

Sage Business Cloud Payroll Professional

Release 5.4c – ETI Changes

Note: All the ETI changes are only applicable for employers registered for PAYE on/before 1 March 2020. Therefore, employers who registered after 1 March 2020 can claim normal ETI according to the normal ETI rules but no additional ETI as per the new rules below.

Monthly Remuneration

If an employee was employed and remunerated for less than 160 hours in a month, no remuneration gross-up should be done to 160 hours and the actual remuneration should be used in all cases (irrespective of amount of employed and remunerated hours).

Please note that the ETI amount must still be pro-rated (see notes at “ETI Table” below), **therefore it is vital that all employed and remunerated hours are correctly processed/indicated (ordinary/contractual, unpaid and additional hours) for all employees to ensure the correct ETI calculation is applied.**

Effective date: 1 May 2020 – 31 July 2020

Example for qualifying employee:

	Before May 2020 (and after July 2020)	From 1 May 2020 – 31 July 2020
Actual remuneration for the month	R2600	R2600
Employed and remunerated hours for the month	130	130
Monthly remuneration used to calculate the ETI amount	R3200 (R2600 / 130 x 160) – gross up required since employed and remunerated hours are less than 160	R2600 (no gross up required for this period)

Minimum Wage Test:

The R2 000 wage for a full month (i.e. at least 160 employed and remunerated hours) will not apply for a 3-month period.

Effective date: **1 May 2020** – 31 July 2020 (not April anymore as previously communicated)

Minimum wage test before May and after July	Minimum wage test from 1 May – 31 July
<ul style="list-style-type: none"> The higher of- The minimum rate per hour as specified by the wage regulating measure, or The minimum rate per hour as specified in the National Minimum Wage Act. If none of the above is applicable (i.e. no bargaining council or the employer is exempt from the National Minimum Wage Act) then the R2000 rule must be applied. 	<ul style="list-style-type: none"> May not be less than- The minimum rate per hour as specified by the wage regulating measure, or The minimum rate per hour as specified in the National Minimum Wage Act.

Notes:

The wording 'higher of' has been removed. This will not have an impact on the system since the 'higher of' check is not done by the system and it is the user's responsibility to process the correct minimum wage rate per hour to apply the correct minimum wage hourly comparison.

If the R2 000 minimum wage rule applies for an employee, the employee will not qualify for ETI unless the user defines the national minimum wage or wage regulating measure rate per hour. If the user makes no change (i.e. do not change to a rate per hour comparison and the R2 000 rule settings are left unchanged) then no ETI will calculate.

Qualifying Employee

The 'date of employment' qualifying criteria of 'employed on/after 1 October 2013 by the employer or associated person' has been removed.

Therefore the following groups of employees will qualify for additional ETI.

Columns 1 and 2 (see ETI table below):

- Qualifying employee aged 18 to 29 years old on the last day of the calendar month who was employed on or after 1 October 2013.
- Qualifying employee who qualifies according to the SEZ criteria, irrespective of date employed.

Column 3 (see ETI table below):

- Qualifying employee aged 18 to 29 years old on the last day of the calendar month who was employed on or after 1 October 2013 who has already qualified 24 times.
- Qualifying employee who qualifies according to the SEZ criteria (irrespective of date of employment) who has already qualified 24 times.
- Qualifying employee aged 18 to 29 years old on the last day of the calendar month who was employed before 1 October 2013.
- Qualifying employee aged 30 to 65 years old on the last day of the calendar month (irrespective of date of employment).

Please see 'ETI table' for more information.

Effective date: 1 April 2020 – 31 July 2020

Notes: We have asked the PAGSA to confirm whether our interpretation of the 'date engaged' amendment is correct.

ETI Table

Effective date: 1 April 2020 – 31 July 2020

Monthly remuneration	First 12 months	Next 12 months	Months exceeding 24 months/ employed before 1 October 2013 / 30–65 years of age
Apply to:	<p>-Qualifying employees aged 18 to 29 years old employed on/after 1 October 2013, or</p> <p>-qualifying employees who qualify according to the SEZ criteria, irrespective of date engaged</p>	<p>-Qualifying employees aged 18 to 29 years old employed on/after 1 October 2013, or</p> <p>-qualifying employees who qualify according to the SEZ criteria, irrespective of date engaged</p>	<p>-Qualifying employee aged 18 to 29 years old who was employed on/after 1 October 2013 and has already qualified 24 months, or</p> <p>-or qualifying employee who qualifies according to the SEZ criteria, irrespective of date engaged, who has already qualified for 24 months, or</p> <p>-qualifying employee aged 18 to 29 years old who was employed before 1 October 2013, or</p> <p>-qualifying employees aged 30 to 65 years old, irrespective of date engaged.</p> <p>This column is only valid from 1 April 2020 to 31 July 2020</p>
R0 – R1 999.99	87.5% of monthly remuneration	62.5% of monthly remuneration	37.5% of monthly remuneration
R2 000 – R4 499.99	R1 750	R1 250	R750
R4 500 – R6 499.99	Formula: R1 750 - (87.5% x (monthly remuneration – R4 500))	Formula: R1 250 - (62.5% x (monthly remuneration – R4 500))	Formula: R750 - (37.5% x (monthly remuneration – R4 500))

Notes:

April:

- Gross-up remuneration if employed and remunerated hours are less than 160.
- ETI amounts for column **1, 2 and 3** must be pro-rated if employed and remunerated hours are less than 160 (previously column 3 should not have been pro-rated, which means employers might have over claimed).

May/June/July:

- No Gross-up of remuneration if employed and remunerated hours are less than 160.
- ETI amounts for column **1, 2 and 3** must be pro-rated if employed and remunerated hours are less than 160. **Therefore it is vital that the 'employed and remunerated hours' (ordinary/contractual, unpaid and additional hours) must be captured/indicated in the system for all employees (including employees who qualify according to the 3rd column).**
- Further information i.r.o backdating of April will be provided. The additional amounts for April may be claimed on any EMP201 in this 6-month reconciliation period, i.e. May – August. It is possible that the new ETI amounts for April may be less than what was originally claimed (due to the change in the table and the fact that the 3rd column must be pro-rated). In this case the employer must restate the EMP201 for April and pay the difference to SARS.

Please note that we have asked the PAGSA to confirm whether our interpretation of the 'date engaged' amendment is correct (as mentioned above).

What must be done on payroll?

- Employees must be linked to an ETI wage code and the Wage regulating tick must be on.
- You must do input and pay your employees for May, as the update will only be available **after** the payroll payment date.
- You must install the update in May, before printing final reports and doing your GL integrations (Do not do a month end to and roll over to June before doing the update)
- The update will recalculate the ETI values and SDL for the month of May and make adjustments on their April ETI values as well.

- [How to Add an ETI Wage Code](#)
- [How to update an ETI Wage Code](#)
- [How to Globally Activate ETI Codes](#) (Minimum Wage Codes and Special Economic Zones)
- [How to Globally Activate Wage Regulating Measures/National Minimum Wage](#)