ETI calculated value declared on the EMP201s/EMP501 for the employer to be able to submit their EMP501 reconciliation.

Please contact SARS for any assistance in revising the EMP201s/EMP501.

**2.5 ETI – Increase to National Minimum Wage Rates**

The Minister of Employment and Labour published Government Gazette 43026 on 17 February 2020. What follows are the changes **effective 1 March 2020**:

**2.5.1 The National Minimum Wage Act (NMWA) Schedule 1 and Schedule 2 effective 1 March 2020.**

Effective 1 March 2020, the national minimum wage rates will increase:

- from R20 to R20.76 per hour,
- from R18 to R18.68 per hour for farm workers,
- from R15 to R15.57 for per hour domestic workers,
- from R11 to R11.42 per hour for workers employed on expanded public works programme, and
- to the table in Schedule 2 for workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Levies Act (please see extract below).

2. The learnership allowances are as follows:

NQF level	Credit already earned by learner	Minimum allowance per week
Level 1 to 2	0 – 120	312.45
	121 – 240	624.87
Level 3	0 – 120	312.45
	121 – 240	588.47
	241 – 360	963.38
Level 4	0 – 120	312.45
	121 – 240	624.93
	241 – 360	963.38
	361 – 480	1405.98
Level 5 to 8	0 – 120	312.45
	121 – 240	676.93
	241 – 360	1012.83
	361 – 480	1426.85
	481 – 600	1822.56

**Amend or Add the Minimum Wage Code in your Payroll**

This step must be actioned for Tax Year 2020 – 2021. If you are already in a processing month after March, you will need to backdate these values until March. You can follow the steps in 2.4.3.

Payroll > Definitions > System Description Codes > ETI Codes > Minimum Wage

Add a new code or select and amend the existing code to the applicable National Minimum Wage Rate Per Hour, as specified above.

**Important notes** to take into consideration with the increase of the National Minimum Wage rates effective **1 March 2020**:

- The national minimum wage takes precedence over any contrary provision in any contract, collective agreement, sectoral determination or law, except a law amending the National Minimum Wage Act. The national minimum wage must constitute a term of the worker’s contract except to the extent that the contract, collective agreement or law provides a wage that is more favourable to the worker.
- Therefore, the below sectoral determinations are being updated effective 1 March 2020 with wages at least equal to or more than the new national minimum wage rates (refer to section 2.5.2 and 2.5.3).
- Any other wage agreement (including bargaining councils and collective agreements) must be updated effective 1 March 2020 to be at least equal to or more than the new national minimum wage rates.
- For ETI purposes, effective 1 March 2020, if a wage regulating measure is applicable to an employee (collective agreement, bargaining council or sectoral determination) and the minimum rates according to the wage regulating measure is less than the new national minimum wage rates, and the employee

is paid the minimum wage according to the wage regulating measure then the employee should not qualify for ETI.

- To pass the 'minimum wage test for ETI purposes', the employee should be paid the higher of -
  - the applicable minimum wage rate per hour according to the National Minimum Wage Act, or
  - the applicable minimum wage rate per hour according to the wage regulating measure.

If none of the above is applicable (i.e. no wage regulating measure and the employer is exempt from the national minimum wage after successful application), then the R2000 wage per month for 160 ordinary employed and remunerated hours must be used.

Therefore, the employer must ensure that the minimum wage which is applicable to the employee is correctly indicated on the system. In other words, the employer must update/change the minimum wage on the system if applicable to prevent employees from qualifying for ETI if they are not supposed to qualify based on the new national minimum wage rates.

- If the employer pays less than the national minimum wage but equal to or more than the minimum wage specified in the wage regulating measure, then the employee must not qualify. To ensure the employee does not qualify, the employer must ensure the minimum wage on the system is the national minimum wage rate as indicated above.
- If the employer pays at least the minimum wage as per the wage regulating measure, and those rates are equal to or more than the national minimum wage rate, then the employer must indicate the wage rates as per the wage regulating measure as the employee should only qualify if the employer pays at least the minimum wage rates as per the wage regulating measure.
- If no wage regulating measure is applicable and the employer is exempt from paying the national minimum wage, then a minimum wage of R2 000 per month is still applicable. For these employees, it must be indicated that no regulating measure is applicable for the system to apply R2 000 as the minimum wage.

If an employer cannot afford to pay the national minimum wage, then the employer can apply for exemption from the National Minimum Wage Act. Please refer the client to the online application system <https://nmw.labour.gov.za/> for more information.

### **2.5.2 Sectoral Determination 1 (Contract Cleaning Sector) Wage Increases Effective 1 March 2020.**

Effective 1 March 2020, employers should pay the minimum wages as contained in the Schedule (please refer to Government Gazette 43026 to view the rates).

### **2.5.3 Sectoral Determination 9 (Wholesale and Retail Sector) Wage Increases Effective 1 March 2020.**

Effective 1 March 2020, tables 1 and 2 contained in Government Gazette 42766 of 14 October 2019 should be replaced with table 1 and 2 contained in the Schedule (please refer to Government Gazette 43026 to view the rates).

### **2.5.4 The Basic Conditions of Employment Act (BCEA) Regulations, amending:**

- BCEA 1: Summary to be kept by an employer in terms of section 30 of the BCEA (summary of the BCEA to be kept at the workplace where it can be read by employees).
- BCEA 9: Written undertaking by the employer.
- BCEA 12: Compliance order issued in terms of section 69(1) of the BCEA.
- BCEA 14A and 14B: Certificate of appointment in terms of section 63 of the BCEA.

Please refer to Government Gazette 43026 for more information.

## **2.6 Foreign Employment Income Exemption**

**Before 1 March 2020:** certain remuneration paid/accrued to a resident employee by any employer (of private sector companies only) in respect of employment services rendered for or on behalf of the employer in any country outside South Africa was exempt from PAYE/income tax if -

- the employee was outside South Africa for a period (or periods) exceeding 183 full days in any 12 months, and
- for a continuous period exceeding 60 full days in total in that period of 12 months.

**From 1 March 2020:** Certain remuneration paid/accrued to a resident employee by any employer (of private sector companies only) in respect of employment services rendered for or on behalf of the employer in any country outside South Africa is exempt from PAYE if –

- that certain remuneration does not exceed one million rand for the tax year, and
- the employee is outside South Africa for a period (or periods) exceeding 183 full days in any 12 months, and
- for a continuous period exceeding 60 full days in total in that period of 12 months.

During the 2020 budget speech, the Minister of Finance announced an increase in the exemption limit to R1.25 million per tax year effective 1 March 2020. The increase in the exemption limit has not been promulgated.

SARS published an [FAQ document](#) and a new [Interpretation Note 16](#) to assist employees and employers to obtain clarity on certain practical and technical aspects relating to this amendment.

Resident employees who render services outside of South Africa often find themselves in a predicament regarding their tax affairs since a double tax situation may arise. In this case, the employer may (at his/her own discretion) apply for a different basis to calculate the amount of employees' tax to be withheld from the employee's remuneration, taking into account the potential foreign tax credit which may be claimed on assessment. The employer will apply for a directive ([IRP3\(q\)](#)). This is not the actual granting of the section 6quat credit and the employee is still required to submit an income tax return in which the actual foreign tax credit under section 6quat must be claimed.

For more information regarding the directive application, please click [here](#).

The system will not apply the exemption automatically due to numerous variables to be considered by employers, for example the qualifying periods, employment at more than one employer during the tax year, amounts paid/benefits received by foreign employer etc. It is the user's responsibility to apply the foreign employment exemption on the payroll and report against the relevant IRP5 code.

### **Steps to Action in your Payroll:**

#### **Step 1:**

If the employee is working outside RSA for or on behalf of the employer, determine whether the employee qualifies for the foreign employment income exemption according to the days rules (i.e. outside South Africa for a period (or periods) exceeding 183 full days in any 12 months and for a continuous period exceeding 60 full days in total in that period of 12 months), if yes continue to step 2.

If no, remuneration for services rendered outside RSA for or on behalf of the employer is still loaded on an employee record flagged for foreign income (to ensure it is reported on foreign employment income IRP5 codes), but with a normal taxable tax status (for example Statutory Tables) and the remuneration is subject to PAYE, UIF (unless a specific UIF exemption reason is applicable, for example Temporary) and SDL.

#### **Step 2:**

Determine if the remuneration received for services rendered outside RSA for or on behalf of the employer is within the exemption limit. If yes, continue to step 3.

If the foreign employment income exceeds the exemption limit, continue to step 4.

#### **Step 3:**

This exempt foreign employment income is loaded on an employee record flagged for foreign income (to ensure it is reported on foreign employment income IRP5 codes), and with a tax status set to No Tax. The remuneration is not subject to PAYE, UIF and SDL.

#### **Step 4:**

As soon as the exemption limit is exceeded, the remuneration should be subject to PAYE, UIF and SDL. This remuneration is still loaded on a record flagged for foreign income (to

ensure it is reported on foreign employment income IRP5 codes), but with a normal taxable tax status (for example Statutory Tables) and the remuneration is subject to PAYE, UIF (unless a specific UIF exemption reason is applicable, for example Temporary) and SDL.

- Terminate the exempt foreign employment income record referred to in step 3.
- Create a new record with a new IRP5 start date.
- Select the relevant tax status to calculate PAYE (for example Statutory Tables).
- UIF and SDL should calculate for this record (unless a specific UIF exemption reason is applicable, for example Temporary).
- Routing entry field: Type FI. A message will display asking whether you want to Flag this employee for Foreign Income, select <Yes>. FI will display in brackets next to the Tax Status label.
- The foreign employment income exceeding the exemption limit should be processed on this record.

If the limit is reached in the middle of the month, income must be split between the exempt and taxable records (refer to step 3 and 4 above).

If the employee returns to RSA to perform services in RSA for or on behalf of the employer, the remuneration should be processed on a new record with normal IRP5 codes (not flagged for foreign income) and must be subject to PAYE, UIF and SDL.

## **2.7 Interest Free/Low Interest Loan (Official Interest Rate)**

The fringe benefits interest-free or low-interest loan (official rate) is 7.25% p.a.

## **2.8 Cumulative Exemption for Retirement Benefits and Severance Benefits**

This remains unchanged at R500 000.00.

## **2.9 Calculation of Residential Accommodation Fringe Benefit – Value of “B”**

The value of “B” has been amended to the new tax threshold of R83 100, however, this has not yet been promulgated.

## **2.10 Back Pay for Previous Tax Years**

According to section 7A of the Income Tax Act, the amount of salary (excluding any bonus) which becomes payable to a person under a permanent grant made with retrospective effect, of a salary or of an increase in a salary, and which in terms of such grant is payable in respect of a period ending on or before the date on which the grant has become effective is known as backdated salaries/antedated salaries (i.e. back pay).

Backdated salaries (back pay) may relate to current and prior tax years.

According to paragraph 9(3) of the Fourth Schedule to the Income Tax Act, employers must apply for a directive to establish the amount of PAYE to be withheld from a lumpsum contemplated in section 7A.

Effective 1 March 2020, employers **must** apply for a directive in order to establish the PAYE amount to be withheld from back pay that relates to prior tax years. Back pay that relates to prior tax years must be reported against IRP5 code 3907 and the tax according to the directive against IRP5 code 4102.

The employer will apply for a directive using an IRP3(a) form.

There is no change to back pay that relates to the current tax year, this must still be reported and taxed against IRP5 code 3601.

## 3.0 Other Tax Countries: Tax Changes

### 3.1 Ghana: Tax Table Changes

Tax Changes for Ghana, applicable from 1 January 2020, have been published in the Income Tax (Amendment) Act 2019 – Act 1007.

You received a patch file for this in February, however, it is also part of this update.

#### Annual Tax Table – First Schedule

Chargeable Income (GHC)		Rate of Tax
From	To	
0,00	3 828,00	0%
3 828,01	5 028,00	5%
5 028,01	6 468,00	10%
6 468,01	42 468,00	17.5%
42 468,01	240 000,00	25%
240 000,01	and above	30%

#### Personal Reliefs – Fifth Schedule

The limits for some of the personal reliefs have increased as follows:

- marriage or responsibility relief – Increased from GHC200 to GHC1 200.
- old age relief - Increased from GHC200 to GHC1 500.
- child education relief - Increased from GHC200 to GHC600.
- aged dependent relative relief - Increased from GHC100 to GHC1 000
- training and self-improvement - Increased from GHC400 to GHC2 000

You can view the Statutory Rates of Tax by clicking on the TXB button on any Employee's Tax Screen or the Tax button on the Basic Company Information Screen.

### 3.2 DRC: Tax Table Changes

Amendments to Finance Law No 19/005 for 2020 was published in the National Gazette of the DRC. Paragraph 1 and 4 of Article 84 include tax rate amendments applicable from 1 January 2020.

You received a patch file for this in February, however, it is also part of this update.

#### Annual Statutory Tax Rates

Taxable Income From (FC)	Taxable Income To (FC)	Tax Rate
0	1 944 000	3%
1 944 000.01	21 600 000	15%
21 600 000.01	43 200 000	30%
43 200 000.01	And above	40%

You can view the Statutory Rates of Tax by accessing the Africa Rule Linking Screen (Payroll > Definitions > Africa Rule Linking or use the routing code AFL). The new tax file version is 202002.

### 3.3 Nigeria: Tax Table Changes

Finance Act 2019 of Nigeria has been gazetted.

According to Section 27 of The Finance Act 2019, Section 33 of Personal Income Tax Act has been amended by deleting subsections 4, 5 and 6. The implication for payroll is that the tax relief for disability, children and dependent relatives has been deleted.

The effective date for the Finance Act 2019 is 13 January 2020. However, the Gazetted copy was only made public now in February. Because it is practical to backdate this tax change, the change will be applied from the payroll month of January 2020.

You received a patch file for this in February, however, it is also part of this update.

### 3.4 Zimbabwe: Tax Table Changes

The Zimbabwean Revenue Authority published Pay As You Earn (PAYE) tables applicable from January 2020 (RTGS Earnings).

You received a patch file for this in January, however, it is also part of this update.

The Monthly Statutory Tax Rates which are applicable from 1 January 2020 are:

<b>Taxable Income</b>	<b>Rates</b>	<b>Deduct</b>
<b>0 – 2 000.00</b>	No Tax to be deducted	No Tax to be deducted
<b>2 000.01 – 7 500.00</b>	20%	400.00
<b>7 500.01 – 15 000.00</b>	25%	775.00
<b>15 000.01 – 30 000.00</b>	30%	1 525.00
<b>30 000.01 – 50 000.00</b>	35%	3 025.00
<b>50 000.01 and above</b>	40%	5 525.00

## 4.0 Other Tax Countries: New and Changed Reports

### 4.1 Nigeria Reports (To be Released Soon)

#### 4.1.1 FCT IRS Form H1

The FCT IRS Form H1 is an annual tax submission report required from employers registered for tax in the State of Abuja. The report is a detailed report and must only include employees whose tax deducted must be declared to the State of Abuja.

The new FCT IRS Form H1 report is available on the Nigeria Report Screen.

**Nigeria Reports**  
Report Selection

Reports

<input type="radio"/> H1 Return	<input type="radio"/> NSITF Schedule of Payments
<input type="radio"/> ITF Form 5	<input type="radio"/> Capital Gains Assessment Form
<input type="radio"/> NHF Return	<input type="radio"/> Standard Chartered Bank File
<input type="radio"/> General Nigeria Bank File	<input type="radio"/> Zenith Bank File
<input type="radio"/> Citibank NEFT (DFT) Bank File	<input type="radio"/> EPCCOS Pension Schedule
<input type="radio"/> nBOL New Business Online Bank File	<input type="radio"/> Citibank CDFE Mass Payment File
<input type="radio"/> Generic Pension Fund Report	<input type="radio"/> Diamond Bank File
<input type="radio"/> PAYE Monthly Return	<input type="radio"/> <b>FCT IRS Form H1</b>
<input type="radio"/> NSITF (Actuals and Budget)	<input type="radio"/> FCT IRS PAYE Schedule
<input type="radio"/> Generic Health Insurance Report	<input type="radio"/>

If any new System Definitions (Earnings, Deductions, Company Contributions, Calculation Fields, Hours, Own, Perks Tax) have been added, please return to the Report Set-up Screen to update report linkings.

**REPORT SETUP** CANCEL CONTINUE

Before using the report, you must complete the Report Setup.

Report Setup 1 | Report Setup 2

Taxable Income	🔍	EARNINGS	DEDUCTIONS	CO CONTRIB	PERKS	CALC SCREEN	OWN SCREEN	HRS SCREEN
Tax Deducted	🔍	EARNINGS	DEDUCTIONS	CO CONTRIB	PERKS	CALC SCREEN	OWN SCREEN	HRS SCREEN
Life Assurance	🔍	EARNINGS	DEDUCTIONS	CO CONTRIB	PERKS	CALC SCREEN	OWN SCREEN	HRS SCREEN

On the Report Setup, you must link the applicable Payroll Definition Lines to the selection fields for Taxable Income, Tax Deducted and Life Assurance.

After completing all the Report Selections, you can continue to run the report. When running the report, **additional setup information** is required and must be completed to create the submission file with the correct required values.

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### Nigeria Reports

FCT IRS Form H1

Select State/Province Field  NA

Organization/Employer

Employer TIN

**Company Physical Address**

Unit Number  Complex

Street Number  Street Name

Suburb

City

Postal Code

The following fields must be completed:

Field	Description
Select State/Province Field	<p>This report requires that only employees linked to the State\Province of Abuja be included in the report.</p> <p>To only include employees linked to the State of Abuja, you must click on the lookup and select the relevant options from the list of States\Provinces added to the system. You can only select one State\Province at a time. If you want to include all employees in the report, then do not select a State\Province.</p> <p>To be able to select a State\Province, the Codes must already exist in the system.</p> <p>To ensure the correct employees are included in the report, all employees must be linked to the correct State\Province on the Employee Statutory Information Screen.</p>
Organization\Employer	Initially this field defaults from the 'Company Name for Reports' field on the Basic Company Information Screen. If you require a different Company Name to print on the report, you can change the default value to the required name.

Field	Description
Employer TIN	<p>Initially this field defaults from the 'Tax Registration Number' field on the Basic Company Information Screen. If you require a different TIN Number to print on the report, you can change the default value to the required number.</p> <p>If no Tax Registration Number was captured on the Basic Company Information Screen, no values will default.</p>
Company Physical Address fields	<p>Initially these fields default from the 'Company Physical Address' fields on the Basic Company Address Detail Screen. If you require a different physical address to print on the report, you can change the default address.</p> <p>If no Physical Address was captured on the Basic Company Information Screen, no values will default.</p>

Once all the fields are completed, you can continue to print the report.

The report will open in MS Excel. You will be prompted to save the report in the selected location.

The report is protected in MS Excel and values cannot be changed.

#### 4.1.2 FCT IRS PAYE Schedule

The FCT IRS PAYE Schedule is a monthly tax submission report required from employers registered for tax in the State of Abuja. The report is a detailed report and must only include employees whose tax deducted must be declared to the State of Abuja.

The new FCT IRS PAYE Schedule Report is available on the Nigeria Report Screen.

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### Nigeria Reports

Report Selection

**Reports**

H1 Return	<input type="radio"/>	NSITF Schedule of Payments	<input type="radio"/>
ITF Form 5	<input type="radio"/>	Capital Gains Assessment Form	<input type="radio"/>
NHF Return	<input type="radio"/>	Standard Chartered Bank File	<input type="radio"/>
General Nigeria Bank File	<input type="radio"/>	Zenith Bank File	<input type="radio"/>
Citibank NEFT (DFT) Bank File	<input type="radio"/>	EPCCOS Pension Schedule	<input type="radio"/>
nBOL New Business Online Bank File	<input type="radio"/>	Citibank CDFE Mass Payment File	<input type="radio"/>
Generic Pension Fund Report	<input type="radio"/>	Diamond Bank File	<input type="radio"/>
PAYE Monthly Return	<input type="radio"/>	FCT IRS Form H1	<input type="radio"/>
NSITF (Actuals and Budget)	<input type="radio"/>	FCT IRS PAYE Schedule	<input type="radio"/>
Generic Health Insurance Report	<input type="radio"/>		

If any new System Definitions (Earnings, Deductions, Company Contributions, Calculation Fields, Hours, Own, Perks Tax) have been added, please return to the Report Set-up Screen to update report linkings.

**REPORT SETUP** CANCEL CONTINUE

Before using the report, you must complete the Report Setup.

Report Setup 1	Report Setup 2
Monthly Salary	<input type="text"/> <input type="button" value="EARNINGS"/> <input type="button" value="DEDUCTIONS"/> <input type="button" value="CO CONTRIB"/> <input type="button" value="PERKS"/> <input type="button" value="CALC SCREEN"/> <input type="button" value="OWN SCREEN"/> <input type="button" value="HRS SCREEN"/>
Other Income	<input type="text"/> <input type="button" value="EARNINGS"/> <input type="button" value="DEDUCTIONS"/> <input type="button" value="CO CONTRIB"/> <input type="button" value="PERKS"/> <input type="button" value="CALC SCREEN"/> <input type="button" value="OWN SCREEN"/> <input type="button" value="HRS SCREEN"/>
Tax Payable	<input type="text"/> <input type="button" value="EARNINGS"/> <input type="button" value="DEDUCTIONS"/> <input type="button" value="CO CONTRIB"/> <input type="button" value="PERKS"/> <input type="button" value="CALC SCREEN"/> <input type="button" value="OWN SCREEN"/> <input type="button" value="HRS SCREEN"/>

**On the Report Setup, you must link the applicable Payroll Definition Lines to the selection fields for Monthly Salary, Other Income and Tax Payable.**

After completing all the Report Selections, you can continue to run the report. When running the report, additional setup information is required and must be completed to create the submission file with the correct required values.

This screen is the same as for the **Nigeria FCT IRS Form H1** [above](#).

#### 4.2 Rwanda Unified Declaration

The Unified Declaration File was first introduced as the e-Tax file but has since been renamed as the Unified Declaration.

This submission file is a combined statutory contribution file that includes values for PAYE and all RSSB contributions for Pension, Maternity, Medical and Occupational Hazards Schemes (previously known as NSSF Pension/CSR, RAMA Medical). Three separate text files are generated for Permanent, Casual and Secondary employees.

The employer must download the Annexure File from the RRA e-Tax site and then enter/paste the required data into the relevant columns of the annexure. After the data entry is done, click on the Validate button to generate the text file. The text file can be

imported into the RRA e-Tax. The system must create the text files which is required for e-Tax, identical to the one generated by the template.

The Unified Declaration is only a monthly report. It is not used for quarterly submissions. Employers permitted to submit quarterly, submit for each of the 3 months in the quarter if they use the Unified Declaration.

The new Unified Declaration report is available on the Rwanda Report Screen.

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### Rwanda Reports

Report Selection

**Reports**

PAYE Monthly Declaration	<input type="radio"/>	Citibank DFT Bank File	<input type="radio"/>
PAYE Quarterly Declaration	<input type="radio"/>	Maternity Declaration	<input type="radio"/>
CSR - Pension/Social Sec	<input type="radio"/>	<b>Unified Declaration</b>	<input type="radio"/>
RAMA - Health Insurance	<input type="radio"/>		
PAYE E-Tax	<input type="radio"/>		

If any new System Definitions (Earnings, Deductions, Company Contributions, Calculation Fields, Hours, Own, Perks Tax) have been added, please return to the Report Set-up Screen to update report linkings.

**REPORT SETUP** CANCEL CONTINUE

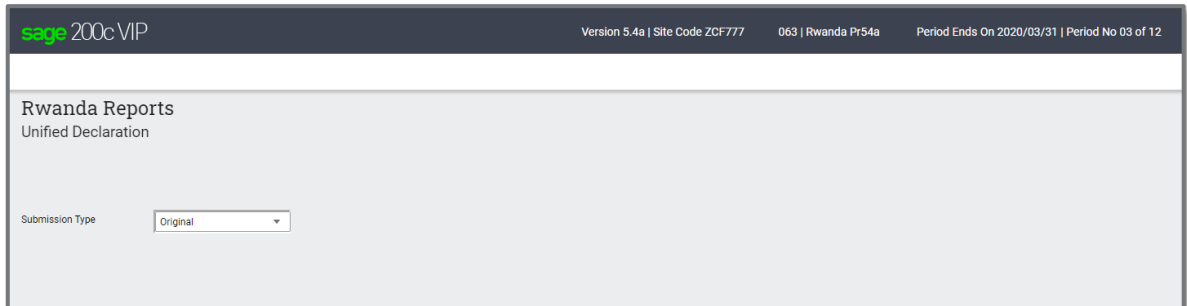
Before using the report, you must complete the Report Setup.

Report Category	EARNINGS	DEDUCTIONS	CO CONTRIB	PERKS	CALC SCREEN	OWN SCREEN	HRS SCREEN
Basic Salary	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Housing Allowance	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Transport Allowance	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Other Allowance	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Housing Benefits	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Transport Benefits	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Other Benefits	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Tax/PAYE Deducted	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
NSSF Pension CC	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
NSSF Pension Ded	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Casual Income	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Taxable Income	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Pension Base Income	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
RAMA Medical Ded	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
RAMA Medical CC	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Maternity CC	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Maternity Ded	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Terminal Benefits	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]
Occ Hazard CC	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]	[Q]

PRINT SELECTIONS SUPPORT LETTER CONTINUE

On the Report Setup, you must link the applicable Payroll Definition Lines to all the selection fields where applicable.

After completing all the Report Selections, you can continue to run the report. When running the report, additional setup information is required and must be completed to create the submission file with the correct required values.



The screenshot shows the Sage 200c VIP software interface. At the top, the logo 'sage 200c VIP' is on the left, and system information 'Version 5.4a | Site Code ZCF777 063 | Rwanda Pr54a Period Ends On 2020/03/31 | Period No 03 of 12' is on the right. The main content area is titled 'Rwanda Reports Unified Declaration'. Below the title, there is a 'Submission Type' label followed by a dropdown menu currently displaying 'Original'.

The following fields must be completed:

Field	Description
Submission Type	<p>Select one of the 2 options in the dropdown list to indicate the Submission:</p> <ul style="list-style-type: none"><li>• Original – original submission for the month</li><li>• Revised - a revised/amended submission for the month</li></ul>

Once all the fields are completed, you can continue to print the report.

The report will open in MS Excel. You will be prompted to save the report in the selected location.

The report is protected in MS Excel and values cannot be changed.

### 4.3 Existing Report Changes

The following issues have been resolved or the changes have been made to existing reports:

Country	Report	Detail
Angola	INSS Monthly Report	The employee's Job Title was not printing on the report.
Angola	IRT Annual Report	The company's Physical and Reporting Postal Codes were not printing on the report.
Namibia	ETX Submission File	The sequential number in the first column of the file must start with a 3-digit number instead of a single digit number, e.g. 001 instead of 1, as it had been.
Swaziland	PAYE5 Tax Certificate	The PAYE5 Tax Certificate was updated with the new Eswatini logo and header.
Zambia	P22 Tax Certificate	If an employee was terminated with a future termination date, the 'Total Pay To Date' value was incorrect.

## 5.0 Requests / New Features Implemented / Items Resolved

Requests or new features that have been implemented are listed below as well as resolved items:

Area	Issue	Detail
<b>Requests / New Features Implemented</b>		
RSA: Employee Personal Details Tab – Employee Status	Two Termination Reasons have been added to Employee Status for RSA ONLY, which has had an impact on several Reports and Exports/Imports in the software.	<ul style="list-style-type: none"> <li>• Death of a Domestic Employer</li> <li>• Voluntary Severance Package</li> </ul>
RSA: Employee Statutory Details Tab - UIF Employment Status	Three UIF Employment Status options have been added.	<ul style="list-style-type: none"> <li>• Reduced Working Hours</li> <li>• Commissioning Parental Leave</li> <li>• Parental Leave</li> </ul>
RSA: Employment Tax Incentive Tab	The label 'Wage Regulating Measure' has changed to 'Wage Regulating Measure/National Minimum Wage Rate'	
RSA: UI19 and UIF Submission Reports	The newly added Employee Status and UIF Employment Status options have been incorporated in these reports.	<p>Termination Reasons:</p> <ul style="list-style-type: none"> <li>• Death of a Domestic Employee</li> <li>• Voluntary Severance Package</li> </ul> <p>UIF Employment Status:</p> <ul style="list-style-type: none"> <li>• Reduced Working Hours</li> <li>• Commissioning Parental Leave</li> <li>• Parental Leave</li> </ul>

Ghana: SSNIT Limit on Tier 2	SSNIT limit was previously only applied to Tier 1.	SSNIT limit can now be applied to Tier 2 when selected.
Sage City	A link has been added on the Company Listing Screen.	When you click on <Sage City> you will be taken directly to Sage City if you have internet access.
Sage Pay name change to Netcash	Sage Pay have changed their name to Netcash.	All references to Sage Pay have been replaced with Netcash.
<b>Issues Resolved</b>		
RSA: Employee Information Screen > ETI Tab	ETI Periods sometimes increased incorrectly.	If you canceled a Start of Period and then went to the Employee Information Screen > ETI Tab, the ETI Periods increased incorrectly.
RSA: ETI History Export	Interfaces > Export Data > ETI History Export was giving an 'Index Out of Bounds' message.	This has been resolved prior to this release.
Flexi Fixed Information Import	Service and OID Periods were incorrect on the Employee Information Screen > Personal and Statutory Details Tab respectively.	When making use of the Flexi Fixed Information Import to add new employees or to change employee dates, the Service and OID Periods calculated incorrectly.

## 6.0 RSA: Other Legislative Changes

The following is for information purposes only and is specific to RSA Tax Countries. No action is required from you as a user on the payroll.

### 6.1 PAYE

#### 6.1.1 Tax free transfers from employer provident fund to employer pension fund

**Before 1 March 2019**, an employee could not affect tax-free transfers from an employer provident fund to an employer pension fund immediately prior to retirement.

**Backdating to 1 March 2019**, the amendment allows employees to affect tax-free transfers from an employer provided provident fund into an employer provided pension fund immediately prior to retirement, if both funds are provided by the same employer.

#### 6.1.2 Employers to keep records and furnish returns

**Currently**, if the employer does not submit a return by –

- such dates as prescribed by the Commissioner by notice in the Gazette, and
- if the employer ceases to carry on business or ceases to be an employer, within 14 days after the employer ceased to carry on business or ceased to be an employer,

the Commissioner may impose a penalty (which is a percentage based penalty imposed under Chapter 15 of the Tax Administration Act) for each month that the employer fails to submit a return which in total cannot exceed 10% of the total amount of employees' tax deducted or withheld or which should have been deducted or withheld by the employer from the remuneration of employees.

**From 15 January 2020**, the amendment clarifies that the penalty may also be imposed where the employer submits a return that is not in the prescribed form and manner (i.e. an incomplete return).

#### 6.1.3 Variable remuneration

Remuneration is generally taxable on accrual or receipt/payment, whichever event occurs first. However, in the case of 'variable remuneration', PAYE must be withheld on the date which the amount is paid to the employee.

**Before 1 March 2020**, 'variable remuneration' was defined as only:

- overtime,
- bonuses,
- commission,
- an allowance or advance paid in respect of transport expenses such as a travel allowance, and

- leave paid out.

From 1 March 2020, the following items are added to the definition of ‘variable remuneration’ and PAYE must be withheld when these amounts are paid to the employee:

- reimbursive travel allowance,
- any night shift allowance,
- any standby allowance, and
- certain business reimbursements.

#### **6.1.4 Travel allowance/advances/reimbursements**

According to section 7B, PAYE must be withheld from a travel allowance/advance/reimbursement when it is paid to an employee. However, there was an inconsistency when an employee claimed travel expenses on assessment for business travel; for example, when an employee travelled in February but was paid in March, the travel deduction for February could be claimed against the following year’s travel allowance/advance/reimbursement. Therefore, a deduction was forfeited as the distance to which the allowance/advance/reimbursement paid related, was not travelled in the year of assessment the reimbursement was paid and the employee could not claim this specific business travel deduction on assessment.

**From 15 January 2020**, in order to correct this inconsistency, the amendment aligns a person’s kilometres travelled for business with the payment of the allowance/advance/reimbursement received in relation to the said travel.

#### **6.1.5 Annuities from provident fund**

**Before 1 March 2020**, there was no exemption for non-deductible contributions for provident fund and provident preservation fund when determining the taxable portion of annuities.

**From 1 March 2020**, any non-deductible contributions are allowed as an exemption when determining the taxable portions of annuities.

#### **6.1.6 Right of use of motor vehicle fringe benefit – determined car value**

To calculate the right of use of motor vehicle fringe benefit value, the ‘determined value’ of the motor vehicle must be used in the formula.

From March 2015, the value to be used as the ‘determined value’ is the ‘retail market value’ as determined by the Minister in a regulation. The regulation is only applicable to vehicles acquired or manufactured from March 2015. Please see [Government Gazette 38744, published on 28 April 2015](#), for more information. However, there was an anomaly in this regulation – it did not make provision for a ‘retail market value’ where an employer (who is not a motor vehicle manufacturer, motor vehicle importer, motor vehicle dealer or motor vehicle rental company) acquired the motor vehicle at no cost (for example a donation).

On 17 January 2020, a new regulation was published by the Minister of Finance, which is **effective March 2020**. This regulation amends this anomaly and clarifies that where the employer is not a motor vehicle manufacturer, motor vehicle importer, motor vehicle dealer or motor vehicle rental company, in respect of any year of assessment, and the motor vehicle was acquired at no cost, the market value of that vehicle must be used as the 'retail market value' to calculate the taxable value.

Please see [Government Gazette 42961](#) for more information.

## **6.2 ETI**

### **6.2.1 Special economic zone (SEZ)**

Both the Income Tax Act (ITA) and Employment Tax Incentive Act (ETIA) allows special tax incentives for companies that operate (carry on a business) within a SEZ. In order to be a qualifying employee for ETI, certain criteria must be met. One of the criteria is that the employee must be 18 to 29 years old on the last day of the calendar month, unless the employee renders services mainly within a SEZ to an employer who operates through a fixed place of business within a SEZ, then the employee can be any age.

In order to qualify for the tax incentive in terms of the Income Tax Act, the employer must meet certain requirements, however, **before March 2020** the Employment Tax Incentive Act did not make provision for the same requirements.

**From March 2020**, in order to ensure that the SEZ policy is applied in a uniform manner in both the Income Tax Act and Employment Tax Incentive Act,

- the definition of 'special economic zone' is amended to align with the definition in the Income Tax Act, and
- it is clarified that in order to claim ETI for employees of any age due to the SEZ criteria, the company should be a qualifying company as contemplated in the Income Tax Act under the SEZ regime and the employee renders services to that employer mainly (more than 50%) within the special economic zone in which the qualifying company that is the employer carries on trade.

## **6.3 SDL**

### **6.3.1 Registration for payment of levies**

**From 15 January 2020**, the amendment clarifies that the Director General of the Department of Higher Education and Training, instead of SARS, is regarded as the person most capable of evaluating whether an employer has been classified under the jurisdiction of the correct SETA. This amendment subsequently allows the Director-General to direct that a SETA selection by an employer is not binding in certain circumstances.

### **6.3.2 Payment of levy to SETA and refund**

**From 15 January 2020**, the amendment aligns the refund provisions in the Skills Development Levies Act with section 190(4) of the Tax Administration Act. Therefore, a refund (levy, interest or penalty) in terms of the Skills Development Levies Act must be made by the SETA (or approved body from the funds of the SETA) within five years from the date the payment was made or where that refund was claimed by the employer within the five year period, but not paid by the SETA within that period.

## **6.4 UIF**

### **6.4.1 Payment of contribution to Unemployment Insurance Commissioner and refund**

From 15 January 2020, the amendment aligns the refund provisions in the Unemployment Insurance Contributions Act with section 190(4) of the Tax Administration Act. Therefore, a refund (contribution, interest or penalty) in terms of the Unemployment Insurance Contributions Act must be made by the Unemployment Insurance Commissioner from the Unemployment Insurance Fund within five years from the date the payment was made or where that refund was claimed by the employer within the five year period, but not paid by the Fund within that period.

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