Deel Local Payroll
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# South Africa Payroll Tax Guide

2026-2027



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# Understanding South African Payroll

Before diving into specific payroll legislation, it's essential to grasp the fundamentals of South African payroll. This includes calculating and remitting employees' tax (PAYE), Unemployment Insurance Fund (UIF) contributions, the Skills Development Levy (SDL), and Compensation for Occupational Injuries and Diseases (COID). Additionally, employers may be eligible to claim the Employment Tax Incentive (ETI) where applicable.

Payroll compliance extends beyond calculations. It requires adherence to legislative requirements, accurate statutory reporting, and timely payments to the relevant statutory bodies. A comprehensive understanding of these obligations helps employers maintain compliance and avoid penalties.

**Country Information**

- Currency: Rand (R)
- Tax year: 1 March – 28/29 February
- Key Government Resources
  South African Revenue Service (SARS)
  Department of Employment and Labour
  National Treasury
  South African Government website
  Department of Higher Education and Training

# Key Payroll Values & Limits

## Annual tax tables for individuals

| Taxable Income (R) | Rates of Tax (R) |
|---|---|
| Not exceeding 245 100 | 18% of taxable income |
| Exceeding 245 100 but not 383 100 | 44 118 + 26% of taxable income above 245 100 |
| Exceeding 383 100 but not 530 200 | 79 998 + 31% of taxable income above 383 100 |
| Exceeding 530 200 but not 695 800 | 125 599 + 36% of taxable income above 530 200 |
| Exceeding 695 800 but not 887 000 | 185 215 + 39% of taxable income above 695 800 |
| Exceeding 887 000 but not 1 878 600 | 259 783 + 41% of taxable income above 887 000 |
| Exceeding 1 878 600 | 666 339 + 45% of taxable income above 1 878 600 |

## Annual tax thresholds for individuals

- Persons under 65 years old on the last day of the tax year R99 000
- Persons 65 – 74 years of age on the last day of the tax year R153 250
- Persons 75 years and older on the last day of the tax year R171 300

## Annual tax rebates for individuals

- Primary R17 820
- Secondary - persons of 65 and older on the last day of the tax year R9 765
- Tertiary - persons of 75 and older on the last day of the tax year R3 249

## Personal service provider (PSP) rates

- Companies 27%
- Trusts 45%

## Monthly medical scheme fees tax credits

- Taxpayer only R376
- Taxpayer & first dependant R752
- Each additional dependant R254

## Additional medical expenses tax credits

- 33.3% of the medical scheme contributions which exceed 3 times the amount of the medical scheme fees tax credit.

*Only for employees 65 years or older.

## Retirement fund lump sum benefits tax table (including severance benefits)

| Taxable Income (R) | Rates of Tax (R) |
|---|---|
| Not exceeding 550 000 | 0% |
| Exceeding 550 000 but not 770 000 | 18% of taxable income above 550 000 |
| Exceeding 770 000 but not 1 155 000 | 39 600 + 27% of taxable income above 770 000 |
| Exceeding 1 155 000 | 143 550 + 36% of taxable income above 1 155 000 |

## Retirement fund lump sum withdrawal tax table

*Excluding savings withdrawal benefits under the two-pot retirement system.

| Taxable Income (R) | Rates of Tax (R) |
|---|---|
| Not exceeding 27 500 | 0% |
| Exceeding 27 500 but not 726 000 | 18% of taxable income above 27 500 |
| Exceeding 726 000 but not 1 089 000 | 125 730+ 27% of taxable income above 726 000 |
| Exceeding 1 089 000 | 223 740 + 36% of taxable income above 1 089 000 |

## Prescribed rate per kilometre for business travel reimbursement

- The prescribed rate per kilometre is R4.95.

## Travel allowance cost scale table

| Value of Vehicle *(including VAT)* | Fixed Cost *(per annum)* | Fuel Cost *(per kilometre)* | Maintenance Cost *(per kilometre)* |
|---|---|---|---|
| Not exceeding R 115 000 | R38 344 | R1.329 | R0.491 |
| Exceeding R115 000 but not R230 000 | R68 487 | R 1.484 | R0.614 |
| Exceeding R230 000 but not R345 000 | R98 689 | R 1.612 | R0.678 |
| Exceeding R345 000 but not R460 000 | R125 393 | R1.734 | R0.740 |
| Exceeding R460 000 but not R575 000 | R152 097 | R1.855 | R0.869 |
| Exceeding R575 000 but not R690 000 | R180 078 | R2.128 | R1.102 |
| Exceeding R690 000 but not R805 000 | R208 106 | R2.165 | R1.145 |
| Exceeding R805 000 | R237 679 | R2.220 | R1.269 |

## Subsistence allowance rates

- Travel within South Africa
  - Incidental costs: R184 per day/part of a day.
  - Meals & incidental costs: R595 per day/part of a day.
- Travel outside South Africa
  - Prescribed amount per country as published in the *Government Gazette*.

## Rate for reimbursement/advance for business travel on a day trip

- Meals & incidental costs: R184 per day.

## Official rate of interest

- 7.75% from 1 December 2025
- 8.00% from 1 June 2026

*Linked to the *Reserve Bank repo rate,* subject to change during the year.

## Exempt foreign employment income under section 10(1)(o)(ii)

- R1.25 million per tax year.

## Exempt bursaries thresholds (closed bursaries)

If the employee's remuneration proxy is R900 000 *(from 1 March 2026)** or less, the following exemption limits apply:

- Bursary granted to a relative without a disability
  - NQF level 1-4/Grade R-12 (basic education): R30 000 *(from 1 March 2026)** per tax year per relative.
  - NQF level 5-10 (higher education): R90 000 *(from 1 March 2026)** per tax year per relative.
- Bursary granted to a family member with a disability

- NQF level 1-4/Grade R-12 (basic education): R45 000 *(from 1 March 2026)** per tax year per relative.
- NQF level 5-10 (higher education): R130 000 *(from 1 March 2026)** per tax year per relative.

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

### UIF remuneration threshold

- R17 712 per month.

### ETI table from 1 March 2026 onwards

| Monthly ETI Remuneration | First 12-months | Second 12-months |
|---|---|---|
| R0.00 – R2 499.99 | 60% of monthly ETI remuneration | 30% of monthly ETI remuneration |
| R2 500.00 – R5 499.99 | R1 500 | R750 |
| R5 500.00 – R7 499.99 | Formula: R1 500 – (75% x (monthly ETI remuneration – R5 500)) | Formula: R750 – (37.5% x (monthly ETI remuneration – R5 500)) |

### COID limit for 2026/2027

- R688 000 per annum (for 2026/2027).

### BCEA earnings threshold

- R261 748.45 per annum from 1 April 2025.
- R269 600.90 per annum from 1 May 2026.

### National minimum wage rates

- R30.23 per hour.
- R16.62 per hour for workers employed on an expanded public works programme.
- The weekly allowances tabled in *Government Gazette 54075* for workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Levies Act.

# Acronyms

- **Basic Conditions of Employment Act:** BCEA
- **Compensation for Occupational Injuries and Diseases:** COID
- **Compensation for Occupational Injuries and Diseases Act:** COIDA
- **Employee tax certificate:**
  - IRP5 – tax certificate with a PAYE value
  - IT3(a) – tax certificate without a PAYE value
- **Employer Reconciliation Declaration Submission:** EMP501

- **Employment Tax Incentive:** ETI
- **Employment Tax Incentive Act:** ETIA
- **Fourth Schedule to the Income Tax Act:** Fourth Schedule
- **Income Tax Act:** ITA
- **Pay-As-You-Earn:** PAYE
- **Personal Service Provider:** PSP
- **SARS Binding General Ruling:** SARS BGR
- **SARS Business Requirements Specification PAYE Employer Reconciliation:** SARS PAYE BRS
- **SARS Interpretation Note:** SARS IN
- **Seventh Schedule to the Income Tax Act:** Seventh Schedule
- **Skills Development Levy:** SDL
- **Skills Development Levies Act:** SDLA
- **Special Economic Zones (approved by the Minister of Finance for ETI purposes):** SEZ
- **Unemployment Insurance Contributions Act:** UICA
- **Unemployment Insurance Fund:** UIF

# What Is PAYE?

Every employer in South Africa, representative employer, or employer not a resident who conducts business through a permanent establishment in South Africa, must withhold PAYE from the remuneration paid or payable to its employees and send it to SARS every month. Think of PAYE as a portion of an employee's personal income tax that gets collected in advance with each paycheck. The total amount of PAYE collected during the tax year is used to offset the final income tax liability due upon personal income tax assessment.

The rules for PAYE are laid out in the Fourth Schedule and the Seventh Schedule to the Income Tax Act, read together with the Income Tax Act. The South African Revenue Service (SARS) is responsible for enforcing these rules.

South Africa has a residence-based taxation system, which dictates that individuals are taxed on their global income in the country where they are tax residents.

Those who are not tax residents are only taxed on income from a source within South Africa, i.e., from services performed within the country (no matter where the remuneration is paid from).

It is essential to highlight that citizenship doesn't equate to tax residency. Someone without South African citizenship can become a tax resident of South Africa through the physical presence test. See the definition of 'resident' for more information.

**Refer to Annexure 1 for the definition of resident.*

## Who Should Be Subject to PAYE?

Every employer must withhold PAYE from remuneration paid or payable to an employee.

**Who is an employer?**

- An employer is any person (natural or legal) who pays or is liable to pay remuneration (including a representative employer).

**Who is an employee?**

- For PAYE purposes, an employee includes:
  - Any person (excluding companies) who earns remuneration.
  - Anyone paid for services rendered to or on behalf of a labour broker.
  - Any labour broker (unless exempt).
  - Any personal service provider (PSP).
  - Any person declared an employee by the Minister of Finance via Government Gazette.
- A true independent contractor is not deemed an employee for PAYE purposes. This includes a resident non-executive director (NED).
- For definitions and further details on Labour Brokers, PSPs, Independent Contractors, NEDs, and Representative Employers *(refer to Annexure 1)*.

***Source:*** *Paragraph 1 of the Fourth Schedule.*

# When Should Remuneration be Taxed?

- Remuneration is taxed upon accrual or receipt, whichever occurs first, except for variable remuneration, which is taxed when paid.
- Accrual occurs when the right to receive an amount becomes absolute, even if payment is made later.
- Variable remuneration is overtime, bonuses, commissions, an allowance/advance paid for transport expenses (i.e., travel allowance), leave paid out, reimbursed travel allowance, night shift and standby allowances, certain business reimbursements, and performance-based payments (excluding bonuses and commissions).
- Variable remuneration paid to a deceased employee is taxed on the day before their death.
- Specific rules apply to antedated salaries—*see Backpay/antedated salaries for details.*

***Sources:*** *Sections 7, 7A, and 7B of the ITA, and Paragraphs 2(1) & 2(1B) of the Fourth Schedule.*

# How Is PAYE Calculated?

PAYE is calculated based on the annual equivalent of balance of remuneration and applied to the annual progressive tax tables.

**Step-by-step calculation**

- Balance of Remuneration = Total remuneration (excluding exempt values) minus allowable tax deductions.
- Annualised Balance of Remuneration = (A ÷ B) x C
  - **A** = Actual year-to-date balance of remuneration

    - **B** = Number of pay periods employed in the tax year
    - **C** = Total pay periods in the tax year
- The calculated annual equivalent is applied to the tax tables. However, the employee is only liable for tax on a pro-rata portion based on periods employed.
- Annual payments (e.g., bonuses) are not annualised and are taxed in full when paid unless the employee opts to spread the tax over the year (e.g., provision for tax on annual bonus).
- Tax rebates (based on the period employed in the tax year) and tax credits (e.g., medical tax credits) are deducted from the PAYE liability to determine the final PAYE due.

**Exceptions to this calculation**

- Employees in non-standard employment are taxed at a fixed 25% rate.
- Personal service providers (PSPs) are taxed at fixed rates.
- Employees with a SARS tax directive may be taxed at a fixed rate or percentage (excluding lump sum tax directives).
- Certain values can have specific taxation rules, for example, lump sum tax directives, annuities fixed rate, etc.

***Sources:*** *SARS Guide for Employers (PAYE), Paragraphs 2, 10, and 11 of the Fourth Schedule.*

# What Values Are Subject to PAYE?

Remuneration, as defined in the Fourth Schedule, is subject to PAYE. For clarity, this guide categorises remuneration into:

- The general definition of remuneration.
- Reimbursive and other allowances (including advances).
- Remuneration elements with specific taxation rules.
- Fringe benefits (benefits in kind).

## General definition of remuneration

Remuneration refers to any amount of income, whether in cash or otherwise, that is paid or payable as salary, leave pay, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance, or stipend, regardless of whether it is for services rendered, and includes:

- Annuities, living annuities, and annuity amounts as per section 10A(1).
- Payments for services rendered or to be rendered, including voluntary awards.
- Restraint of trade payments.
- Any amount received or accrued concerning termination or variation of any office or employment (excluding retirement fund lump sums), including the proceeds of insurance or risk policies (subject to rules, conditions and exemptions.
- Retirement fund lump sum benefits and withdrawal benefits.
- Commutations of employment contract amounts.
- 100% of taxable fringe benefits, except motor vehicle use.
- 80% or 20% of a motor vehicle fringe benefit, based on business travel.

- Gains from section 8A shares.
- Taxable allowances or advances, except travel, public office, and subsistence allowances.
- Subsistence allowances (if the employee does not spend a night away from their usual place of residence in RSA before the last day of the following month or does not refund the subsistence allowance back to the employer).
- 50% of public office allowance.
- Based on business travel, 20% or 80% of a travel allowance.
- 100% of excess reimbursed travel allowance (difference between actual and prescribed rate).
- Gains from section 8B shares.
- Specific section 8C share amounts.
- Savings withdrawal benefits.
- Specific dividends (as per section 10(1)(k)(i), provisos (dd), (ii), (jj), and (kk)).

**Values specifically excluded from remuneration**

- Payments to an independent contractor for PAYE purposes.
- Pensions and grants under the Aged Persons Act, Blind Persons Act, Disability Grants Act, and Children's Act.
- Amounts paid as business reimbursements.
- Annuities granted under a divorce order or separation agreement.

***Source:*** *Paragraph 1 of the Fourth Schedule.*

## Reimbursive and other allowances (including advances)

All allowances, advances, and reimbursements are included in remuneration and fully taxable, except for:

- Specific exemptions listed below.
- Allowances classified as exempt income.

**Distinguishing between allowances, advances, and reimbursements**

- Allowance: A fixed amount paid by an employer for expected business expenses, without requiring proof of actual expenditure.
- Advance: A payment made in anticipation of specific business expenses, where the employee must provide proof to the employer.
- Reimbursement: A repayment by the employer for business-related expenses, subject to proof or claim of expenditure.

### Fixed travel allowance

A fixed travel allowance is any amount paid to an employee for business travel expenses incurred using a private vehicle.

- Taxable Portion:
    - 80% of the allowance is included in remuneration.

    - This is reduced to 20% if the employer is satisfied that at least 80% of the vehicle's use is for business purposes.
- The final taxable portion is determined when the employee submits their personal income tax return on assessment, which is based on a logbook and required documentation.
- If the employer provides a petrol, garage, or maintenance card for the employee's private vehicle, these expenses are treated like a travel allowance.

**For more details**

- How to calculate a realistic travel allowance → *see Annexure 2*.
- How a travel allowance is taxed on assessment → *see SARS IN 14*.

**SARS source codes**

| | |
|---|---|
| **3701** | 100% of the travel allowance value. |
| **4582** | Taxable remuneration portion (20% or 80%).<br>*4583 is used for foreign employment income codes. |

***Sources**: Section 8(1)(b) of the ITA and paragraph 1 (subparagraph (cA) of remuneration definition) of the Fourth Schedule.*

## Reimbursive travel allowance

A reimbursive travel allowance differs from a fixed travel allowance as it is based on the actual business kilometres travelled in a privately owned vehicle.

**Key principles**

- The employee must use a privately owned vehicle for business travel.
- The employee and employer must agree on a reimbursement rate per kilometre.
- The employee must record business travel distances and submit claims for reimbursement.
- These claims must be processed via payroll and reported on the employee's tax certificate.
- The tax treatment depends on whether the reimbursed rate per kilometre exceeds the prescribed rate per kilometre; *refer to the Key Payroll Values & Limits section for the latest prescribed rate*:
    - ≤ Prescribed rate & no additional travel allowance → not remuneration, not taxable.
    - ≤ Prescribed rate & additional travel allowance received → not remuneration but taxable on assessment.
    - > Prescribed rate → excess included in remuneration, subject to PAYE & taxable on assessment.
- Each tax year (if applicable), the Minister of Finance publishes a new prescribed rate per kilometre via Government Gazette *(SARS Income Tax Notice)*.
- Employees must maintain a logbook to claim a business travel deduction on personal income tax assessment.

- For more information on how a reimbursive travel allowance is taxed on assessment → *see SARS IN 14.*

**SARS source codes**

**3703**

**Exempt reimbursive travel allowance.** Use when:

- Reimbursed rate ≤ prescribed rate, and no additional travel allowance is received.
- Must not be used with codes 3701, 3702, or 3722.

**3702**

**Taxable on assessment reimbursive travel allowance**. Use when:

- Reimbursed rate > prescribed rate OR
- Reimbursed rate ≤ prescribed rate, but the employee receives an additional travel allowance.
- SARS adds 3702 to 3701 on assessment; the employee can claim a business travel deduction.

**3722**

**Excess portion of reimbursed rate; taxable on payroll**. Use when:

- Reimbursed rate exceeds prescribed rate.
- Excess portion reported against 3722, non-excess against 3702.
- SARS adds 3702 to 3722 on assessment, requiring the employee to claim a business travel deduction.
- If an additional travel allowance is received, SARS adds 3702 + 3722 to 3701 on assessment.

***Sources:*** *Section 8(1)(b) of the ITA paragraph 1 (subparagraph (cC) of remuneration definition) of the Fourth Schedule.*

## Subsistence allowance

- A subsistence allowance is a daily rate paid to an employee for work-related travel expenses such as meals, parking, and dry cleaning.
- The allowance is considered spent if the employee stays overnight away from their usual residence for business purposes.
- Tax Treatment:
  - Exempt from PAYE (irrespective of the daily rate paid).
  - Taxable on assessment if the allowance exceeds the limits.
  - Exempt from income tax on assessment if allowance is within the daily limits.
  - If the employee does not spend a night away from their usual place of residence in South Africa before the last day of the following month or does not refund the subsistence allowance back to the employer, the full value becomes taxable as normal remuneration (using SARS source code 3713).
- Each tax year (if relevant), the Minister of Finance sets subsistence allowance limits for domestic and foreign travel in the Government Gazettes *(SARS Income Tax Notices).*
- *Refer to the Key Payroll Values & Limits section for the latest prescribed daily limits.*\
- For more details, *refer to SARS IN 14.*

**SARS source codes**

**3714** Domestic travel: Allowance within prescribed limits (exempt).
International travel: Allowance within published limits (exempt).

**3704** Domestic travel: Allowance exceeding limits (taxable on assessment).

**3715** International travel: Allowance exceeding published limits (taxable on assessment).

***Sources:*** *Sections 8(1)(a) and 8(1)(c) of the ITA and paragraph 1 (subparagraph (bA) of remuneration definition of Fourth Schedule.*

## Reimbursement for expenses on day trips

- Employers may provide advances or reimbursements to employees for meals and/or incidental costs incurred during a work-related day trip.
- Since the employee does not spend a night away from their usual residence, this is not a subsistence allowance, and subsistence rules do not apply. Instead, separate tax rules determine the treatment of these payments.

**Key principles**

A reimbursed/advanced amount is exempt from income tax if:

- The expense is incurred in the course of business.
- The employee provides evidence of actual expenses incurred.
- The expense was incurred:
  - On the employer's instruction, or
  - With the employer's permission, provided the employer's policy allows such payments and the amount does not exceed the published daily rate.
- *Refer to the Key Payroll Values & Limits section for the latest daily rate.*
- Each tax year (if applicable), the Minister of Finance publishes updated rates via Government Gazette *(SARS Income Tax Notice)*.
- For more information on how reimbursement for a day trip is taxed on assessment → *see SARS IN 14.*

**Taxation rules and SARS source codes**

- Fully exempt – If all exemption conditions are met, the amount is not taxable or reported on the employee's tax certificate.

**Taxable allowance**

**3713**

- If the reimbursement does not meet the exemption conditions, it is included in remuneration and subject to PAYE.

- If all exemption conditions are met except that the amount exceeds the published daily rate, the excess portion is included in remuneration and subject to PAYE.

***Sources:*** *Section 8(1)(a)(ii) of the ITA and paragraph 1 of the Fourth Schedule.*

### Allowance to a holder of a public office

A public office allowance is provided to individuals holding public office to cover expenses related to their official duties.

**Qualifying expenses include**

- Secretarial services, stationery, postage, and telephone calls.
- Office accommodation hire and maintenance.
- Travel expenses.
- Hospitality expenses for official or civic functions.
- Subsistence and incidental costs incurred.

**Tax treatment and SARS source code**

- 50% of the allowance is included in remuneration and subject to PAYE.

**3708** 100% of the public office allowance.

***Sources:*** *Sections 8(1)(d) and 8(1)(f) of the ITA and paragraph 1 (subparagraph (c) of remuneration definition of the Fourth Schedule*

## Remuneration Elements with Specific Taxation Rules

### Severance benefit

A severance benefit refers to a gratuity paid by an employer due to an employee's retrenchment, retirement, or death. These benefits are taxed under the same rules as retirement fund lump sum benefits (excluding retirement fund lump sum withdrawal benefits).

**Qualifying criteria**

To qualify as a severance benefit, the employee must meet one of the following conditions:

- Be 55 years or older.
- Be permanently incapable of employment due to ill health, injury, accident, or incapacity (infirmity of mind or body).
- Have their services terminated due to:
    - Reduction in personnel, or
    - Employer ceasing to trade (includes *bona fide* voluntary retrenchment).

**Tax treatment**

- Cumulative lifetime exemption: R550 000 (applies to both retirement fund lump sum benefits and severance benefits).
- Taxed according to a separate tax table *(see the Key Payroll Values & Limits section for the latest table).*
- Employers must apply for a tax directive (IRP3(a)) to determine the PAYE amount to be withheld.
- Leave pay and notice pay cannot be included in the severance benefit value.

**SARS source codes**

| | |
|---|---|
| 3901 | Severance benefit lump sum. |
| 4115 | PAYE on severance benefit (as per the tax directive). |

***Sources***: *Section 1 of the ITA and Paragraph 9(3) of the Fourth Schedule.*

## Arbitration/CCMA awards

- Arbitration awards result from settlement agreements mandated by court orders, the CCMA (Commission for Conciliation, Mediation, and Arbitration), or an out-of-court settlement.
- Employers must apply for a tax directive (IRP3(a)), submitting a copy of the court order or relevant documentation for SARS to determine the PAYE amount to be withheld.

**Tax treatment of CCMA and labour court awards**

- CCMA and labour court awards generally fall into three categories:
  - Unfair dismissal – considered remuneration and subject to PAYE, as these payments compensate for the termination, loss, repudiation, cancellation, or variation of employment.
  - Termination of employment contracts – awards for early termination of an employment contract are also remuneration and subject to PAYE. These typically compensate for amounts due under the contract, contract cancellation, or changes in employment terms.
  - Unfair labour practices – the tax treatment depends on the nature of the award. SARS assesses this when reviewing tax directive applications.
- For more details on how arbitration/CCMA awards are taxed → *see SARS IN 26.*

**SARS source codes**

- The source code reflected on the tax directive must be used to avoid the rejection of the employee's personal income tax return.

| | |
|---|---|
| 3608 | Taxable portion of the award (as per tax directive). |

**3602** Non-taxable portion of the award (if applicable, as per tax directive).

**4102** PAYE on the award (as per tax directive).

***Sources:*** *Section 1 of the ITA and Paragraph 9(3) of the Fourth Schedule.*

## Antedated salaries/backpay

- Antedated salaries (backpay) refer to salary payments made retroactively and can relate to both the current and prior tax years.
- PAYE is based on the prevailing tax rates for the current tax year, regardless of when the remuneration was accrued/earned.
- If backpay includes amounts from a previous tax year, the employer must apply for a tax directive (IRP3(a)), allowing SARS to determine the PAYE to be withheld.
- Employers must provide employees with a breakdown of remuneration per tax year to assist with their personal income tax assessment - where backpay relates to multiple tax years, taxpayers may elect to spread the taxable portion across the relevant assessment periods, as permitted under Section 7A.

**SARS source codes**

**3601** Backpay relating to the current tax year (taxed as regular income via payroll).

**3623** Backpay relating to previous tax year(s) (tax directive required).

**4102** PAYE on backpay for previous tax year(s) (as per tax directive) and PAYE automatically calculated by payroll for current tax year backpay (3601).

***Sources****: Section 7A of the ITA and Paragraph 9(3) of the Fourth Schedule.*

## Employee share plans

This section addresses the tax treatment of shares and share incentive schemes when included as remuneration. It does not cover the structuring, administration, or other legal and financial aspects of these schemes.

**Section 8A shares**

- Tax treatment: Gains from the exercise, cession, or release of rights to acquire marketable securities under Section 8A are included in remuneration and subject to PAYE.
- Taxable amount: The taxable gain is the difference between the amount paid for the security and its market value at the date of exercise, cessation, or release.
- Tax directive requirement: Employers must apply for a tax directive (IRP3(s)) from SARS to determine the PAYE amount to be withheld.
- **SARS source codes**

**3707** Gains taxed under Section 8A (as per tax directive).

**4102** PAYE applied to 8A gains (as per tax directive).

**Section 8B shares**

- Tax Treatment: Gains from the disposal of qualifying equity shares, rights, or interest under Section 8B (broad-based employee share plan) are included in remuneration and subject to PAYE.
- **SARS Source Codes**

**3717** Gains under Section 8B (taxed as an annual earning).

**4102** PAYE applied automatically. If the employee is no longer employed, a 25% tax rate applies (non-standard employment).

**Section 8C shares**

- Tax treatment: Gains from the vesting of equity instruments or the accrual or receipt of a return of capital under Section 8C are included in remuneration and subject to PAYE.
- Tax directive requirement: The employer must apply for a tax directive (IRP3(s)) from SARS to determine the PAYE amount to be withheld.
- **SARS source codes**

**3718** Gains and/or return of capital under Section 8C (as per tax directive).

**4102** 4102 – PAYE applied to 8C gains (as per tax directive).

***Sources:*** *Sections 8A, 8B, and 8C of the ITA and Paragraph 11A of the Fourth Schedule.*

## Dividends

Certain dividends that do not qualify for exemption under Section 10(1)(k)(i) provisos (dd), (ii), (jj), and (kk) are classified as remuneration and subject to PAYE withholding.

**Tax directive requirement**

- Employers are required to apply for a tax directive (IRP3(s)) from SARS, which will determine the PAYE amount to be withheld.

**SARS source codes**

| | |
|---|---|
| 3719 | Dividends not exempt i.r.o par (dd) of the proviso to S10(1)(k)(i). |
| 3720 | Dividends not exempt i.r.o par (ii) of the proviso to S10(1)(k)(i). |
| 3721 | Dividends not exempt i.r.o par (jj) of the proviso to S10(1)(k)(i). |
| 3723 | Dividends not exempt i.r.o par (kk) of the proviso to S10(1)(k)(i). |
| 4102 | PAYE on taxable dividends (as per tax directive). |

***Sources:*** *Section 10(1)(k)(i): provisos (dd), (ii), (jj), and (kk) of the ITA, and Paragraph 11A of the Fourth Schedule.*

## Lump sums from retirement funds

Under Paragraphs 2 and 9(3) of the Fourth Schedule, trustees, fund administrators, long-term insurers, or employers must apply for a tax directive from SARS before transferring or paying out a lump sum benefit from a pension, pension preservation, provident, provident preservation, or retirement annuity fund, subject to rules and conditions.

Important Note: The taxation of retirement fund lump sums is governed by complex rules in Schedule 2 of the Income Tax Act. This document provides an overview of key principles and does not cover detailed provisions.

**Tax directive requirement**

- Employers must use the applicable tax directive application forms: A, B, C, D, or E.
- The SARS source code depends on factors such as:

- The type of fund, and
- The accrual date, etc.

**SARS source codes**

- Lump sum payments, depending on the nature of the lumpsum and the tax directive:
  - **3902, 3903, 3904, 3905, 3907, 3915, 3920, 3921,3824 or 3926**
- Tax on lump sum payment as per the tax directive if the lump sum is reported against 3902, 3903, 3904, 3905, 3907, 3908, 3909, or 3614:
  - **4115**
- Tax on lump sum payments (as per tax directive) if the lump sum is reported against 3915, 3920, or 3921:
  - **4102**

### Retirement fund lump sum benefits

These lump sum benefits are payable upon retirement or death and are taxed separately from normal taxable income.

- Taxed according to a separate tax table, together with any severance benefits received, *refer to the Key Payroll Values & Limits section for the latest tax rates*.
- SARS will use this table to determine the PAYE amount to be withheld from the lump sum specified in the tax directive.
- The table applies to the aggregate of the current lump sum plus previous lump sum benefits received, minus any tax already paid on these amounts.

### Retirement fund lump sum withdrawal benefit

- This applies when an employee withdraws from a retirement fund before retirement (e.g., due to resignation or a divorce order assignment).
- Does not apply to the two-pot retirement system.
- Taxed separately using the progressive withdrawal tax table, *refer to the Key Payroll Values & Limits section for the latest tax rates.*
- SARS will determine the PAYE amount to be withheld from the lump sum based on the tax directive.

### Savings withdrawal benefit (two-pot retirement system)

- Effective 1 September 2024, the savings withdrawal benefit under the two-pot retirement system is included in remuneration and subject to PAYE.
- Taxed according to the normal progressive income tax tables (same as regular employment income). *Refer to the Key Payroll Values & Limits section for the latest tax rates.*
- SARS will determine the PAYE to be withheld from the lump sum based on the tax directive.
- **SARS source codes**

| | |
|---|---|
| **3926** | Savings withdrawal benefit. |

4102 PAYE amount as per the tax directive.

***Sources:*** *Paragraphs 1, 2(2C) and 9(3) of the Fourth Schedule*

## Qualifying long service awards

A long service award is granted to recognise an employee's continuous service with the same employer.

**Tax treatment**

- A qualifying long service award is exempt from tax if the total value does not exceed R16 000 *(from 1 March 2026)*.*
- The exemption applies to awards in the form of:
  - Cash
  - Right of use of an asset
  - Acquisition of an asset
  - Free or cheap services

****Note:*** *Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**Qualifying criteria**

- To qualify for the exemption, the award must be granted for:
  - An initial unbroken period of service of at least 15 years OR
  - A subsequent unbroken period of at least 10 years with the same employer.
- Important Note: The exemption does not automatically apply at 15, 25, and 35 years of service.
- Example: If an employee receives their first long service award at 20 years, they must complete another 10 years of service to qualify for a second tax-exempt award.

**SARS source codes**

3622 Full value of a qualifying long service cash award (even if it exceeds R16 000 – *from 1 March 2026**).

3835 Full value of a qualifying long service benefits-in-kind award (even if it exceeds R16 000 – *from 1 March 2026**).

***Sources:*** *Section 1 of the ITA and Paragraphs 5(2)(b), 6(4)(d), and 10(2)(e) of the Seventh Schedule.*

## Annual payments/earnings

- An annual payment is a lump sum remuneration paid to an employee per their employment terms or the employer's customary practice. It is calculated without reference to a specific period.

- Examples include annual bonuses, leave payouts, incentive bonuses, retention bonuses, special remuneration paid to proto teams and restraint of trade payments (if not paid frequently).
- Annual payments are not annualised but are added to the already annualised balance of remuneration for PAYE calculation.
- PAYE on an annual payment is calculated separately and taxed in full in the month the annual payment is accrued/received. It is not pro-rated based on periods employed, unless the employee makes provision for tax on an annual bonus.

**SARS source codes**

| | |
|---|---|
| 3605 | Annual payment (annual bonus, leave payout, incentive bonus). |
| 3613 | Restraint of trade payment. |
| 3906 | Special remuneration to proto-teams. |

***Source:*** *SARS Guide for Employers iro Employees Tax.*

## Fringe Benefits

Fringe benefits (taxable perks) are non-cash benefits employees receive as remuneration.

- If a fringe benefit is granted to an employee by an associated institution related to the employer, it is still considered a taxable benefit and is deemed to have been provided by the employer. For more information on associated institution, *refer to* *Annexure 1.*
- The Seventh Schedule of the Income Tax Act prescribes how to calculate the taxable value of these benefits for PAYE purposes. This is known as the cash equivalent value.
- For fringe benefit purposes, an "employee" refers to an individual employed by an employer, as defined in the Fourth Schedule. This includes company directors and former employees who were significant shareholders or directors. However, it excludes individuals who retired before 1 March 1992 due to age, health, or other reasons.

### Acquisition of an asset

A taxable benefit arises when an employee acquires an asset (e.g., goods, commodities, marketable securities, or property) for free or at a price lower than its market value.

**Taxable value**

The taxable value of the fringe benefit is determined as follows:

- General Rule: The asset's market value or actual cost at the time of acquisition minus any amount paid by the employee.

- Special Rules:
    - If the asset is trading stock of the employer → lower of cost to the employer or market value.
    - If the asset is movable property acquired by the employer for disposal to the employee → cost to the employer.
    - If the employee previously used the asset before ownership transfer (e.g., a leased asset) → market value at transfer.

**Exemptions (no taxable value)**

The fringe benefit is not taxable in the following cases:

- Fuel and lubricants supplied for the right of use of an employer-provided motor vehicle (e.g., petrol card).
- Qualifying long service awards up to R16 000 *(from 1 March 2026)* – see Qualifying long service awards section.*
- Bravery awards up to R16 000 *(from 1 March 2026)**.
- Immovable property for residential use, provided that:
    - The employee's remuneration proxy does not exceed R360 000 *(from 1 March 2026)** for the tax year during which the property was acquired.
    - The property's market value does not exceed R650 000 *(from 1 March 2026)** at the date of acquisition.
    - The employee is not a connected person in relation to the employer.
- *Refer to Annexure 1 for an explanation of remuneration proxy.*
- *Refer to SARS IN 67 for more details on connected persons.*

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**SARS source codes**

| | |
|---|---|
| 3801 | Taxable value of the benefit. |
| 3822 | Non-taxable benefit for acquisition of immovable property. |

***Sources:** Paragraphs 2(a), 2A, and 5 of the Seventh Schedule.*

## Right of use of an asset

A taxable benefit arises when an employee is granted the private or domestic use of an asset, either free of charge or at a cost lower than its determined value.

**Taxable value**

The taxable value of the fringe benefit is calculated as:

- Determined value of the asset's private or domestic use,
- Minus any amount paid by the employee for the asset's use,
- Minus any maintenance or repair costs paid by the employee.

The determined value depends on how the employer acquired the asset:

- If the employer leases the asset → the rental/lease amount paid by the employer.
- If the employer owns the asset → 15% per annum of the lesser of:
    - The cost to the employer, or
    - The market value at the time the employee was first granted use of the asset.
    - This annual value must be apportioned across months/pay periods in the tax year.

**Exemptions (no taxable value)**

The right of use of an asset is not taxable in the following cases:

- Private use is incidental to business use.
- The asset is provided at the workplace or a designated recreational area (excluding clothing) as an amenity for employees' general use or enjoyment.
- The asset is equipment/machinery used by employees in general for short periods, provided its value does not exceed a limit set by the Minister in a public notice.
- The asset is telephone or computer equipment, used primarily for business purposes (more than 50% usage).
- The asset consists of books, literature, recordings, or works of art.
- The use of the asset is granted as a qualifying long service award, limited to R16 000 *(from 1 March 2026)**, provided the total value of all qualifying long service awards does not exceed R16 000 *from 1 March 2026** *(see Qualifying long service awards section).*

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**SARS source code**

| | |
|---|---|
| 3801 | Taxable value of the benefit. |

***Sources:** Paragraphs 2(b) and 6 of the Seventh Schedule.*

## Right of use of a motor vehicle

A taxable benefit arises when an employee is granted the right to use an employer-provided vehicle for private purposes, either for a full month or part of a month.

- Private use includes travel between the employee's home and workplace.
- The taxable value is based on the cash equivalent value, less any amount paid by the employee.
- The calculation depends on whether the vehicle is owned by the employer or acquired through an operating lease.

**Cash equivalent value**

- If the vehicle is acquired via an operating lease, the cash equivalent value is the employer's actual rental cost plus any fuel cost related to the vehicle.

  **See Annexure 1 for the definition of an operating lease.*

- If the employer owns the vehicle, the cash equivalent value is calculated as follows:
  - 3.5% of the determined vehicle value (if no maintenance plan is included).
  - 3.25% of the determined vehicle value (if a maintenance plan is included).

  **See Annexure 1 for the definition of a maintenance plan.*

**PAYE considerations**

- The cash equivalent value is reduced by any amount the employee contributes towards private use.
- For PAYE purposes, 80% of the fringe benefit value is included in remuneration.
- This percentage may be reduced to 20% if the employer is satisfied that at least 80% of the vehicle usage is for business purposes.

**Special rules**

- If an employee only uses the vehicle for part of a month, the taxable benefit is apportioned based on the number of calendar days used, except when the vehicle is temporarily unused (e.g., when the employee is on holiday).
- The employer typically covers insurance, fuel, and maintenance costs (except for operating leases). These must not be treated as a travel allowance.
- A travel allowance for an employer-provided vehicle is not a true travel allowance and must be taxed as normal remuneration.
- If an employee is provided with multiple vehicles simultaneously, and they are primarily used for business, the private use value is based on the vehicle with the highest private use value.

**Determined vehicle value**

- The determined value of the vehicle is the retail market value, excluding finance charges, as set by the Minister in the *Government Gazettes 38744 & 42961*.
- The retail market value at the time the employer first acquired the vehicle is used.
- If the vehicle was originally subject to a maintenance plan, the value of the maintenance is included in the determined vehicle value.

**Depreciation rules**

- The determined vehicle value remains unchanged unless the vehicle is allocated to a different employee.
- When a new employee is granted use of the vehicle, a 15% depreciation (reducing balance method) is allowed for each completed 12-month period from when the employer first acquired the vehicle.
- If the same vehicle is later reallocated to a previous employee, the depreciation resets to the original allocation date.

**Exemptions (no taxable value)**

- The employer's vehicle is used as a pool car, available for general use, and private use is incidental to business use.

- The employee's job requires frequent travel outside working hours, and private use is restricted to home-to-work travel.

**Tax treatment on assessment**

- The full value (100%) will be taxed on assessment, if the employee keeps a logbook of business travel, they may claim a reduction in the fringe benefit value during personal income tax assessment.

**SARS source codes**

| | |
|---|---|
| 3802 | Taxable value of using a motor vehicle not acquired via an operating lease (the full 100% value must be reported, not just the 80% or 20% included in remuneration). |
| 3816 | Taxable value of using a motor vehicle acquired via an operating lease (the full 100% value must be reported, not just the 80% or 20% included in remuneration). |
| 4582 | the remuneration portion (80% or 20%) of the use of motor vehicle fringe benefit value *4583 is used for foreign employment income. |

***Sources:*** *Paragraphs 2(b) and 7 of the Seventh Schedule and Sections 8(1)(b)(ii) and (iii) of the ITA.*

## Meals, refreshments, and meal/refreshment vouchers

A taxable benefit arises when an employee is provided with a meal, refreshment, or a voucher entitling them to a meal or refreshment, either free of charge or at a cost lower than the employer's actual cost.

**Taxable value**

- The taxable value is the actual cost incurred by the employer to provide the meal and/or refreshments,
- Minus any amount paid by the employee.

**Exemptions (no taxable value)**

- A meal or refreshment does not result in a taxable benefit if:
  - It is provided in a canteen, cafeteria, or dining area operated by (or on behalf of) the employer, mainly for employees at the workplace.
  - It is provided during business hours, extended working hours, or on special occasions.
  - The meal is consumed while entertaining a client or guest whom the employee is required to host on behalf of the employer.

**SARS source code**

| | |
|---|---|
| 3801 | Taxable value of meals, refreshments, or meal/refreshment vouchers. |

***Sources:*** *Paragraphs 2(c) and 8 of the Seventh Schedule to the ITA.*

## Accommodation

- A taxable fringe benefit arises when an employer provides an employee with residential or holiday accommodation at no cost or for a rental amount lower than its determined value.
- The accommodation may be furnished or unfurnished.
- This applies to both permanent residential accommodation and temporary holiday accommodation.

### Taxable value calculation

The taxable value depends on:

- Whether the accommodation is residential or holiday-related.
- Whether the employer owns or rents the accommodation.

### Residential accommodation

If the employer provides an employee with permanent residential accommodation, the taxable value is determined using the following formula:

Formula: (A − B) × (C ÷ 100) × (D ÷ 12)

- **A** = Remuneration proxy *(see Annexure 1).*
- **B** = Abatement value (R99 000 from 1 March 2026).

B = 0 if:

The employer is a private company, and the employee or spouse is a controlling shareholder.

The employee, spouse, or minor child has a right or option to become the property owner.

- **C** = Rental factor based on the type of accommodation:

17% – House, flat, or apartment (at least 4 rooms).

18% – Unfurnished, but power and fuel supplied by the employer.

18% – Furnished, but no power and fuel supplied by the employer.

19% – Furnished, power and fuel supplied by the employer.

- **D** = Number of completed months the employee is entitled to the accommodation in the tax year.

- Additional considerations for residential accommodation:
  - Definition of a room: This includes bedrooms, bathrooms, toilets, living areas, kitchens, and studies. If distinguishable, open-plan sections count as separate rooms.
  - Multiple accommodation units: If an employee has access to multiple residential units, the taxable value is based on the unit with the highest rental value.
  - If an employer provides accommodation but does not own the property, and it was acquired at arm's length from an unconnected party, the taxable benefit is the lower of:

The value calculated using the formula above, OR

The actual cost incurred by the employer.

  - If the employee has an interest in the accommodation, the taxable benefit is calculated using the formula above. An employee has an interest if they own the accommodation or a connected person owns it, benefit from an increase in the property value or have a right to acquire the property from the employer.

### Holiday accommodation

If an employer provides an employee with holiday accommodation, the taxable value depends on whether the employer owns or rents it:

- Employer rents the holiday accommodation:

Taxable value = Actual rental cost plus any additional costs (e.g., meals, refreshments, or other services) minus any amount paid by the employee.

- Employer owns the holiday accommodation:

Taxable value = Market rental value, which is the rate at which the accommodation could generally be rented to the public, minus any amount paid by the employee.

### Exemptions (no taxable value)

- Employer-provided accommodation in South Africa is not taxable if the employee is away from their usual residence in South Africa for work purposes. However, this does not apply if the employee has access to multiple residences in different locations within South Africa that they can use as needed while working.
- Employer-provided accommodation in South Africa is tax-exempt if the employee is away from their usual place of residence outside South Africa for work purposes under the following conditions:
    - The exemption applies for a maximum of two years from the employee's arrival in South Africa, provided they were not present in South Africa for more than 90 days in the tax year preceding their arrival. This exemption is capped at R25 000 per month—any excess is taxable.
    - The exemption also applies if the employee is physically present in South Africa for fewer than 90 days in a given tax year, regardless of their arrival date.

### SARS source code

| | |
|---|---|
| 3805 | Taxable value of free or cheap residential accommodation. |

***Sources:*** *Paragraphs 2(d), 9, and 10A of the Seventh Schedule to the ITA.*

## Free or cheap services

A taxable benefit arises when an employee receives services from their employer at no cost or at a reduced price for private or domestic purposes, without paying the full amount.

### Taxable value

- The taxable value of the benefit is the cost incurred by the employer in providing the service minus any amount paid by the employee.
- For travel benefits provided by employers in the passenger transportation industry (e.g., airlines, buses, cruise lines):
    - If the employee, their spouse, or minor child travels outside South Africa for personal reasons, the taxable value is the lowest full fare cost for that trip, minus any payment made by the employee or their family.

**Exemptions (no taxable value)**

The benefit is not taxable in the following situations:

- Passenger transport industry:
  - If an employer in the passenger transportation industry (e.g., airlines or buses) provides a domestic travel benefit to an employee, their spouse, or minor child.
  - If an overland travel benefit is provided to a destination outside South Africa.
  - If an air or sea travel benefit is provided to an employee on standby.
- Work-related transport services:
  - If an employer provides general transport between employees' homes and the workplace *(see SARS BGR 50 for more details).*
- Communication services:
  - If the employer provides a communication service that is primarily used for business purposes (more than 50% of usage).
- Workplace & recreational services:
  - If the employer provides services at the workplace for employees in general to enhance work performance, as an employee benefit, or for recreational purposes.
- Travel facilities for spouses or minor children:

If an employer provides travel facilities for an employee's spouse or minor child, the benefit is not taxable if:

- The employee is stationed more than 250 km away from their South African residence for the entire term.
- The employee spends more than 183 days per year away from their usual South African residence for business.
- The travel is between the employee's usual South African residence and their stationed work location.

- Long service awards:
  - When a service is granted as part of a qualifying long service award up to R16 000 *(from 1 March 2026)**, provided that the total value of all qualifying long service awards does not exceed R16 000 *from 1 March 2026** (*see Qualifying long service awards section).*

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**SARS source code**

| | |
|---|---|
| 3806 | Taxable value of the benefit. |

***Sources:** Paragraphs 2(e) and 10 of the Seventh Schedule.*

## Low or interest-free debt

A taxable fringe benefit arises when an employer:

- Grants an interest-free loan to an employee, OR
- Grants a loan at an interest rate lower than the official rate of interest, OR
- Facilitates a loan arrangement where the employee benefits from a low or zero interest rate.

**Taxable value**

- The taxable value is the difference between:
  - The interest amount calculated at the official rate of interest, and
  - The interest amount paid by the employee (if any).
- Formula: A x ((B - C) ÷ D)
  - **A** = Loan balance.
  - **B** = Official rate of interest.
  - **C** = Company interest rate (interest rate applied by the employer – if any).
  - **D** = Periods in the tax year.

**Important**

- The official rate of interest may change during the tax year since it is linked to the *Reserve Bank* repo rate.
- *Refer to Annexure 1 for the definition of the official rate of interest.*

**Exemptions (no taxable value)**

A loan does not result in a taxable fringe benefit in the following cases:

- Casual Loans
  - If the total loan balance does not exceed R3 000 at any time (this is a limit at any given time, not an annual limit).
- Study Loans
  - Loans granted to enable the employee to study.
- Loans for Immovable Residential Property

A Loan granted to acquire property used for residential purposes is exempt if all of the following conditions are met:

- The loan amount does not exceed R450 000.
- The employee's remuneration proxy is R250 000 or less *(see Annexure 1).*
- The market value of the property at the time of acquisition is R450 000 or less.
- The employee is not a connected person in relation to the employer *(see SARS IN 67).*

**SARS source codes**

| | |
|---|---|
| 3801 | Taxable value of the benefit. |
| 3834 | Non-taxable benefit in respect of a loan to purchase immovable residential property. |

***Sources:*** *Paragraph 2(f) 11 of the Seventh Schedule.*

## Employer medical scheme contributions

A taxable fringe benefit arises when an employer pays medical aid contributions on behalf of an employee to a medical scheme registered under the Medical Schemes Act or a similar registered foreign medical scheme.

**Taxable value**

- The taxable value of the fringe benefit is equal to the employer's monthly medical aid contribution.
- This taxable benefit is considered a 'deemed employee contribution' for tax purposes.

**Exemptions (no taxable value)**

A medical aid contribution made by an employer does not result in a taxable fringe benefit under the following conditions:

- The employee has retired due to age, ill-health, or infirmity.
- The contributions are for dependents of a deceased employee who was still employed at the time of death.
- The contributions are made for dependents of a former employee who had retired due to age, ill-health, or infirmity after the employee's death.

**SARS source codes**

**4474** Employer-paid medical aid contributions for employees who are not retired.

**3810** Fringe benefit value of the employer-paid medical aid contribution (this is equal to the amount reported under 4474).

**4005** Total medical aid contributions deemed to be paid by the employee (includes both the employee's own contributions and the taxable fringe benefit value).

**4493** Employer-paid medical aid contributions in cases where no taxable fringe benefit applies (i.e., retired employees or dependents of deceased employees).

***Sources**: Paragraph 2(i) and 12A of the Seventh Schedule.*

## Medical services costs incurred by the employer

A taxable fringe benefit arises when an employer pays for medical costs on behalf of an employee, their spouse, child, other relative, or dependent.

This includes expenses for:

- Medical, dental, or similar services

- Hospital services
- Nursing services
- Prescribed medicine

**Taxable value**

- The taxable value of the fringe benefit is equal to the actual amount paid by the employer.

**Exemptions (no taxable value)**

An employer-paid medical benefit does not result in a taxable fringe benefit if it falls into one of the following categories:

- Medical treatments listed by the Minister of Health as prescribed minimum benefits under a medical scheme where:
  - The scheme is run by the employer as a business, OR
  - If not run as a business, the employee must not be a beneficiary of another medical scheme (if they are, the employer must recover the total cost from the medical scheme).
- Medical costs incurred to comply with South African law.
- Medical costs for specific individuals:
  - The employee has retired due to age (superannuation), ill-health, or infirmity.
  - The dependents of a deceased employee, provided the employee was still in employment at the time of death.
  - The dependents of a retired employee, where the employee had retired due to age (superannuation), ill-health, or infirmity.
  - The employee is 65 years or older on the last day of the tax year.
- Medical services offered to all employees at the workplace, to enhance work performance.

**SARS source codes**

| | |
|---|---|
| 4024 | Medical services costs deemed to be paid by the employee in respect of themselves, their spouse or child. |
| 3813 | Fringe benefit value for medical services costs incurred by the employer on behalf of the employee (equal to 4024). |

***Sources:*** *Paragraphs 2(g) and 12B of the Seventh Schedule.*

## Employer insurance policy contributions

A taxable fringe benefit arises when an employer pays insurance premiums directly or indirectly on behalf of an employee, their spouse, child, dependent, or nominee.

**Key consideration:**

- This applies to all insurance policies, except those related to events occurring solely in the course of employment.
- This can include unapproved components of a retirement fund.

**Taxable value**

- The taxable value is the actual amount paid by the employer for the insurance premium.
- If the premium is a single lump sum covering multiple employees, the taxable value per employee is calculated as:
    - Total lump sum paid by the employer ÷ number of employees covered.

**SARS source code**

| | |
|---|---|
| 3801 | Taxable value of employer-paid insurance policy contributions. |

***Source:*** *Paragraph 12C of the Seventh Schedule.*

## Employer retirement fund contributions

- A taxable fringe benefit arises when an employer contributes to a retirement fund on behalf of an employee in accordance with the fund's rules.
- Type of retirement funds: Pension funds, provident funds and retirement annuity funds.

**Taxable value**

The taxable value of the fringe benefit depends on the type of retirement fund. There are three types:

1. **Defined contribution (DC) fund**
   The taxable value is equal to the employer contribution.

2. **Defined benefit (DB) fund**
   The taxable value is calculated using the following formula: = (A × B) − C
    - **A** = Category Factor *(determined by the retirement fund administrator).*
    - **B** = Retirement Funding Income (RFI) *(see Annexure 1).*
    - **C** = Actual employee contribution *(excluding arrears and voluntary payments).*

3. **Hybrid fund**
   The taxable benefit is calculated using the same formula as a defined benefit fund.

**Important:**

- The fund administrator determines the type of fund and category factor.
- A contribution certificate must be issued by the fund for defined benefit or hybrid funds.
- A new certificate should be issued if the fund rules change or the category factor is adjusted.

**Exemptions (no taxable value)**

A retirement fund contribution does not result in a taxable fringe benefit if the employer contributes towards the fund on behalf of:

- An employee who has retired from the fund.
- A dependent or nominee of a deceased member of the fund.

**SARS source codes**

| | |
|---|---|
| 4472 | Pension fund contribution paid by the employer (employer contribution code). |
| 4473 | Provident fund contribution paid by the employer (employer contribution code). |
| 4475 | Retirement annuity fund contribution paid by the employer (employer contribution code). |
| 3817 | Fringe benefit on the employer pension fund contribution (fringe benefit values on employer contributions). |
| 3825 | Fringe benefit on the employer provident fund contribution (fringe benefit values on employer contributions). |
| 3828 | Fringe benefit on the employer retirement annuity fund contribution (fringe benefit values on employer contributions). |
| 4585 | Pension fund contribution paid by the employer on behalf of a retired employee . |
| 4586 | Provident fund contribution paid by the employer on behalf of a retired employee. |
| 4001 | Total employee and deemed employee contributions (fringe benefit value) towards a pension fund. |
| 4003 | Total employee and deemed employee contributions (fringe benefit value) towards a provident fund. |

4006 Total employee and deemed employee contributions (fringe benefit value) towards a retirement annuity fund.

***Sources**: Paragraphs 2(l), 2(h) and 12D of the Seventh Schedule.*

## Employer contributions to bargaining councils

- A taxable fringe benefit arises when an employer contributes to a scheme or fund administered by a bargaining council for the benefit of an employee.
- Important: This does not apply to retirement fund contributions.

**Taxable value**

- The taxable value is equal to the employer's contribution.
- If the contribution is paid as a lump sum for multiple employees, the taxable value per employee is calculated as:
    - Total lump sum paid by the employer ÷ number of employees covered.

**SARS source codes**

3833 Taxable fringe benefit value of bargaining council contributions.

4584 Employer's bargaining council contribution.

***Sources:** Paragraph 2(m) and 12E of the Seventh Schedule.*

## Release from debt/employer payment of debt

- A taxable fringe benefit arises when an employer:
    - Pays off an employee's debt to a third party without expecting repayment.
    - Releases (forgives) the employee from a debt owed to the employer.
    - Provides a subsidy for the employee's interest or capital repayments on a debt.
- If an employee's debt to the employer prescribes, it is deemed to be forgiven unless the employer can prove that it was not intended as a benefit.

**Taxable value**

- The taxable value is equal to:
    - The amount paid by the employer to the third party OR
    - The amount of debt forgiven by the employer,
    - Minus any amount paid by the employee toward the debt.

**Exemptions (no taxable value)**

A taxable benefit does not arise in the following cases:

- Professional body membership
    - If the employer pays professional membership fees on behalf of the employee, provided that membership is a condition of employment.
- Indemnity insurance premiums
    - If the employer covers insurance premiums that solely indemnify the employee against legal claims related to negligent acts or omissions while performing services for the employer.
- Study loans/financial assistance from a former employer
    - If an employee has an outstanding study loan or financial assistance debt with a previous employer, and:
    - The new employer pays the outstanding amount, AND
    - The employee agrees to work for the new employer for at least the remaining obligation period,
    - Then, the payment is not considered a taxable benefit.

**SARS source code**




Taxable value of employer-paid debt or release from debt fringe benefit.

***Sources:*** *Paragraphs 2(g), 2(h), 12, and 13 of the Seventh Schedule.*

## Benefits granted to relatives of employees and others

A taxable fringe benefit arises when an employer provides a benefit directly or indirectly to:

- A relative of the employee, OR
- Any other person due to an agreement, transaction, or arrangement linked to the employee's employment.

**Tax treatment**

- If the benefit would have been taxable, had it been granted directly to the employee, it is treated as if the employee received it.
- The benefit is included in the employee's remuneration and subject to PAYE.
- The nature of the benefit determines:
    - How the taxable value is calculated (cash equivalent value), and
    - How it is reported for tax purposes.

**SARS source codes**

The applicable source code depends on the type of benefit granted and follows the same reporting rules as if the benefit had been provided directly to the employee.

***Source:*** *Paragraph 16 of the Seventh Schedule.*

# What Values are Not Subject to PAYE (Exempt Values)?

Certain types of employment income are exempt from income tax under Section 10 of the Income Tax Act (ITA). These amounts are not included in remuneration but must be reported on the employee's tax certificate.

## Uniform allowance/employer-provided uniform

**Exemption conditions**

- A uniform allowance or an employer-provided uniform is exempt from tax if:
  - The employee is required to wear the uniform while on duty, and
  - The uniform is clearly distinguishable from ordinary clothing (e.g., a police or nurse uniform).

**Tax treatment & SARS source codes**

**3714** Exempt: If the uniform meets the exemption criteria, it is not taxable and must be reported under SARS source code 3714.

**3713** Non-exempt allowance: If the uniform allowance does not qualify for exemption, it is taxable and must be reported under SARS source code 3713.

**3801** Non-exempt employer-provided uniform: If the employer provides the uniform but it does not qualify for exemption, it is treated as a taxable fringe benefit and reported under SARS source code 3801.

***Source:*** *Section 10(1)(nA) of the ITA.*

## Relocation cost/transfer cost

A permanent relocation benefit refers to any expenses paid or reimbursed by an employer when an employee permanently moves to a new location due to employment circumstances. This may occur when:

- The employee is transferred from one place of employment to another,
- The employee is appointed to a new job in a different location, or
- The employee relocates following termination of employment.

**Important note**

- Certain relocation expenses are considered private in nature, and a taxable benefit may arise depending on the type of expense.
- Only specific costs qualify for exemption, while others are fully taxable.

**Exempt relocation costs**

The following relocation expenses paid or reimbursed by the employer are exempt from tax:

- Transport costs
  - Moving the employee, their household members, and personal belongings to the new location.
- Temporary accommodation
  - Renting temporary accommodation (e.g., hotel or other housing) for the employee or their household members for up to 183 days after the relocation.
- Costs related to selling the previous residence & moving into the new residence
  - Mortgage bond registration and legal fees.
  - Transfer duty.
  - Cancellation of a mortgage bond.
  - Estate agent commission for selling the previous residence.
  - New school uniforms for children.
  - Motor vehicle registration fees.
  - Connection fees for telephone, water, and electricity.

**Taxable relocation costs**

- If the employer pays for the following expenses, these amounts are subject to PAYE:
  - Any shortfall or financial loss incurred on the sale of a previous residence that is reimbursed by the employer.
  - Architect's fees paid by the employer for the design of a new private residence.

**SARS source codes**

| | |
|---|---|
| 3714 | Exempt relocation or transfer expenses. |
| 3713 | Taxable relocation or transfer expenses. |

***Source**: Section 10(1)(nB) of the Income Tax Act.*

## Bursaries and scholarships

- A bona fide bursary or scholarship is exempt from tax if:
  - It is awarded to assist or enable a person to study.
  - The person must study at a recognised educational or research institution.
  - Additional exemption requirements apply if granted to an employee or their family member.
- For a full list of costs covered under a scholarship or bursary (e.g., tuition fees, registration, books), *refer to SARS IN 66.*

## Bursaries & scholarships to non-employees

- A bursary or scholarship awarded purely on merit (academic or otherwise) to any individual—not limited to employees or their relatives, is fully exempt from tax if it meets the standard criteria above.

***Source:*** *Section 10(1)(q) of the Income Tax Act.*

## Bursaries & scholarships to employees

- A bursary or scholarship awarded by an employer (or associated institution) to an employee is tax-exempt if:
    - It meets the general scholarship exemption criteria above.
    - The employee agrees to repay the employer if they do not complete their studies (except in cases of death, ill health, or injury).

**Important notes:**

- If an employer reimburses an employee for studies they have already completed or provides a study reward, it is taxable and not a bona fide bursary.
- If a new employer settles an employee's outstanding study loan (from a previous employer) and the employee agrees to remain employed for a certain period, this is not taxable *(see Release from debt fringe benefit section)*.
- If a bursary includes repayment conditions, it remains a bona fide bursary until the employee fails to meet those conditions.
    - If not repaid immediately, it becomes a low or interest-free debt subject to fringe benefit tax rules.
    - If the employer cancels the debt, it becomes taxable as a release from debt fringe benefit.

***Sources:*** *Section 10(1)(q) of the ITA and Paragraphs 2(h) & 2(f) of the Seventh Schedule.*

## Bursaries & scholarships for employees' family members

The tax exemption applies if the bursary is granted by the employer or an associated institution.

**Relatives without disabilities**

A bursary or scholarship awarded to an employee's relative without a disability is exempt from tax if:

- It is a bona fide scholarship or bursary.
- It is granted to assist a person in studying.
- The person studies at a recognised educational or research institution.
- The bursary is not part of a salary sacrifice arrangement.
- The employee's remuneration proxy does not exceed R900 000 *(from 1 March 2026)*.*
- The bursary does not exceed:
    - R30 000 *(from 1 March 2026)** per relative per tax year for basic education (Grades R-12 / NQF Level 1-4).
    - R90 000 *(from 1 March 2026)** per relative per tax year for higher education (NQF Level 5-10).
    - If the bursary exceeds the above limits, only the excess is taxable.

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**SARS Source Codes**

**3809** Taxable bursary/scholarship (basic education).

**3820** Taxable bursary/scholarship (higher education).

**3815** Exempt bursary/scholarship (basic education).

**3821** Exempt bursary/scholarship (higher education).

***Source**: Section 10(1)(q) of the ITA and Paragraph 2(h) of the Seventh Schedule.*

**Family members with disabilities**

A bursary or scholarship awarded to an employee's family member with a disability, whom the employee is financially responsible for, is tax-exempt if:

- It meets the same criteria above, except for the exemption limits.
- The bursary does not exceed:
  - R45 000 *(from 1 March 2026)** per family member per tax year for basic education.
  - R130 000 *(from 1 March 2026)** per family member per tax year for higher education.
  - If the bursary exceeds the above limits, only the excess is taxable.

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**SARS Source Codes**

**3829** Taxable bursary/scholarship (basic education).

**3831** Taxable bursary/scholarship (higher education).

3830 Exempt bursary/scholarship (basic education).

3832 Exempt bursary/scholarship (higher education).

***Source:*** *Section 10(1)(qA) of the ITA and Paragraph 2(h) of the Seventh Schedule.*

**Additional references**

- For more details, *refer to the Annexure 1 for:*
  - Definition of "Relative".
  - Definition of "Disability".
  - Definition of "Remuneration Proxy".
  - Definition of “Associated Institution”.

## Lump sum for occupational death

A lump sum paid due to the death of an employee from a work-related incident is exempt from income tax if all of the following conditions are met:

- The payment is over and above any compensation received under the Occupational Injuries and Diseases Compensation Act.
- The lump sum does not exceed R800 000 *(from 1 March 2026)**.
- The payment is made by the deceased employee’s employer.

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**Tax directive requirement**

- The employer must apply for an IRP3(a) tax directive, regardless of whether the lump sum exceeds R800 000.

**SARS source codes**

3922 Lump sum payment for occupational death.

4115 Tax according to the tax directive (if applicable).

***Source:*** *Section 10(1)(gB)(iii) of the ITA.*

## Foreign employment services income

- A tax resident employee who works outside South Africa on behalf of an employer may qualify for a tax exemption on specific remuneration, up to R1.25 million per tax year, if both of the following conditions are met:
    - The employee works outside South Africa for more than 183 full days in any 12-month period.
    - Within that period, the employee is continuously outside South Africa for more than 60 full days.
- Important: This exemption is subject to exclusions. *Refer to SARS IN 16 and SARS Frequently Asked Questions: Employment Income Exemption for additional details.*

**SARS source codes**

- Foreign services income is reported using the normal source code + 50.
    - Example: If the normal source code is 3601, the foreign services income code will be 3651.
- Employers may not use SARS source code 3652 for any remuneration item that qualifies for the exemption under section 10(1)(o)(ii).

**Exempt foreign employment income code**

| | |
|---|---|
| 4587 | Total exempt foreign employment services income (capped at R1.25 million per tax year) This amount must only include values from the following source codes: 3651, 3655, 3656, 3657, 3672, 3751 (full amount), 3763, 3767, 3768, 3772, 3851, 3852 (full amount), 3855, 3856, 3858, 3859, 3860, 3863, 3866 (full amount), 3867, 3870, 3875, 3878, 3879, 3881, 3883, 3885. |

***Source:*** *Section 10(1)(o)(ii) of the ITA.*

## Insurance policy proceeds

The tax treatment of insurance policy payouts is complex and depends on various factors, including the policyholder, beneficiary, and purpose of the policy. This section provides a high-level overview of the payroll tax implications only and does not cover broader income tax considerations or detailed policy structuring.

Insurance policy payouts may be exempt from tax depending on various factors, such as the policyholder, the beneficiary, and the purpose of the policy.

For payroll purposes, a distinction is made between:

- Key-person policies – Employer is both policyholder and beneficiary.
- Beneficiary policies – Employer or a person other than the employer is the policyholder, but employees or their beneficiaries receive proceeds.

**Key-person policies**

- Purpose: Provides financial protection to the employer if a key employee or director dies, becomes disabled, or falls ill.
- Policyholder & Beneficiary: Employer.
- Payroll Impact: No payroll impact, as proceeds are not paid to the employee or their dependents/nominees.

**Beneficiary policies (employer owned or owned by a person other than an employer)**

- Purpose: Provides financial protection to the employee or their beneficiaries in the event of death, disablement, or illness.
- Policyholder: Employer or a person other than the employer.
- Beneficiary: Employee or their dependents/nominees.
- Section 10(1)gG) policies tax treatment: If insurance premiums were included in the employee's remuneration and taxed as a fringe benefit *(see Employer insurance policy contributions),* then the insurance policy proceeds are exempt from tax under Section 10(1)(gG).
- Section 10(1)(gI) policies tax treatment: Proceeds from an insurance policy that pays out due to death, disablement, illness or unemployment are tax-exempt under Section 10(1)(gI).
- Exception: This does not apply to lump sum from a pension, pension preservation, provident, provident preservation, or retirement annuity funds.

**Lump sum payments & tax directives**

- If a lump sum is payable under Section 10(1)(gG) or 10(1)(gI), the employer must apply for a tax directive from SARS.

**SARS source codes**

| | |
|---|---|
| 3907 | Taxable lump sum payment where the insurance policy is not exempt. |
| 3908 | Exempt insurance policy proceeds under Section 10(1)(gG) & income protection insurance policy lump sums under Section 10(1)(gI). |
| 3602 | Exempt insurance policy proceeds paid regularly (excluding lump sums) from a loss of income policy under Section 10(1)(gG) or 10(1)(gI). |
| 4102 | Tax according to the tax directive (if applicable). |

***Sources**: Sections 10(1)(gG) and 10(1)(gI) of the Income Tax Act.*

# What Values Are Allowed as Tax Deductions?

Certain contributions are allowed as tax deductions from remuneration when calculating balance of remuneration, subject to limits. These include:

- Retirement fund contributions.
- Employee donations (subject to Section 18A conditions).
- Employee refunds of previously taxed amounts (effective from March 2025).

## Retirement fund contributions

- Employee contributions to pension, provident, and retirement annuity funds qualify as a tax deduction.
- The total employee contribution includes:
  - The employee's actual contribution.
  - Any deemed employee contributions (the fringe benefit value of employer retirement fund contributions).
- Deduction limits apply to total contributions across all funds.

**Deduction limit**

- The total annual deduction for all retirement fund contributions (including buy-back and voluntary contributions) is limited to the lesser of:
  - 27.5% of remuneration (excluding severance benefits and retirement fund lump sums).
  - R430 000 per annum *(from 1 March 2026)** - pro-rated based on the periods employed in the tax year).
- Important Notes:
  - The above limit applies to total contributions across all retirement funds (not separately to each fund).
  - The Fourth Schedule defines remuneration used to calculate the deduction limit as taxable earnings + taxable fringe benefits, excluding severance benefits and retirement fund lump sums.

***Note:** Although formal enactment is pending, SARS has confirmed the Draft Rates Bill amendments apply to payroll effective 1 March 2026.*

**Private retirement annuities**

- If an employee contributes privately to a retirement annuity fund, the employer may process the tax deduction through payroll if:
  - The employee submits proof of contribution from the retirement fund.
- If the employer does not process the deduction through payroll, the tax benefit will be applied during the employee's personal tax assessment.
- Important Considerations
  - The employee must provide proof of payment to receive the tax benefit through payroll.
  - If they continue contributing, the employee must submit proof again for the new tax year.

**SARS source codes**

| | |
|---|---|
| 4001 | Total employee and deemed employee contributions (fringe benefit value) towards a pension fund, even if exceeding the deduction limit. |
| 4003 | Total employee and deemed employee contributions (fringe benefit value) towards a provident fund, even if exceeding the deduction limit. |

| | |
|---|---|
| 4006 | Total employee and deemed employee contributions (fringe benefit value) towards a retirement annuity fund, even if exceeding the deduction limit. |

***Sources:*** *Paragraph 2(4) of the Fourth Schedule and Section 11F of the ITA.*

## Employee donations/payroll giving

Employees may receive a tax deduction for donations made via payroll if the employer:

- Deducts the donation from the employee's cash remuneration and pays it directly to an approved Section 18A organisation.
- Receives an S18A(2)(a) tax receipt for the donation.

**Deduction limit**

- The tax deduction for payroll donations is limited to 5% of the balance of remuneration, calculated as follows:
  - Taxable earnings + taxable fringe benefits = remuneration.
  - Remuneration – retirement fund contributions = balance of remuneration.
  - Balance of remuneration × 5% = maximum allowable donation tax deduction.

**SARS source code**

| | |
|---|---|
| 4030 | Total employee donations (even exceeding the allowable tax deduction limit). |

***Sources:*** *Paragraph 2(4) of the Fourth Schedule and Section 18A(2)(a) of the ITA.*

## Employee refunds of previously taxed amounts (Section 11(nA))

Effective 1 March 2025, when an employee refunds an amount to an employer that was previously taxed as remuneration, the employer may deduct the refund from the employee's remuneration before calculating PAYE.

This applies only where the amount **previously accrued** to the employee (i.e. the employee was entitled to it). Where an amount did not accrue (for example, payroll overpayments, incorrect employee payments or misclassifications), the adjustment constitutes a payroll correction and not a section 11(nA) deduction.

**Key considerations**

- The deduction is allowed when the amount is actually repaid to the employer, either by direct repayment (outside payroll) or by net pay reduction by agreement (recoupment through payroll). Where repayment is made in instalments, the deduction is applied as each instalment is repaid.
- If the refund exceeds the employee's remuneration for the month, the excess can be carried forward to the next month, provided it remains within the same tax year.

- If the full amount cannot be offset within the tax year, the employee must claim the remaining deduction upon assessment.
- This tax deduction applies to voluntary awards for services rendered or to be rendered, or any amount received by virtue of any employment or holding of any office (e.g., clawback of commission, retention bonuses).
- Bursary repayments do not qualify where the original bursary was exempt and not included in taxable income. Refunds processed after termination cannot be applied through payroll where no remuneration exists in that payroll period.

**SARS source codes**

| | |
|---|---|
| 4042 | Section 11(nA) refund amount allowed as a tax deduction. |
| 4588 | Total amount refunded to the employer (even if it exceeds the amount allowed as a tax deduction under code 4042. This replaces the previous requirement for the employee to submit a repayment confirmation letter when claiming a tax deduction in their personal income tax return. |

***Sources:*** *Paragraph 2(4)(g) of the Fourth Schedule and section 11(nA) of the ITA.*

# Tax Rates

## Employees in standard employment

- Employees in standard employment are taxed by applying the progressive annual tax rates as per the statutory tax tables to their annualised balance of remuneration.
- The tax table and thresholds are usually adjusted each tax year, *refer to the Key Payroll Values & Limits section for the latest statutory tax tables and thresholds.*
- **SARS source code**

| | |
|---|---|
| 4102 | PAYE calculated according to the progressive tables for employees in standard employment. |

***Sources:*** *Paragraphs 1 and 9 of the Fourth Schedule.*

## Employees in non-standard employment

- Non-standard employment refers to employees who:
  - Work less than 22 hours per week for an employer, and
  - Have another source of employment income.
- Employees in non-standard employment are taxed at a fixed rate of 25%.
- This fixed percentage is applied to the employee's balance of remuneration.
- Examples of non-standard employees:

- Casual commissions (e.g., "spotters' fees").
- Casual payments for irregular or occasional services.
- Fees paid to part-time lecturers.
- Honoraria paid to office bearers of organisations and clubs.

- **SARS source code**

| | |
|---|---|
| **4102** | PAYE calculated according the fixed rate of 25% for employees in non-standard employment. |

***Source:*** *SARS Guide for Employers iro Employees' Tax.*

## Personal service providers (PSP)

- Personal service provider companies are taxed at a fixed rate of 27%.
- Personal service provider trusts are taxed at a fixed rate of 45%.
- *For detailed PSP criteria, refer to Annexure 1.*
- **SARS source code**

| | |
|---|---|
| **4102** | PAYE calculated according the fixed PSP rates. |

***Source:*** *SARS Guide for Employers iro Employees' Tax.*

## Tax directives

- A tax directive is an instruction issued by SARS to an employer on how to withhold employees' tax (PAYE) for a specific employee.
- A directive may instruct the employer to:
  - Refrain from withholding PAYE.
  - Withhold PAYE at a fixed rate.
  - Withhold PAYE at a fixed amount (e.g., for commission earners).
- To request a directive, employers must submit an IRP3(b) or IRP3(c) application to SARS.

**Applying a fixed rate directive**

- If SARS issues a fixed rate tax directive, the fixed rate must be applied to the employee's remuneration before allowing any tax deductions.
- The directive already accounts for possible expense claims and deductions that an individual may claim on personal income tax assessment.

**Important considerations**

- Directives are valid only for the tax year in which they are issued.
- Employers must not act on photocopies of directives.
- Tax directives issued electronically via the SARS Interface are valid.
- Employers must never deviate from the instructions in a directive.

- A directive applies only to the specific employer that requested it. If the employee joins another employer, a new directive must be applied.
- This section does not apply to lump sum tax directives.

**SARS source code**

| | |
|---|---|
| 4102 | PAYE calculated according to the tax directive. |

***Sources:*** *Paragraphs 10 & 11 of the Fourth Schedule.*

## Annuities fixed rate (Paragraph 2(2B))

- When taxpayers receive remuneration from multiple sources, including annuity income, SARS may issue a fixed PAYE withholding rate to the retirement fund or insurer.
- This fixed rate, based on the latest available taxpayer data from SARS, is known as the Paragraph 2(2B) fixed rate.

**Important considerations**

- The fixed rate applies only to specific annuity income, reported against SARS source codes:
  - 3603 – Pension or retirement annuities.
  - 3610 – Income protection policies.
  - 3611 – Living annuities.
  - 3618 – Purchased annuities.
- Unless the taxpayer's circumstances change, the fixed rate remains valid for the tax year.
- Opt-out option: The taxpayer may opt out of the fixed rate and instead request that progressive tax tables be applied.

**SARS source code**

| | |
|---|---|
| 4102 | PAYE calculated according to the annuities fixed rate. |

***Source:*** *Paragraph 2(2B) of the Fourth Schedule.*

# Tax Rebates and Credits Available to Employees

## Tax rebates

- Tax rebates are deductions from an individual's annual PAYE liability, reducing the final PAYE payable.
- This only applies to natural persons.
- The rebate is applied after PAYE is calculated using the annual progressive tax tables.
- Rebates do not apply to tax payable on:

    - Retirement fund lump sum benefits (including severance benefits).
    - Retirement fund lump sum withdrawal benefits.
- Types of Tax Rebates:
    - Primary rebate – Available to all individuals.
    - Secondary rebate – Available to individuals 65 years or older on the last day of the tax year.
    - Tertiary rebate – Available to individuals 75 years or older on the last day of the tax year.
- The tax rebate values are usually adjusted each tax year, *refer to the Key Payroll Values & Limits section for the latest tax rebate values.*

***Source:*** *Section 6 of the ITA and paragraph 9 of the Fourth Schedule.*

## Medical tax credits

- A medical tax credit is a rebate that is deductible from PAYE, payable by an individual (natural person only).
- It is applied after the primary, secondary, and tertiary tax rebates.
- Medical tax credits are non-refundable and cannot exceed the amount of PAYE to be withheld.

### Medical scheme fees tax credits

- Employees are entitled to a medical scheme fees tax credit for each month they contribute to a registered medical scheme under the Medical Schemes Act (or an equivalent foreign medical scheme).
- If the employer contributes to the medical scheme and the contribution is a taxable fringe benefit, it is deemed an employee contribution, and the tax credit applies.
- The tax credit is based on the total number of beneficiaries covered by the medical scheme per month.
- The medical scheme tax credits are usually amended each tax year, *refer to the Key Payroll Values & Limits section for the latest monthly medical scheme fees tax credit values.*

**Private medical aid**

- If an employee privately contributes to a medical scheme, the employer may choose to process the medical scheme fees tax credit through payroll, provided:
    - The employee submits proof of payment.
    - If processed through payroll, the contributions must be reported using SARS source code 4005 (even if the employer does not pay them).
    - If not processed on payroll, the tax credit will be considered during the employee's personal income tax assessment.

**SARS source code**

| | |
|---|---|
| 4116 | Medical scheme fees tax credit applied by the employer for PAYE purposes. |

***Sources:*** *Paragraph 9(6) of the Fourth Schedule and Section 6A of the ITA.*

### Additional medical expenses tax credit

- Employees aged 65 or older on the last day of the tax year qualify for an additional medical expenses tax credit through the payroll.
- This credit is applied in addition to the standard medical scheme fees tax credit.
- Credit calculation formula: ((A – (3 x B)) x 33.3%)

**A** = Total medical aid contributions.

**B** = Total medical scheme fees tax credit.

**SARS source code**

| | |
|---|---|
| 4120 | Additional medical expenses tax credit applied by the employer for PAYE purposes. |

***Sources:*** *Paragraph 9(6) of the Fourth Schedule and Section 6B(3)(a)(i)(ii) of the ITA.*

# Employer's PAYE Administration Responsibilities

## Administration

**Registration as an employer**

- Employers must register for employees' tax with SARS within 21 business days of becoming an employer, unless none of their employees are liable for normal tax.

***Sources:*** *Chapter 3 of the Tax Administration Act and Paragraph 15(1) of the Fourth Schedule.*

**Employer's tax year-end flexibility**

- An employer's tax year may end on a date up to 14 days before or after the last day of February, provided the employer pays employees at a frequency other than monthly.

***Source:*** *Paragraph 13(1A) of the Fourth Schedule.*

**No refund of PAYE by employers**

- Employers may not refund employees for over-deducted PAYE during the tax year.
- Refunds can only be processed through the individual's personal income tax assessment.

***Source:*** *Paragraph 29 of the Fourth Schedule.*

**Withholding additional PAYE**

- An employer may, at the written request of an employee, withhold additional PAYE from remuneration.

***Source:*** *Paragraph 2(2) of the Fourth Schedule.*

### Reporting requirements

**Monthly PAYE declaration (EMP201)**

- The employer must declare and pay the total PAYE via the EMP201 declaration to SARS using *eFiling or e@syFile™ Employer.*
- The declaration and payment deadline is the 7th of the following month.
- If the 7th falls on a weekend or public holiday, payment must be made before or on the last business day before the weekend or public holiday.

**Interim and annual PAYE reconciliation (EMP501)**

- Employers must reconcile their IRP5/IT3(a) tax certificates, EMP201/EMP501 statements, and actual payments made to SARS twice a year using the SARS *e@syFile™ Employer software.* The SARS PAYE BRS outlines the requirements for generating the tax file to be submitted.
- SARS will recalculate values based on the data provided on the IRP5/IT3(a) certificates. If discrepancies are found between the tax deducted and the recalculated amounts, SARS will issue a letter with a file listing the certificates that have failed the Employment Taxes Validation (ETV).
- The employer must issue tax certificates (IRP5/IT3(a)) to employees:
  - Within 60 days after the end of the tax year.
  - Within 14 days, if the employer ceases trading or if an employee's employment ends.

# What is UIF?

The Unemployment Insurance Fund (UIF) provides short-term financial relief to contributing employees when they:

- Become unemployed under certain circumstances.
- Are unable to work due to illness, maternity leave, adoption leave, commissioning parental leave, or parental leave.

Two separate acts govern the UIF

- Unemployment Insurance Act (UIA)
  - Regulates UIF benefits payable to employees.
  - Outlines employer reporting requirements to the Fund.
  - Administered by the Minister of Employment and Labour.
- Unemployment Insurance Contributions Act (UICA)
  - Regulates UIF contributions by employers and employees.
  - Administered by the South African Revenue Service (SARS).

## Who must contribute to UIF?

Every employee and employer, as defined in the UICA, must contribute towards UIF.

### Who qualifies as an employee?

- An employee is any natural person who receives or accrues remuneration for services rendered or to be rendered.
- Exclusions – the following individuals do not contribute to UIF:
    - Independent contractors.
    - Employees who work less than 24 hours per month.
    - Employees (and their employers) in the national and provincial spheres of government.
    - The following public office bearers: The President and Deputy President, Ministers and Deputy Ministers, Members of the National Assembly, Permanent delegates to the National Council of Provinces, Premiers and Members of an Executive Council (MECs), Members of a provincial legislature, Members of a municipal council and Traditional leaders and members of the Council of Traditional Leaders.

### Who qualifies as an employer?

- An employer is an employer for PAYE purposes (per paragraph 1 of the Fourth Schedule).
- This definition includes a representative employer.

***Source:*** *Sections 1 and 4 of the UICA*

# How is UIF calculated?

## Understanding the UIF contribution base

UIF contributions are determined based on an employee's monthly PAYE remuneration, as defined in the Fourth Schedule. However, not all earnings are subject to UIF. The UIF contribution base is capped at R17 712 per month, meaning any UIF remuneration exceeding this amount is disregarded, and contributions are not calculated on the excess remuneration.

**What earnings are excluded?**

- Pensions, superannuation allowances, and retiring allowances.
- Annuities, including living annuities and those defined under section 10A(1) of the Income Tax Act.
- Restraint of trade payments.
- Termination or severance payments (excluding retirement lump sums), including insurance or risk policy payouts.
- Lump sums received from retirement funds.
- Commission-based earnings.
- Savings withdrawal benefit.

***Source:*** *Section 1 of the UICA.*

## How much must be paid?

- Both the employer and the employee contribute 1% of UIF remuneration, up to the maximum threshold of R17 712 per month.

- Maximum Monthly UIF Contributions:
  - Employee Contribution: 1% of R17 712 = R177.12.
  - Employer Contribution: 1% of R17 712 = R177.12.
  - Total Contribution: R354.24 per month.
- Contributions are shared equally between the employer and the employee.
- The UIF threshold ensures no contributions exceed the capped amount.
- If employees earn above R17 712, their UIF deduction remains fixed at R177.12.

**SARS source code**




The employee and employer contribution must be reported using code 4142.

***Sources:*** *Sections 5, 6 and 7 of the UICA.*

# Employer's UIF administration responsibilities

## Where must an employer register for UIF

**Register with SARS for UIF contributions**

- Employers must register with SARS if they:
  - Are required to pay PAYE.
  - Are required to pay SDL.
  - Have voluntarily registered with SARS as an employer.
- These employers must pay UIF contributions to SARS.

**Register with the UI Commissioner for UIF contributions**

- Employers must register directly with the UI Commissioner (not SARS) if they:
  - Are not required to register with SARS for employees' tax (PAYE) under the Fourth Schedule.
  - Have not voluntarily registered with SARS as an employer.
  - Are not liable for Skills Development Levy (SDL).
- These employers must pay UIF contributions directly to the UI Commissioner.

**UIF Registration for declaration purposes**

- All employers, including those registered with SARS, must still register with the UI Commissioner for UIF declaration purposes.

***Source:*** *Section 10 of the UICA.*

## Payment of UIF contributions

- Employers registered with SARS must pay UIF contributions along with PAYE and SDL via the EMP201 declaration using *eFiling* or *e@syFile™ Employer.*
- Payments must be made on or before the 7th day of the following month.

- If the 7th falls on a weekend or public holiday, payment must be made on the last business day before the weekend or holiday.
- Employers not registered with SARS must use *uFiling* to pay directly to the Department of Employment and Labour (DoEL) within the same deadline.

***Source:*** *Sections 8 and 9 of the UICA.*

### Submission of UIF declarations

- Employers must submit a UIF declaration file to the Department of Employment and Labour.
- The declaration must contain a list of employees with their UIF information for the month.
- The file must be emailed to *declaration@labour.gov.za* or *declarations@labour.gov.za*.
- The submission deadline is the same as the UIF payment deadline.

**Alternative UIF Submission methods**

- Employers can also submit UIF declarations within the same deadlines via:
- *Ufiling* bulk upload, or
- Manual data entry on *uFiling*.

***Source:*** *Section 56 of the UIA.*

# What is SDL?

- The Skills Development Levy (SDL) is a mandatory levy designed to enhance the skills and competencies of the workforce, ultimately improving productivity and employment opportunities as outlined in the Skills Development Act.
- The Minister of Higher Education and Training, in collaboration with Sector Education and Training Authorities (SETAs), oversees the administration of the Skills Development Act (SDA).
- The Skills Development Levies Act (SDLA) governs SDL contributions, and SARS is responsible for collecting and administering SDL payments.

## Who must contribute to SDL?

Employers who meet the definition of an employer under the Skills Development Levies Act (SDLA) are required to contribute towards SDL on behalf of their employees.

### Who is considered an employer?

- For SDL purposes, an employer is any entity classified as an employer for PAYE purposes (as per paragraph 1 of the Fourth Schedule), except for:
  - Public service employers in the national or provincial sphere of government.
  - Employers whose total SDL remuneration for all employees is reasonably expected not to exceed R500 000 over the next 12 months.
  - Public benefit organisations (PBOs) that only conduct public benefit activities (as per section 10(1)(cN) of the Income Tax Act) or only provide funding to other public benefit organisations.

- National or provincial public entities where 80% or more of their expenditure is funded by Parliament.
- Municipalities that have been granted a certificate of exemption, subject to conditions set by the Minister of Finance and the Minister for Provincial and Local Government.

### Who is considered an employee?

- An employee for SDL purposes is any employee as defined for PAYE purposes, with the following exclusions:
  - Labour brokers who hold a valid IRP30 exemption certificate.
  - Learners employed under a section 18(3) contract of the Skills Development Act.

***Sources**: Sections 1 and 4 of the SDLA.*

# How is SDL Calculated?

## Understanding the SDL contribution base

- The Skills Development Levy (SDL) is calculated based on an employee's SDL remuneration, also known as the SDL leviable amount.
- This amount is equivalent to the balance of remuneration for PAYE purposes (i.e., remuneration minus allowable tax deductions) but excludes the following:
  - Pension, superannuation allowance, or retiring allowance.
  - Annuities, including living annuities and annuities defined under section 10A(1) of the Income Tax Act.
  - Termination or variation payments (excluding retirement fund lump sums), including insurance or risk policy proceeds (subject to specific conditions).
  - Retirement fund lump sum benefits and retirement fund lump sum withdrawal benefits.
  - Savings withdrawal benefit.

***Source:** Section 3 of the SDLA.*

## How much must be paid?

- Every employer must contribute 1% of the SDL leviable amount on behalf of each employee.

**SARS source code**

| | |
|---|---|
| 4141 | The employer SDL contribution must be reported using code 4141. |

***Source:** Section 3 of the SDLA.*

# Employer's SDL administration responsibilities

- Employers must register with SARS as an employer if they are liable for SDL.

- As part of the registration process, the employer must indicate the jurisdiction of the Sector Education and Training Authority (SETA) under which they fall.
- Employers who do not select a SETA during registration cannot claim SDL grants, as they are not affiliated with any SETA.
- Employers must declare and pay SDL contributions along with PAYE and UIF via the EMP201 declaration submitted to SARS using *eFiling* or *e@syFile™ Employer*.
- Payments must be made on or before the 7th day of the following month.
- If the 7th falls on a weekend or public holiday, payment must be made on the last business day before the weekend or holiday.

***Sources:*** *Sections 4 and 5 of the SDLA.*

# What is ETI?

- The Employment Tax Incentive (ETI) is a tax incentive designed to encourage employers to hire young employees aged 18 to 29 and employees of any age working in Special Economic Zones (SEZs).
- ETI was introduced on 1 January 2014 and is currently set to expire on 28 February 2029.
- Eligible employers can reduce their monthly PAYE liability by the total ETI amount for each qualifying employee.
- ETI is administered by SARS through the PAYE system.

## Who is an eligible employer?

To qualify for the Employment Tax Incentive (ETI), an employer must meet the following criteria:

- Registered for employees' tax (PAYE).
- Not part of the government sector at the national, provincial, or local level.
- Not a public entity listed under Schedule 2 or 3 of the Public Finance Management Act unless specifically designated by the Minister of Finance in the Government Gazette.
- Not a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act.
- Not disqualified by the Minister of Finance due to:
    - Displacement of an existing employee.
    - Failure to meet prescribed conditions set by the Minister of Finance.

***Sources:*** *Sections 3 and 5 of the ETIA.*

## Who is a qualifying employee?

A qualifying employee is a natural person (excluding independent contractors) who meets the following criteria:

- Employed by an eligible employer and assists directly or indirectly in conducting business.
- Receives remuneration from the employer.

- Recorded in the employer's records as required by section 31 of the Basic Conditions of Employment Act (BCEA).
- Not mainly involved in studying unless enrolled in a learning programme per the Skills Development Levies Act.
- Between 18 and 29 years old on the last day of the month OR is employed by a qualifying company operating in a Special Economic Zone (SEZ).
- Holds a valid RSA ID, asylum seeker permit, or refugee ID.
- Not a connected person in relation to the employer *(see SARS IN 67).*
- Not a domestic worker (as defined in the BCEA).
- Hired on or after 1 October 2023.
- Earns at least the minimum wage (see Minimum wage test below).
- Receives monthly ETI remuneration not exceeding R7 500 (R6 500 for March 2025) for a full 160-hour month (see ETI monthly remuneration test below).

***Sources:*** *Sections 1 and 6 of the ETIA.*

## Minimum wage test

- To qualify for ETI, the employee must be paid at least the higher of:
    - The national minimum wage as per the Minimum Wage Act *(refer to the Key Payroll Values & Limits for the latest minimum wage rates).*
    - The minimum wage under a wage regulating measure (e.g., collective agreements, sectoral determinations, or bargaining council agreements).
- Exception: If an employer is exempt from the Minimum Wage Act and no wage regulating measure applies, the employee must earn at least R2 500 (R2 000 for March 2025) per full month (160 ordinary employed and remunerated hours).
- If the employee is employed and remunerated for less than 160 hours in a month, use the following formula to gross up the wage:
    - Formula: A ÷ B × 160

**A** = Employee's actual wage for the month.

**B** = Actual ordinary employed and remunerated hours (reduced by any unpaid hours).

***Source:*** *Section 4 of the SDLA.*

## Monthly ETI remuneration test

- A qualifying employee must earn monthly ETI remuneration of less than R7 500 (R6 500 for March 2025) for a full month (160 employed and remunerated hours, including overtime hours, reduced by any unpaid hours).
- ETI Remuneration is considered Fourth Schedule (PAYE) remuneration; however, when determining the remuneration paid or payable, any non-cash payments to the employee — after adding back deductions under *section 34(1)(b) of the Basic Conditions of Employment Act, must be excluded.
- *Section 34(1)(b) of the BCEA includes deductions required or permitted by law, collective agreements, court orders, or arbitration awards.
- If the employee is employed and remunerated for less than 160 hours in the month, ETI remuneration must be grossed up using the following formula:

- Formula: C ÷ D × 160

**C** = Employee's actual ETI remuneration for the month.

**D** = Actual employed and remunerated hours (ordinary hours + overtime hours - unpaid hours).

***Sources:*** *Sections 1 and 7 of the ETIA.*

# How is ETI calculated?

- Every employer (or associated person in relation to the employer) can claim ETI for a maximum of 24 months for each qualifying employee.
- These 24 months do not need to be consecutive — only the months in which the employee meets all qualifying criteria count towards the ETI period.
- The 24-month ETI duration is divided into two segments in the ETI table:
  - First 12 months (initial segment).
  - Second 12 months (subsequent segment).
- The ETI amount depends on the employee's monthly ETI remuneration and ETI qualifying month.
- The ETI table is structured into ETI remuneration brackets, each bracket having a different calculation method depending on whether the employee is in the first or second 12-month segment.
- *Refer to the Key Payroll Values & Limits section for the latest ETI rates.*
- Prorating ETI for part-month employment: If an employee is employed and remunerated for less than a full 160-hour month, the ETI amount must be prorated using the following formula:
- Formula: E ÷ 160 × F

**E** = ETI amount for a full month (as per the ETI rates).

**F** = Actual employed and remunerated hours (including ordinary hours + overtime - unpaid hours).

**SARS source codes**

- These codes are not printed on the employees' tax certificates but are submitted to SARS in the tax file.
- *Please refer to the SARS PAYE BRS for all the ETI source codes.*

***Source:*** *Section 7 of the ETIA.*

# Employer's ETI administration responsibilities

**ETI declaration & submission**

- Employers must declare and utilise ETI via the EMP201 declaration, which must be submitted and paid on or before the 7th day of the following month.
- If the 7th falls on a weekend or public holiday, payment must be made before or on the last business day before the weekend or public holiday.

**ETI reporting during reconciliations**

- Monthly ETI data must also be reported to SARS during the Interim and Annual EMP501 Employer Reconciliation submissions.
- *Refer to the SARS PAYE BRS for the required SARS source codes.*

**Tax compliance requirement**

- Employers cannot utilise ETI in a month if they have a non-compliant tax status, meaning they have either:
    - Outstanding tax debt, or
    - Failed to submit any required returns.

***Source:*** *Section 8 of the ETIA.*

**Rolling forward & forfeiting ETI**

- If the employer does not claim ETI in a month, the unclaimed amount can roll forward to the next month, provided it falls within the same 6-month reconciliation period.
- If ETI is not claimed within the 6-month reconciliation period, it is permanently forfeited.
- Unused ETI amounts at the end of the 6-month reconciliation period may be refunded to the employer, subject to rules and conditions.

***Source:*** *Section 9 of the ETIA.*

**Disqualification from ETI**

- Employers may be disqualified from claiming ETI under certain conditions.

***Sources:*** *Sections 3 and 5 of the ETIA.*

## Additional ETI resources

For more information on ETI, please consult:

- *SARS Guide to Employment Tax Incentive*.
- *SARS BGR 44 and 77*.

# What is COID?

- The Compensation for Occupational Injuries and Diseases Fund (Compensation Fund) provides financial compensation for employees who suffer disablement due to occupational injuries or diseases sustained during their employment or for employees who die due to such injuries or diseases. This is known as Compensation for Occupational Injuries and Diseases (COID).
- COID is governed by the Compensation for Occupational Injuries and Diseases Act (COIDA) and is administered by the Department of Employment and Labour.

### How is COID funded?

- The Compensation Fund is funded through annual employer levies, determined based on the Return of Earnings (ROE) submission (also known as the CF-2A form). Employers must submit this form annually to declare earnings and pay their assessment fees.
- These annual assessments are calculated based on the following:
    - A fixed industry rate, determined according to the nature of the employer's business activities and associated risk, reviewed annually.

- The total annual employee earnings declared in the ROE submission, subject to a maximum earnings cap per employee.

# Who is covered under COIDA?

COIDA applies to both employers and employees as defined in the act.

## Who is an employer for COID purposes?

- An employer for COID purposes includes any person (including the State) who employs one or more employees and extends to:
  - Any person controlling the business of an employer.
  - An employer who temporarily lends, lets, or makes an employee available to another person - for that period, the original employer remains responsible.
  - A labour broker who, for payment, provides a worker to a client and pays that worker directly.

***Sources:*** *Government Gazette 50386 and section 1 of the COIDA.*

## Who is an employee for COID purposes?

- An employee under COIDA is anyone working under a contract of service, apprenticeship, or learnership, regardless of whether the contract is written or verbal, whether the payment is in cash or in kind and whether remuneration is calculated by time or work done.
- This includes:
  - Casual employees employed for business/farming purposes
  - Working director of a company or member of a close corporation/body Corporate who has entered into a contract of service, or of apprenticeship or learnership, in so far that the employee acts within the scope of their employment in terms of such contract. (Excluding shareholders or “silent partners” who are only paid dividends or sharing profits).
  - A person provided by a labour broker against payment to a client for the rendering of a service or the performance of work, and for which service or work such person is paid by the labour broker.
  - In the case of a deceased employee, his dependants, and in the case of an employee who is a person under disability, a curator acting on behalf of that employee.
  - Domestic employees.

**Who is not an employee for COID purposes?**

- COIDA does not cover:
  - Individuals performing military service or training under the Defence Act, unless they are part of the Permanent Force.
  - Permanent Force members of the South African Defence Force (SANDF) when on "service in defence of the Republic”.
  - South African Police Service (SAPS) members employed under the Police Act when serving in defence of the Republic.
  - Independent contractors who engage others to perform work.

***Sources:*** *Government Gazette 50386 and section 1 of the COIDA.*

# What are annual earnings under COIDA?

- Annual earnings refer to the total remuneration an employee receives between March and February of the relevant tax year, subject to an annual threshold determined by the Director-General.
- *Refer to the Key Payroll Values & Limits section for the latest COID threshold.*

## What is included in annual earnings?

- For the purpose of the submission of Return of Earnings (ROEs) the following earnings types with employee's earnings (salary/wages) are included:
  - 13th cheque
  - Service bonus
  - Holiday bonus/pay/Christmas bonus
  - Housing allowance/subsidy allowance
  - Acting allowance
  - Attendance allowance
  - Overtime allowance
  - Commission
  - Danger allowance
  - Grazing allowance
  - Production allowance
  - Public holiday allowance
  - Rural allowance
  - Shift allowance
  - Sunday allowance
  - Night shift allowance
  - Standby allowance
  - Harvest allowance
  - Scares skill allowance
  - Petrol/car/cell phone allowance
  - Transport allowance
  - Travel allowance
  - Value of free food and quarters (accommodation)
  - Any other non-pensionable allowance

## What is excluded from annual earnings?

- The following payments do not form part of annual earnings:
  - Reimbursements
  - Ex gratia payment (voluntary payments to employees without legal obligation)

### How is the annual earnings cap applied?

- The cap is applied annually, not monthly.
- At the end of the assessment period, the total earnings per employee are assessed against the annual limit.
- The full annual cap applies regardless of how many months an employee was employed during the Return of Earnings (ROE) season (1 March – 28/29 February).

***Sources:*** *Government Gazette 50386 and section 1 of the COIDA.*

## COID reporting requirements

- Each registered employer must complete and submit the ROE form before the end of March following the end of the ROE season, which is from 1 March to 28/29 February (unless the submission period is extended).
- The ROE must be submitted online using the *CF ROE online system.*
- After submission, the employer will be issued with an invoice of the assessment value which must be paid before the due date.
- If all submissions and payments were made, the employer will receive a Letter of Good Standing.

***Sources:*** *Government Gazette 50386 and sections 82 to 86 of the COIDA.*

# Annexure 1: Definitions and Tax Principles

### Associated institution

- An associated institution is any organisation linked to an employer based on management control or financial connections. It includes:
    - If the employer is a company - any other company that is managed or controlled (directly or indirectly) by substantially the same people.
    - If the employer is not a company - any company managed or controlled (directly or indirectly) by the employer or a partnership where the employer is a member.
    - Any fund set up primarily to provide benefits for employees or former employees of the employer or its associated institutions (as defined above). However, this does not include funds established by trade unions or industrial councils or funds for postgraduate research, unless financed by the employer or an associated institution.

***Source:*** *Paragraph 1 of the Seventh Schedule.*

### Disability

- Disability is defined as a moderate to severe limitation of any person's ability to function or perform daily activities due to physical, sensory, communication, intellectual or mental impairment.
- It must last or have a prognosis of lasting more than a year and be diagnosed by a duly registered medical practitioner in accordance with criteria prescribed by the Commissioner.

***Source:*** *Section 6B of the ITA.*

## Independent contractor

Payments to independent contractors for services rendered are generally not subject to PAYE, as they are excluded from the definition of remuneration. However, it is essential to distinguish between an independent contractor and an employee for PAYE purposes, as payments to employees must be included in remuneration and taxed under PAYE.

### When is a person an independent contractor for PAYE purposes?

A natural person is classified an independent contractor for PAYE purposes only if both of the following conditions are met:

- The person is a tax resident of South Africa.
- The payment is for services rendered while conducting an independent trade.

However, a person will not be considered an independent contractor if any of the following conditions apply:

- **Condition 1: Automatic exclusion**

A person is not an independent contractor if they:

  - Are not a South African tax resident.
  - Provide services on behalf of a labour broker or are themselves a labour broker.
  - Are classified as a Personal Service Provider (PSP).

- **Condition 2: Control and supervision**

A person is also not an independent contractor if:

  - More than 50% of their work is performed at the premises of the person paying for the service.
  - They are subject to the payer's control or supervision regarding working hours or how the duties are performed.

- **Exclusion: Employing full-time workers**

If an individual employs at least three full-time employees (excluding connected persons) to perform the service on their behalf throughout the tax year, they will still be classified as an independent contractor, even if Condition 2 applies.

### Tax treatment of an independent contractor

- If a person is NOT classified as an independent contractor under the above conditions, payments to them must be taxed under PAYE as remuneration.
- If a person qualifies as an independent contractor under the above conditions, payments do not need to be processed through payroll or included on a tax certificate.
- Voluntary PAYE Withholding Option: Independent contractors can request PAYE to be deducted at a fixed rate, a percentage of earnings, or the progressive tax tables.

### SARS source code

**3616**

If PAYE is deducted, all payments must be reported under SARS source code 3616, and an IRP5 tax certificate must be issued.

**Common law independent contractor?**

- Some individuals may qualify as independent contractors under common law but still be considered employees for PAYE purposes.
- If a service provider is classified as a common law independent contractor, their payments are included in remuneration and subject to PAYE.
- Remuneration must still be reported against SARS source code 3616.
- They are not impacted by section 23(m) deductions on their personal income tax return.
- Taxation options for common law independent contractors: Progressive tax tables, non-standard employment fixed rate of 25% or tax directive.

**Additional resources**

- For more information, refer to:
  - *SARS IN 17 (Independent Contractors).*
  - *SARS IN 67 (Connected persons).*

***Source:*** *Paragraph 1 of the Fourth Schedule.*

## Labour broker

**Who is a labour broker?**

A labour broker is a natural person who, for compensation, operates a business that involves:

- Providing a client with individuals to perform services or work for the client, or
- Procuring individuals for a client and remunerating them for the services or work done for the client.

**Exemption certificate (IRP30)**

- SARS may issue an exemption certificate (IRP30) to a labour broker, which relieves the client (employer) from withholding PAYE on payments made to the labour broker.
- Payments to a labour broker must still be processed through payroll, whether the labour broker has an IRP30 certificate or not.
- A valid IRP30 exemption certificate must:
  - Be within its validity period.
  - Display a labour broker reference number starting with 7.
  - Be a computer-printed original (not photocopied or altered in any way).
  - Be retained by the employer for compliance purposes.

**Tax treatment**

- If the labour broker has a valid IRP30 certificate → no PAYE is withheld. However, the payment must still be recorded and reported on an IT3(a) tax certificate.
- If the labour broker does not have a valid IRP30 certificate → PAYE must be withheld using the progressive tax tables or a SARS tax directive if applicable.

**SARS source codes**

| | |
|---|---|
| **3619** | Payments made to a labour broker with a valid exemption certificate (IRP30). |
| **3617** | Payments made to a labour broker without a valid exemption certificate (IRP30). |

**Additional resources**

- *For more information, refer to SARS IN 35.*

***Sources:*** *Paragraphs 1 and 2(5) of the Fourth Schedule.*

## Maintenance plan

- For the right of use of a motor vehicle fringe benefit, a maintenance plan is a contractual agreement that:
  - Covers all maintenance costs, except for top-up fluids, tyres, or damage due to misuse.
  - Remains valid for a minimum of three years and covers at least 60 000 km.
  - Terminates when either the three-year period or the 60 000 km limit is reached, whichever comes first.

***Source:*** *paragraph 7 of the Seventh Schedule.*

## Non-executive director (NED)

**Resident NED**

- SARS has confirmed that Resident NEDs are not common law employees due to the independent nature of their duties.
- BGR 40 states that companies do not exercise control or supervision over how an NED performs their duties or determines their working hours.
- Because of this, NEDs are considered independent contractors, and their director's fees do not constitute remuneration for PAYE purposes.
- No employees' tax (PAYE) should be withheld from NED payments unless the NED requests it in writing.
- If PAYE is withheld, the NED must be processed on the payroll and receive an IRP5 tax certificate.
- **SARS source code:**

| | |
|---|---|
| **3620** | Directors' fees paid to a Resident NED. |

**Non-resident NED**

- Different tax treatment applies to Non-Resident NEDs.

- Their fees are classified as remuneration, meaning PAYE must be withheld from payments made to them.
- Non-Resident NEDs do not qualify for the statutory independent contractor test because of their tax residency status.
- They must be processed on payroll and receive an IRP5 tax certificate.
- **SARS source code:**

| | |
|---|---|
| **3621** | Directors' remuneration paid to a Non-Resident NED. |

**Additional resources**

- For more information, refer to:
  - *SARS BGR 40*.
  - *SARS Frequently Asked Questions on BGR 40*.

***Sources**: BGR 40 and Frequently Asked Questions on BGR 40.*

## Official rate of interest

- The rate equals the South African repurchase rate ("repo rate") plus 100 basis points (1%).
- It changes from the first day of the month following a repo rate change by the *Reserve Bank*.

***Source:** Definition in section 1 of the ITA.*

## Person

- The definition of person includes an insolvent estate, the estate of a deceased person, any trust and any portfolio of a collective agreement but does not include a foreign partnership.
- While not specifically included in the definition, "person" includes a natural person by with the broader interpretation of a person per dictionary definition.
- The definition in the Interpretation Act also includes any body of persons, whether incorporated or unincorporated.

***Source:** Definition in section 1 of the ITA.*

## Operating lease

- A lease qualifies as an operating lease for the use of company car fringe benefit if:
  - The employer leases the vehicle from a rental company.
  - The vehicle is available for short-term public rental.
  - The rental company is responsible for maintenance costs.
  - The employer does not carry the risk of loss or damage to the vehicle.

***Source:** Paragraph 7 of the Seventh Schedule.*

## Personal service provider (PSP)

A Personal Service Provider (PSP) refers to a company or trust that meets specific criteria under. If classified as a PSP, the company or trust is deemed an employee for PAYE purposes, subject to PAYE at fixed tax rates. A company or trust is classified as a PSP if both of the following apply:

- **Condition 1: Services are personally rendered**
  - Services must be rendered personally to a customer who is a connected person in relation to the company or trust.
- **Condition 2: At least one of the following is true**
  - The individual would have been considered an employee of the customer if they had rendered the service directly rather than through a company or trust.
  - The service is performed mainly at the customer's premises, and the service provider is subject to the customer's control or supervision regarding how the work is done.
  - More than 80% of the entity's service income (or expected income) comes from a single customer during the tax year.
- **Exclusion from PSP classification**
  - Even if both conditions above apply, the company or trust will not be classified as a PSP if it employs at least three full-time employees (excluding shareholders, members, or connected persons) who provide services on its behalf for the full tax year.

**80% service income rule exception**

- If a company or trust only qualifies as a PSP due to the 80% service income rule, it can provide an annual affidavit or declaration to the customer confirming that it does not receive 80% or more of its service income from a single customer.
- The customer can rely on this affidavit in good faith when determining whether PAYE should be withheld unless SARS determines otherwise.

**Tax treatment of PSPs**

- PSP companies are taxed at a fixed rate of 27%.
- PSP trusts are taxed at a fixed rate of 45%.

**Additional resources**

- For more information, refer to:
  - *SARS IN 35 (Personal Service Providers and Labour Brokers).*
  - *SARS IN 67 (Connected Persons).*

***Source:*** *Paragraphs 1 and 2(1A) of the Fourth Schedule.*

## Relative

- Relative in relation to any person includes the spouse of that person or anybody related to that person or that person's spouse within the third degree of consanguinity.
- For the purpose of determining the relationship between any child and any other person, that child shall be deemed to be related to the adoptive parent of that child within the first degree of consanguinity.

***Source:*** *Definition in section 1 of the ITA.*

## Remuneration proxy

- The remuneration proxy is the employee's total remuneration, as defined in the Fourth Schedule, received from an employer (or any associated institution as defined in paragraph 1 of the Seventh Schedule) in the previous tax year, excluding any residential accommodation fringe benefit.
- If the employee was not employed by the employer or any associated institution (as defined in paragraph 1 of the Seventh Schedule) for the entire preceding tax year, the actual remuneration proxy value is annualised using 365 days.
- If the employee was not employed in the preceding tax year, the first month's remuneration proxy value in the current tax year is annualised.
- **Proposed amendment:** At the time of publication, the Taxation Laws Amendment Bill, 2025 proposes that the definition of "remuneration proxy" be amended to include any amount previously exempt under section 10(1)(o) in the relevant preceding year of assessment. The amendment is proposed to apply to years of assessment commencing on or after 1 March 2026. This amendment has not yet been promulgated.

***Source:*** *Definition in section 1 of the ITA (as read with the Taxation Laws Amendment Bill, 2025 – pending promulgation).*

## Representative employer

- A representative employer refers to:
    - In the case of any company, it's the person in charge, often called the public officer. If the company is undergoing business rescue, in liquidation, or under judicial management, it would be the business rescue practitioner, liquidator, or judicial manager, depending on the situation.
    - For municipalities and other organizations, whether incorporated or not (excluding companies and partnerships), it's the person responsible for handling payroll and making remuneration payments on behalf of that entity.
    - If someone is legally unable to manage their own affairs, such as a minor or someone declared legally incapacitated, their representative employer would be their guardian, curator, administrator, or another individual who manages their financial matters.
    - In the case of an employer who doesn't reside in South Africa, it's their authorized agent residing in the country with the authority to manage and disburse remuneration on their behalf.

***Source:*** *Definition in paragraph 1 of the Fourth Schedule.*

## Resident

A resident for tax purposes means a natural person who is -

- Ordinarily resident - the country the individual typically returns to after their travels, where they usually reside, or
- A deemed resident - an individual who is not ordinarily resident but meets the physical presence test if they are physically present in South Africa -
    - For more than 91 days in total in the current year of assessment, and
    - For more than 91 days in total in each of the preceding five years of assessment, and

    - For more than 915 days in total during the preceding five years of assessment.
- *Refer to SARS IN 3 and 4 for more information.*

***Source:*** *Definition in section 1 of the ITA.*

### Retirement funding income (RFI)

- Retirement Funding Income (RFI) is the portion of an employee's remuneration used to calculate contributions made by an employer (or the retirement fund itself) to a pension or provident fund.
- It includes 100% of a travel and a public office allowance if these allowances are factored into the contribution determination.

***Source:*** *Paragraph 12D of the Seventh Schedule.*

### SARS source code

- SARS source codes are a set of codes used by employers when providing their employees with tax certificates as per the latest *SARS PAYE BRS.*
- The value of the specific type of remuneration item paid or payable to an employee must be reported on the employee's tax certificate using the relevant source code to which that particular type of remuneration relates.
- *Please refer to Annexure 3 for the list of all relevant source codes.*

***Source:*** *SARS PAYE BRS.*

# Annexure 2: Realistic Travel Allowance

Establishing a realistic fixed travel allowance ensures that employees receive a fair and justifiable allowance, aligning with SARS' travel deduction framework. A well-calculated allowance prevents excessive taxation and ensures employees receive the full benefit of business travel deductions.

### Why it's important

- SARS permits employees to claim business travel deductions, but only up to the travel allowance received during the tax year.
- Excessive allowances may lead to additional tax liability on the portion not substantiated by business travel.
- Insufficient allowances can prevent employees from claiming their full business travel deduction.
- A logbook is mandatory—without one, no business travel deduction can be claimed on assessment.
- The annual cost scale table is published annually in the Government Gazette *(Income Tax Notice)*, which must be used to estimate a travel allowance in line with tax rules.
- *Refer to the Key Payroll Values & Limits section for the latest table.*

### Steps to estimate a fixed travel allowance

**Step 1: Gather key information from the employee**

- Determine vehicle value: The original purchase price of the car (including VAT but excluding finance costs).
- Estimated annual travel: The employee's expected business and private kilometres for the tax year.

**Step 2: Calculate total estimated kilometres**

- Total kilometres = business kilometres + private kilometres.

**Step 3: Identify the fixed cost from the cost scale table**

- Locate the fixed cost from the cost scale table based on the determined vehicle value.

**Step 4: Calculate the fixed cost per kilometre**

- Fixed cost ÷ total estimated kilometres = fixed cost per kilometre.

**Step 5: Calculate the total cost per kilometre**

- Add the fuel cost per kilometre and maintenance cost per kilometre (from the cost scale table) to the fixed cost per kilometre.
- If the employee doesn't pay for fuel or maintenance, those amounts should not be included.

**Step 6: Determine the annual travel allowance**

- Total cost per kilometre × estimated business kilometres = estimated annual travel allowance.

### Additional considerations

- Annual review: The travel allowance should be reassessed each year, particularly if the employee purchases a new vehicle or their travel patterns change.
- Fuel & maintenance conditions: These costs can only be included if the employee incurs them personally.
- Private travel definition: Any commute between home and work is considered private travel.
- Partial-year use: If the vehicle is used for business travel for only part of the year, the fixed cost must be apportioned accordingly.
- *For more information, refer to SARS IN 14.*

# Annexure 3: SARS Source Codes

### Normal income codes

| | |
|---|---|
| **3601** | Income, for example, salary/wage |
| **3602** | Non-taxable income excluding exempt foreign services income under section 10(1)(o)(ii) |
| **3603** | Pension |
| **3605** | Annual payment |
| **3606** | Commission |
| **3607** | Overtime |
| **3608** | Taxable portion of an arbitration award |
| **3610** | Annuity from retirement annuity fund |

| | |
|---|---|
| **3611** | Purchased annuity |
| **3613** | Restraint of trade payment |
| **3614** | Other retirement lump sums |
| **3616** | Independent contractors |
| **3617** | Labour brokers without an IRP30 |
| **3618** | Annuity from a provident/provident preservation fund |
| **3619** | Labour Brokers with an IRP30 |
| **3620** | RSA Resident NED Directors fees/audit committee member fees |
| **3621** | Non-resident NED remuneration |
| **3622** | Qualifying long service cash award |
| **3623** | Antedated Salary/pension extending over previous years of assessment |

## Allowance codes

| | |
|---|---|
| **3701** | Travel allowance (incl. fuel card) for the use of a private vehicle |
| **3702** | Reimbursive travel allowance (taxable on assessment only) |
| **3703** | Reimbursive travel allowance (exempt) |
| **3704** | Subsistence allowance – local travel exceeding the deemed amounts |
| **3707** | Section 8A share amounts |
| **3708** | Public office allowance |
| **3713** | Other allowances (taxable) |
| **3714** | Other allowances (exempt) – including subsistence allowance for local and foreign travel within the deemed amounts |
| **3715** | Subsistence allowance – foreign travel exceeding the deemed amounts |
| **3717** | Section 8B share amounts |
| **3718** | Section 8C share amounts |
| **3719** | Dividends not exempt i.t.o par (dd) of the proviso to s10(1)(k)(i) |
| **3720** | Dividends not exempt i.t.o. par (ii) of the proviso to s 10(1)(k)(i) |
| **3721** | Dividends not exempt i.t.o. par (jj) of the proviso to s 10(1)(k)(i) |
| **3722** | Reimbursive travel allowance (taxable on payroll) |
| **3723** | Dividends not exempt i.t.o. par (kk) of the proviso to s 10(1)(k)(i) |

## Fringe benefit codes

| | |
|---|---|
| **3801** | General fringe benefits |
| **3802** | Use of motor vehicle acquired by the employer not via operating lease |
| **3805** | Free or cheap accommodation or holiday accommodation |
| **3806** | Free or cheap services |
| **3808** | Payment of an employee's debt/release from debt |
| **3809** | Taxable bursaries or scholarships to a non-disabled person – basic education |
| **3810** | Employer medical aid contributions |
| **3813** | Employer medical services costs |
| **3815** | Non-taxable bursaries or scholarships to a non-disabled person – basic Education |
| **3816** | Use of motor vehicle acquired by the employer via operating lease |
| **3817** | Taxable benefit i.r.o. employer's pension fund contributions |
| **3820** | Taxable bursaries or scholarships to a non-disabled person – further education |
| **3821** | Non-taxable bursaries or scholarships to a non-disabled person – further education |
| **3822** | Non-taxable Benefit – acquisition of immovable property |

| | |
|---|---|
| **3825** | Taxable benefit i.r.o. employer's provident fund contributions |
| **3828** | Taxable benefit i.r.o. employer's retirement annuity fund contributions |
| **3829** | Taxable bursaries or Scholarships to a disabled person – basic education |
| **3830** | Non-taxable bursaries or scholarships to a disabled person – basic education |
| **3831** | Taxable bursaries or scholarships to a disabled person – further education |
| **3832** | Non-taxable bursaries or scholarships to a disabled person – further education |
| **3833** | Taxable benefit i.r.o. employer's bargaining council contributions |
| **3834** | Non-taxable benefit – loan to purchase immovable residential property |
| **3835** | Qualifying long service award (not cash) |

## Lump sum codes

| | |
|---|---|
| **3901** | Gratuities/severance benefits |
| **3906** | Special remuneration paid to pro-to teams |
| **3907** | Other lump sums |
| **3908** | Exempt policy proceeds (sections 10(1)(gG)) and 10(1)(gI)) |
| **3909** | Unclaimed benefits |
| **3915** | Retirement/termination of employment lump sum benefits/commutation of annuities |
| **3920** | Lump sum withdrawal benefits |
| **3921** | Living annuity and surplus apportionments |
| **3922** | Compensation i.r.o. death during employment |
| **3923** | Transfer of unclaimed benefits |
| **3924** | Transfer on retirement |
| **3926** | Savings Withdrawal Benefit |

## Deduction, employer contribution and information codes

| | |
|---|---|
| **4001** | Total pension fund contributions paid and 'deemed paid' by employee |
| **4003** | Total provident fund contributions paid and 'deemed paid' by the employee |
| **4005** | Medical scheme fees (contributions) paid and 'deemed paid' by the employee |
| **4006** | Total retirement annuity fund contributions paid and 'deemed paid' by the employee |
| **4024** | Medical services costs deemed to be paid by the employee in respect of themself spouse or child |
| **4030** | Donations deducted from the employee's remuneration and paid by the employer to an approved Organisation or Institution |
| **4042** | Amounts refunded in terms of s11(nA) |
| **4472** | Employer's pension fund contributions paid for the benefit of the employee |
| **4473** | Employer's provident fund contributions paid for the benefit of the employee |
| **4474** | Employer's medical scheme fees (contributions) paid for the benefit of employees |
| **4475** | Employer's retirement annuity fund contributions paid on behalf of the employee |
| **4493** | Employer's medical scheme fees (contributions) paid for the benefit of a retired/former employee who qualifies for the "no value" provisions |
| **4582** | The portion of 3701, 3802 and 3816 which represent remuneration (the 80% or 20%) |
| **4583** | The portion of 3751, 3852 and 3866 which represent remuneration (the 80% or 20%) |
| **4584** | Employer's bargaining council contributions paid for the benefit of the employee |
| **4585** | Employer's pension fund contributions paid for the benefit of an employee or former employee who has retired from the fund and qualifies for the "no value" provisions |

| | |
|---|---|
| **4586** | Employer's provident fund contributions paid for the benefit of an employee or former employee who has retired from the fund and qualifies for the "no value" provisions |
| **4587** | Section 10(1)(o)(ii) exemption taken into account by the employer for PAYE Purposes |
| **4588** | The total amount repaid by the employee in the tax year for a s11(nA) recoupment. This amount will be used by the ITR12 assessment process |
| **4589** | The total amount repaid by the employee in the tax year for a s11(nB) recoupment, i.e. restraint of trade. This amount will be used by the ITR12 assessment process |

### Employee's tax deduction, UIF, SDL and ETI codes

| | |
|---|---|
| **4102** | PAYE |
| **4115** | Tax on retirement lump sum and severance benefits |
| **4116** | Medical scheme fees tax credit taken into account by the employer for PAYE purposes |
| **4120** | Additional medical expenses tax credit if employee ≥65 allowed by the employer for PAYE purposes |
| **4118** | The sum of the ETI amounts calculated (theoretical amounts) for the employee during the year of assessment |
| **4141** | UIF contributions (employer and employee contributions) |
| **4142** | SDL contribution |

# Annexure 4: Useful Links

- SARS Primary Legislation (including the Income Tax Act)
- SARS Interpretation Notes
- SARS Binding General Rulings
- SARS Income Tax Notices
- SARS FAQs (Legal Counsel Publication)
- SARS Guides (Legal Counsel Publication)
- SARS Guides (other than Legal Counsel Publication)
- SARS Tax Directive Page
- SARS PAYE Page
- SARS Personal Income Tax Page
- SARS ETI Page
- SARS UIF Page
- SARS SDL Page
- SARS Completing and Submitting Employer Declarations Page
- SARS Important Dates Page
- SARS e@syFile™ Employer Page
- eFiling
- uFiling
- CF ROE Online System

- Department of Employment and Labour

# References and Legal Sources

**PAYE**

- Income Tax Act
- SARS Guide for Employers iro Employees Tax
- SARS Guide for Employers iro Fringe Benefits
- SARS Guide for Employers iro Allowances
- SARS PAYE BRS
- SARS Interpretation Note 3, 4, 14, 16, 17, 26, 35, 66 and 67
- SARS BGR 40
- SARS Frequently Asked Questions on BGR 40
- SARS Frequently Asked Questions: Foreign Employment Income Exemption
- Budget Review 2025

**UIF**

- Unemployment Insurance Act
- Unemployment Insurance Contributions Act
- SARS Guide for Employers in respect of Unemployment Insurance Fund

**SDL**

- Skills Development Act
- Skills Development Levies Act
- SARS Guide for Employers in respect of Skills Development Levy

**ETI**

- Employment Tax Incentive Act
- SARS Guide to the Employment Tax Incentive
- SARS BGR 44 and 47

**COID**

- Compensation for Occupational Injuries and Diseases Act
- Government Gazette 50386

# Compliance Repository Shortcuts

| Shortcut | Navigation Path |
|---|---|
|  Payroll Tax Guide | In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Digital Tools > select the country. Alternatively, from the Deel Local Payroll Website > Resources > Digital Tools > Tax Guides |
|  Compliance News | In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance News |
|  Digital Tools | In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Digital Tools > select the country |
|  FAQ Articles | In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Select the relevant topic. |
|  Product User Guide | In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Product User Guides > select the country |
|  Preliminary Notes | In-product: Navigate to What's New > Preliminary Notes > Legislation changes |
|  Release Notes | In-product: Navigate to What's New > Release Notes > Legislation changes |
|  Tax Alerts | In-product email distributed to customers |
|  Compliance Pop-up Notifications | In-product pop-up notification when logging into Deel Local Payroll with a compliance notice specific to a country |

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