

Sage 300 People

Release Notes

20.2.2.2

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1.0 Employment Tax Incentive Relief Measures

1.1 Background

The Ministry of Finance published the first round of the revised draft Disaster Management Tax Relief Bill and the revised draft Disaster Management Tax Relief Administration Bill on 1 May 2020 and the second round of the revised Disaster Management Tax Relief Bill on 19 May 2020. These revised Bills amends the draft Bill published on 1 April 2020. These Bills provide for proposed relief measures for employers, i.r.o the employment tax incentive (ETI).

1.2 Registered for PAYE

During the 20.2.1.0 release a checkbox was added on the Company Rule Detail screen:

Registered for PAYE after 1 March 2020.

On the Navigation pane:

Expand	Company Management
Double-click	Company Rule
Double-click	A Company Rule
Click on	Tax

The revised draft Disaster Management Tax Relief Bill determines that only employers registered for PAYE before or on 25 March 2020 will qualify for these benefits.

The screenshot shows a form titled "Employment Tax Incentive" with several fields and checkboxes. The "ETI Eligible Employer" checkbox is checked. The "ETI Remuneration Hours Calculation All Employees" checkbox is unchecked. The "ETI Remuneration Hours Calculation Entry" field is empty. The "Min Wage Type" dropdown menu is set to "MINWAG - MinWage". The "ETI Min Wage Hours Calculation Entry" field is empty. The "Registered For PAYE After 25 March 2020" checkbox is highlighted with a red border and is currently unchecked.

This label has been amended to comply with the updated regulations.

1.3 ETI Monthly Remuneration

These changes are effective from 1 May 2020 until 31 July 2020 and will only apply to employers registered for employees' tax with SARS on or before 25 March 2020.

Previously if an employee were employed and remunerated for less than 160 hours in a month, the remuneration was grossed up and calculated the remuneration that the employee would have received if the employee had worked 160 hours.

Example:

Remuneration Hours	100
Remuneration	R 2 000.00
Remuneration Grossed Up	$R\ 2\ 000.00 / 100 * 160$ = R 3 200.00

This has now been changed. If the company was registered for PAYE before or on 25 March 2020, and the employee was employed and remunerated for less than the 160 hours in a month then the remuneration will not be grossed up.

Example:

Remuneration Hours	100
Remuneration	R 2 000.00
Remuneration Grossed Up	R 2 000.00

The ETI calculated will still be prorated (grossed down) according to the employed and remunerated hours if it is less than 160 employed and remunerated hours.

Example 1:

Employee Aged 25

Qualifying months brought forward is 17

Remuneration Hours	100
Remuneration	R 3 000.00
Remuneration Grossed Up	R 3 000.00 No Gross-up from 1 May – 31 July
ETI Calculated	$R\ 1\ 250 / 160 * 100$ = R 781.25

Example 2:

Employee Aged 35

Qualifying months brought forward is 17

Remuneration Hours	100
Remuneration	R 3 000.00
Remuneration Grossed Up	R 3 000.00 No Gross-up from 1 May – 31 July
ETI Calculated	$R 750.00 / 160 * 100$ = R 468.75

1.4 ETI Minimum Wage Test

For an employee to qualify for ETI, one of the qualifying criteria is that the employee must receive at least the minimum wage. This must be the higher of the rate specified by the wage regulating measure of National Minimum Wage Act. If no wage regulating measure is applicable and the employer is exempt from the National Minimum wage Act, the minimum wage should be at least R2000 for a full month (160 ordinary employed and remunerated hours). From 1 May 2020 – 31 July 2020, the R2000 rule has been removed and will not be applied. Therefore, the employee's wage rate per hour must be at least equal to or more that the minimum wage rate per hour specified in the wage regulation measure or the National Minimum Wage Act for the employee to receive at least the minimum wage.

Therefore, a Minimum Wage type Rate Per Hour must be set up on the Sage 300 People application.

Example 1: (This example illustrates how the Sage 300 People application will complete the wage test, and not whether the customer is exempt from the National Minimum Wage)

Month **April**

Company registered for PAYE before or on 25 March 2020

No Minimum Wage Type Rate Per Hour defined on Sage 300 People

Employee Rate Per Hour	R 30.00
Employee Minimum Wage	R 3 500.00
Wage Test	R 3 500.00 > R 2 000.00 Passed Wage Test

Example 2: (This example illustrates how the Sage 300 People application will complete the wage test, and not whether the customer is exempt from the National Minimum Wage)

Month **May**

Company registered for PAYE before or on 25 March 2020

No Minimum Wage Type Rate Per Hour defined on Sage 300 People

Employee Rate Per Hour	R 30.00
Employee Minimum Wage	R 3 500.00
Wage Test	No Minimum Wage Rate Per Hour defined on the Sage 300 People application Do Not Pass Wage Test

Note:

Please contact the Sage 300 People Support Desk to assist with the setup of the Minimum Wage Type Rate Per Hour.

1.5 ETI Qualifying Employees

After an amendment has been made to the draft Management Disaster Bill on the 19th of May, the criteria of an ETI qualifying employee has been amended to allow for additional ETI relief. This is applicable from 1 April 2020 to 31 July 2020 (unless mentioned otherwise).

A qualifying employee will be an employee who –

- has a valid South African ID, a valid asylum seeker permit or valid refugee ID,
- is 18 to 29 years old on the last day of the calendar month and was employed before, on or after 1 October 2013 by the employer or associated person,

is 30 to 65 years old on the last day of the calendar month and was employed before, on or after 1 October 2013 by the employer or associated person,

is any age and renders services mainly (more than 50%) within a special economic zone (SEZ) to an employer that carries on trade within a SEZ who is a qualifying company as contemplated in the Income Tax Act under the SEZ regime and was employed before, on or after 1 October 2013 by the employer or associated person, or

if the employee is employed by an employer that operates in an industry designated by the Minister of Finance and was employed before, on or after 1 October 2013 by the employer or associated person,
- is not a connected person in relation to the employer,
- is not a domestic worker,
- earns at least the minimum wage (from 1 May 2020 to 31 July 2020, it may not be less than the minimum wage as specified by a wage regulating measure or the National Minimum Wage Act), and
- earns monthly remuneration of less than R6500. Please note that this is remuneration as defined in paragraph 1 of the Fourth Schedule to the Income Tax Act. For April 2020, remuneration should have been grossed-up to 160 hours if the employee was employed and remunerated for less than 160 hours.
- Effective May 2020 until July 2020, no remuneration gross-up calculation should be done, irrespective of the employed and remunerated hours value. Therefore, the actual remuneration value for the month should be used to determine if the remuneration is less than R6500.

1.6 ETI Table Changes:

These changes are applicable from 1 April 2020 until 31 July 2020 and are only applicable to employers registered for PAYE before or on 25 March 2020.

Please see the changes highlighted in red. (These changes are the differences between the normal ETI table and the ETI table for employers registered for PAYE before or on 25 March 2020 making use of the additional ETI relief.

Monthly remuneration	First 12 months	Next 12 months	Months exceeding 24 months/30–65 years of age
Apply to:	Qualifying employees aged 18 to 29 years old and employed on/after 1 October 2013, or qualifying employees who qualify according to the SEZ criteria and employed before, on or after 1 October 2013	Qualifying employees aged 18 to 29 years old and employed on/after 1 October 2013, or qualifying employees who qualify according to the SEZ criteria and employed before, on or after 1 October 2013	Qualifying employees aged 18 to 29 years old and employed on/after 1 October 2013 and have already qualified for 24 months, or- Qualifying employee who qualify according to the SEZ criteria and employed before, on or after 1 October 2013 and have already qualified for 24 months, or- Qualifying employees aged 18 to 29 years old and employed before 1 October 2013- Qualifying employees aged 30 to 65 years old and employed before, on or after 1 October 2013
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))

Note:

During release 20.1.2.0 the ETI values calculated in the third column was not pro-rataed according to the hours worked. This has now been changed, and all ETI values calculated are pro-rataed according to the remuneration hours worked. **Therefore it is critical that the correct employed and remunerated hours are captured for the correct ETI values to be calculated**

1.7 Examples of Changes

Scenario 1

Company was registered for PAYE before 25 March 2020

- The employee is 25 years old
- Employee has already qualified for ETI for more than 24 months
- Date Joined Group is after 1 October 2013

Pay Period: **April**

Minimum Wage Type Rate Per Hour	R20.76
Employee Rate per Hour	R21.00
Wage Test	R21.00 is greater than R20.76 therefore the employee passes the wage test
ETI Remuneration	R3 000.00
ETI Remuneration Hours	100.00
ETI Remuneration Total	$R3\ 000.00 / 100 * 160$ = R4 800.00
ETI Calculated	$= R\ 750 - (37.5\% * (R4\ 800.00 - R4\ 500.00))$ = R 637.5
ETI Total	$= R\ 637.5 / 160 * 100$ = R398.44

Scenario 2:

Company was registered for PAYE before 25 March 2020

- The employee is 25 years old
- Employee has already qualified for ETI for more than 24 months
- Date Joined Group after 1 October 2013.

Pay Period: May

Minimum Wage Type Rate Per Hour	R20.76
Employee Rate per Hour	R21.00
Wage Test	R21.00 is greater than R20.76 therefore the employee passes the wage test
ETI Remuneration	R3 000.00
ETI Remuneration Hours	100.00
ETI Remuneration Total	R3 000.00 The ETI Remuneration will not be grossed up from 1 May 2020 – 31 July 2020
ETI Calculated	= R 750.00
ETI Total	= R 750.00 / 160 * 100 = R 468.75

Scenario 3:

Company was registered for PAYE before or on 25 March 2020

- The employee is 25 years old
- Employee has already qualified for ETI for 17 months
- Employee was employed after 1 October 2013

Current Month **May**

Minimum Wage Type Rate Per Hour

Employee Rate Per Hour	R21.00
Minimum Wage Applied	R 2 500.00
Wage Hours	100.00
Wage Test	No Minimum Wage Type Rate Per Hour Defined therefore the employee does not pass the wage test
ETI Remuneration	R3 000.00
ETI Remuneration Hours	100.00
ETI Remuneration Total	R3 000.00
ETI Calculated	R 0.00
	Employee did not pass the Wage Test

Scenario 4:

Company was registered for PAYE before or on 25 March 2020

- The employee is 25 years old
- Employee has already qualified for ETI for 0 months
- Employee was employed before 1 October 2013

Current Month April

Minimum Wage Type Rate Per Hour	R 19.00
Employee Rate Per Hour	R 21.00
Wage Test	Wage test passed
ETI Remuneration	R3 000.00
ETI Remuneration Hours	100.00
ETI Remuneration Total	$R3\ 000.00 / 100 * 160$ = R4 800.00
ETI Calculated	Formula: $R\ 750 - (37.5\% \times (\text{monthly remuneration} - R4\ 500))$ = $R\ 750 - (37.5\% \times (R\ 4\ 800 - R4\ 500))$ =R 637.50
ETI Total	$R\ 637.50 / 160 * 100$ = R 398.44

Scenario 5:

Company was registered for PAYE before or on 25 March 2020

- The employee is linked to a valid SEZ code
- Employee has already qualified for ETI for 0 months
- Employee was employed before 1 October 2013

Current Month May

Minimum Wage Type Rate Per Hour	R 19.00
Employee Rate Per Hour	R 21.00
Wage Test	Wage test passed
ETI Remuneration	R3 000.00
ETI Remuneration Hours	100.00
	R3 000.00
ETI Remuneration Total	Remuneration will not be grossed up for 1 May 2020 – 31 July 2020
ETI Calculated	R 1 750.00
ETI Total	R 1 750.00 / 160 * 100 = R 1093.75

1.8 Backdating ETI

New functionality was added to the Sage 300 People application allowing you to backdate ETI for a previous period.

On the Tax Monthly Total header, a button has been added to recalculate the ETI for a specific period. When the recalculation is done, the ETI YTD and ETI Qualifying Month Brought forward values will also update for all succeeding / following months, including the live period.

Example:

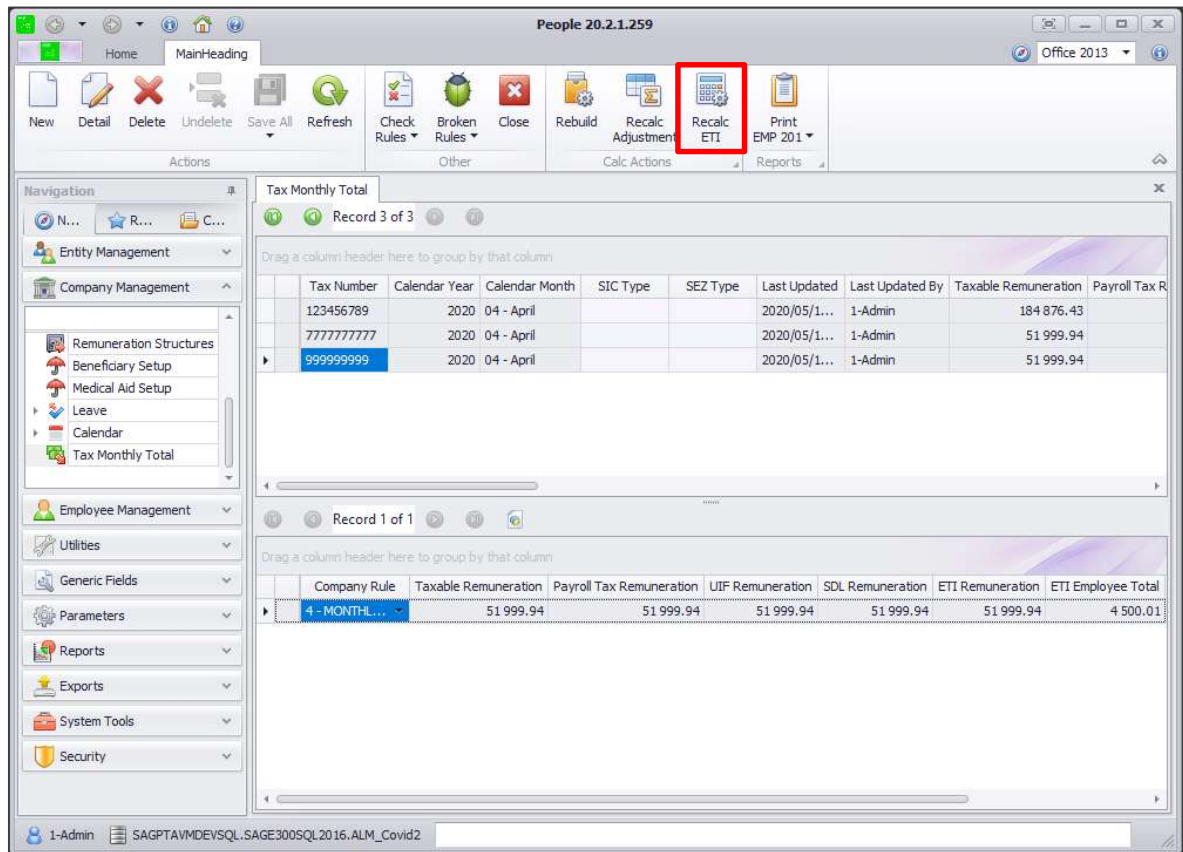
The user updated an employees' Remuneration Total, ETI Total add the ETI Qualifying Months Brought Forward.

	ETI Before	ETI After (user used the ETI Take on Batch	ETI After Backdating
ETI Qualifying Months BF	11	13	13
ETI Remuneration	R 2 500.00	R 2 500.00	R 2 500.00
ETI Adjustment		R 2 000.00	R 2 000.00
ETI Remuneration Total	R 2 500.00	R 4 500.00	R 4 500.00
ETI Total	R 1500.00	R 1 750.00	R 1 250.00

The ETI Recalc will override the ETI Total that was manually updated with the ETI Take-on batch.

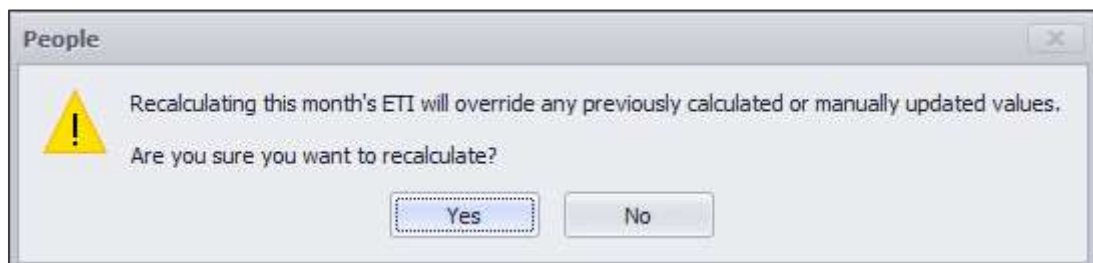
On the Navigation pane:

Expand **Company Management**
Double-click on **Tax Monthly Total**



Steps to backdate:

1. Ensure that there is a tax monthly total record for the period you would like to backdate.
2. Highlight the period you would like to recalculate.
3. Click on the Recalc ETI Button.
4. On the following message click Yes if you want to recalculate the period selected's ETI values.



5. Rebuild the Tax monthly total record for the specific record.
6. Save the changes.

Note:

When recalculating the ETI for a specific period the Tax Monthly totals will not be rebuilt automatically. You must still rebuild the Tax Monthly total and save the values to see the difference.

Before ETI Recalc:

The screenshot displays two windows from the Sage 300 People software. The top window, titled 'Tax Monthly Total', shows a table with columns: Tax Number, Calendar Year, Calendar Month, SIC Type, SEZ Type, Last Updated, Last Updated By, Taxable Remuneration, and Payroll Tax R. The bottom window, titled 'Record 1 of 1', shows a table with columns: Company Rule, Taxable Remuneration, Payroll Tax Remuneration, UIF Remuneration, SDL Remuneration, ETI Remuneration, and ETI Employee Total. The 'ETI Employee Total' cell in the bottom table is highlighted with a red box.

Tax Number	Calendar Year	Calendar Month	SIC Type	SEZ Type	Last Updated	Last Updated By	Taxable Remuneration	Payroll Tax R
123456789	2020	04 - April			2020/05/1...	1-Admin	184 876.43	
777777777	2020	04 - April			2020/05/1...	1-Admin	51 999.94	
999999999	2020	04 - April			2020/05/1...	1-Admin	51 999.94	

Company Rule	Taxable Remuneration	Payroll Tax Remuneration	UIF Remuneration	SDL Remuneration	ETI Remuneration	ETI Employee Total
4 - MONTHL...	51 999.94	51 999.94	51 999.94	51 999.94	51 999.94	4 500.01

ETI After:

Tax Number	Calendar Year	Calendar Month	SIC Type	SEZ Type	Last Updated	Last Updated By	Taxable Remuneration	Payroll Tax R
123456789	2020	04 - April			2020/05/1...	1-Admin	184 876.43	
777777777	2020	04 - April			2020/05/1...	1-Admin	51 999.94	
999999999	2020	04 - April			2020/05/1...	1-Admin	51 999.94	

Company Rule	Taxable Remuneration	Payroll Tax Remuneration	UIF Remuneration	SDL Remuneration	ETI Remuneration	ETI Employee Total
4 - MONTH...	51 999.94	51 999.94	51 999.94	51 999.94	51 999.94	12 000.02

When doing the Recalc ETI, all Qualifying Periods Brought Forward will be recalculated.

Example:

The company rule period = May

The Recalc ETI is completed for March

The ETI Qualifying Months BF will recalculate for March, April and May.

Note:

If an employees Minimum Wage Rate Per Hour is not setup, for April and April's ETI is recalculated then no ETI for April will calculate, therefore you should update the Minimum Wage Rate Per Hour for April with the ETI Take On Batch.

The amended/recalculated value for April can either be more or less than the original ETI value for April. If the amended value is more, the additional amount for April may be claimed on any EMP201 in this 6-month reconciliation period, i.e May to August 2020. If the amended value is less, that the April EMP201 must be restated to reflect the lessor value.

2.0 Solidarity Fund Donations

2.1 Background

According to the Fourth Schedule to the Income Tax Act, a bona fide donation made by the employer on behalf of the employee for which the employer will be issued a receipt as contemplated in section 18A(2)(a) will be allowed as a tax deduction, limited to 5% of balance of remuneration before taking into account the tax deduction of donations.

To alleviate the cashflow difficulties of employees where their employers contribute to the “Solidarity Fund” on their behalf (for which the employer will be issued an receipt as contemplated in section 18A(2)(a) of the Income Tax Act), Government is proposing a special relief measure by temporarily increasing the current 5% tax limit.

An increased limit will be available (depending on the employee’s circumstances), namely

- A maximum limit of 33.3% of that remuneration per month for three months from 1 April 2020 to 30 June 2020, or
- A maximum limit of 16.66% of that remuneration per month for six months from 1 April 2020 to 31 September 2020

“Solidarity Fund” means the Solidarity Response Fund, registered with the Companies and Intellectual Property Commission as a non-profit company under registration number 2020/179561/08.

This is only applicable to contributions to the Solidarity Fund – this will be reported against the new IRP5 code 4055. Any other donation is still limited to 5% - this will be reported against IRP5 code 4030 (it must be clarified in the SARS PAYE Business Requirements Specification whether a donation to the Solidarity Fund for which a portion of this 5% tax deduction was claimed, must also be reflected against code 4030).

2.2 System Changes

A new Deduction Definition Type was added to the Sage 300 People application.

On the Navigation pane:

Expand	Company Management
Expand	Payroll Definition
Double-click on	Deductions
Click-on	New

Deductions Deduction Definition Detail

Company: COVID_ETI_NOTRE - Covid ETI Registered befor... Status: A - Active

Code: SOLIDARITYFUND Short Calculation Key: SOLIDARITYFUND

Short Description: Solidarity Fund Donations Frequency: A - All Frequencies

Long Description: Solidarity Fund Donations Deduction Group:

Deduction Type: SOLDON - Solidar... Tax Type: NVR - Never Tax Code: 4055 - SOLIDARITY F...

Balance: N - Not Used Currency:

Input Type: C - Calculation/In... Calculation Type:

Linked Company Contribution: + Ber

Transaction Code Linked:

Payment Classification Linked:

Payrun Definitions Languages Linked Calculations

Record 1 of 4

Company Rule	Pay Run Definition	Display Priority	Mandatory	Calculation Recurrenc...	Special Total Balance	Special Total Clearing Option	Special Tot
Company Rule: 10 - BIWEEK_MAR2020 - QMBF greater than 24 Bi-weekly	MAIN - Main Payrun	3	<input checked="" type="checkbox"/>	Always	N - Not Used		
Company Rule: 3 - MONTHLY_BRACKET - Monthly Brackets 2020 Monthly	MAIN - Main Payrun	3	<input checked="" type="checkbox"/>	Always	N - Not Used		
Company Rule: 5 - MONTHLY_MAR2020 - QMBF greater than 24 Monthly							

The Tax Type can be changed to either:

- NVR – Never
- TXD – Tax Deductible

On the Navigation pane:

- Expand **Employees**
- Click-on **Employees**
- Select **An Employee**
- Click-on **Payslip Detail**
- Click-on **Deductions**

Employees Payslip Detail

Employee: BW25235 - WRM AGE > 29 and QMBF>24 Termination Date: <none>

No image data Employee Status: N - New Date Engaged: 2020/04/12

Main Payrun [Statutory Tables]

Summary
Earnings
Deductions
Company Contributions
Fringe Benefits
Private Contributions
Provisions
Additional
Shifts
Salary Cost
Tax
Job-Costing-Detail
Cost Centre
Cost
Net Pay Split
BCEA
Total
Tax Total
Consolidated Totals
Savings and Loans

Deductions
Record 4 of 4

Drag a column header here to group by that column

Code	Fixed	Recurrence Amount	Amount	Tax Deduct...	Total	Balance	Previous Total	MTD Total
PAYE	216.69	0.00	0.00	0.00	216.69	0.00	0.00	0.00
UIF	64.00	0.00	0.00	0.00	64.00	0.00	0.00	0.00
SOLIDARIT...	0.00	0.00	3 000.00	0.00	3 000.00	0.00	0.00	0.00
SOLIDARIT...	0.00	0.00	2 000.00	2 000.00	2 000.00	0.00	0.00	0.00
	280.69	0.00	5 000.00	2 000.00	5 280.69		0.00	0.00

Current Period Period Salary: 3 200.00 Total Earnings: 6 400.00 Total Deductions: 5 280.69 **Net Salary: 1 119.31**

You will have to calculate the tax deductible value manually, if the employee will donate a value for 6 month, the employee can receive a benefit of 16.6% of the Balance of Remuneration from 1 April 2020 – 30 September 2020. If the employee will make a donation for 3 months, then the tax deductible value will be 33.3% of the Balance of Remuneration from 1 April 2020 – 30 June 2020.

Note:

The full value entered on the TXD – Tax Deductible line will be included as a tax deductible in the tax calculation and the system will not automatically apply the limit. Therefore, it is your responsibility to ensure that the deduction value is within the limits.

3.0 SDL

3.1 Background

Employers who are registered for SDL will be exempt from the SDL liability and payment from 1 May 2020 – 31 August 2020. According to the SARS FAQ, the SDL liability amount will automatically default to 0.00 on the EMP201 return for the 4-month period.

How to disable SDL calculation for the affected months

On the Navigation pane:

Expand	Company Management
Double click-on	Company Rule
Select	A Company Rule
Click-on	Tax

The screenshot shows the 'Company Rule Detail' window for a company rule named 'COVID_ETI_REGIS - Covid ETI Registered After March 2020'. The 'Tax' section is selected in the navigation pane. The 'SETA Name' field is highlighted in red and set to 'EXEMPT - Exempt...'. Other fields include 'Company Rule Code' (MONTHLY_APR2020), 'Short Description' (Monthly), 'Status' (A - Active), 'Company Rule Currency' (ZAR - South Africa, Rands), 'Tax Number' (777777777), 'ETI Eligible Employer' (checked), 'ETI Remuneration Hours Calculation Entry' (Min Wage Type), 'ETI Min Wage Hours Calculation Entry' (Registered For PAYE After 1 March 2020, checked), 'EE Reference Number', 'Equity Reporting Group' (DEFAULT - Default...), 'Unemployment Insurance Fund' (UIF Reference Number: U777777777, UIF Registration Number: 3333333/3, UIF Earnings Limit: 14 872.00), 'Skills Development Levy' (SDL Reference Number: L777777777, SDL Registration Number: Exempt).

Change the SETA name to Exempt and save the changes. The company rule should then be recalculated.

You will have to manually do this per company rule, and when rolling into September the SETA name should be changed back to the original SETA name.

Note:

It is not advisable to change the SETA name per company.

4.0 TERS Payout

During the previous 20.2.1.0 in the release notes we mentioned that all TERS payments are exempt from taxable income, we advised that the payments should reflect on a 3602 IRP5 code, this has changed, and the payment should not be linked to an IRP5 code.

It is advisable that the Earning Type is linked to GENNTX – General Non – Taxable Earning.

5.0 Bug Fixes

5.1 ETI Month Checkbox

An error where the ETI Month checkbox was checked even when the ETI Total = R0.00. This occurs when the employees ETI Remuneration Hours Calculated = 0.00. This has been corrected.

5.2 ETI Backdating

Certain customers received an error when calculating the backdated ETI amount, this has now been corrected.

5.3 Covid ETI

Employers registered for PAYE before or on the 25 of March 2020 would not have been able to save detail on an employee's payslip if the employee had a negative ETI Remuneration. This has been corrected.

5.4 ETI Remuneration Hours

If an employee was linked to a custom calculation to calculate the ETI Remuneration Hours per period, the current period's ETI Remuneration Hours was used when backdating the employee's ETI for a previous period, this has been corrected.

5.5 ETI Rate Per Hour

If an employee is linked to an ETI Minimum Wage Rate Per Hour, the employee's Rate Per Hour was compared to the higher limit (6500 / 160) and the lower limit. This has now been corrected.