



WERKGEWERSORGANISASIE
EMPLOYERS ORGANISATION

Preparing yourself for tax year end 2018

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3/1/2018

Prepare Yourself.



"Preparation is the
Key to success."
~ Alexander
Graham
Bell

QuotesEverlasting.com

February is time for housekeeping.



- Payroll Parameters
- Employee Information
- Items to reconcile:
 - Employee information
 - SDL
 - UIF
 - ETI
 - PAYE
- Test IRP5 run
- New tax year preparation

Payroll Parameters



- Ensure that you are on the correct version of your Payroll application
- Ensure that you are in the final period of your tax year.
- Complete and verify employer information
- Ensure that all payroll parameters have been correctly defined using the correct IRP5 code information.

Employee Information



- Audit employee data to ensure you are not missing critical information
- Contact information
- Physical Address, Work Address and Postal Address
- Ensure Employee ID number is correct and correlates to employee Date of Birth
- Ensure Employee Tax number is correct
- Ensure medical dependants as indicated on Payroll is correct
- Ensure you have directive numbers for any payments that require directive numbers
- Complete the Business telephone number for all employees
- Print an Employee Detail Report from your payroll and ask employees to review and sign that the details are correct, or amend if incorrect
- If you have a Self Service system in place, email your employees and remind them to update their details.

Financial Reconciliation



- Print a Financial Report from your payroll, e.g EMP501 with Year to date values and reconcile this with:
- SDL paid to SARS
- UIF paid to SARS
- ETI claimed
- PAYE paid to SARS.

Emp501Subm20180219154434.xlsx [Compatibility Mode] - Excel

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EMP501 Recon

003 TAX YEAR END (7740751328) Reconciliation
Mar 2017 - Feb 2018

	PAYE					SDL			UIF			Totals		Employee Tax Incentive						
	Page	Add Tax on Pay	Retirement Lumpsum Benefit Tax on Payroll (41HS)	Total Tax on Payroll	PAYE to SARS	Difference	SDL on Pay	SDL to SARS	Difference	Employee UIF on Payroll	Employer UIF on Payroll	Total UIF on Payroll	UIF to SARS	Difference	Total Liability on Payroll	Total Paid to SARS	Theoretical Tax Incentive	Tax Incentive Applied	Difference	
7	Mar	6483.14	0.00	0.00	6483.14	0.00	824.53	824.53	-0.36	753.69	753.69	1507.38	1507.38	0.00	8901.03	8901.03	0.00	0.00	0.00	
8	Apr	6563.23	500.00	0.00	7063.23	6563.23	824.53	824.53	-0.36	753.69	753.69	1507.38	1507.38	0.00	9295.11	8895.42	0.00	0.00	0.00	
9	May	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	8895.12	8895.12	1000.00	1000.00	0.00	
11	Jun	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	-0.07	753.69	753.69	1507.38	1507.38	0.00	8895.11	8895.11	1000.00	1000.00	0.00	
12	Jul	6563.23	0.00	3200.00	9763.23	9763.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	12095.12	12095.12	1000.00	1000.00	0.00	
13	Aug	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	8895.11	8895.11	1000.00	1000.00	0.00	
14	Sep	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	8895.12	8895.12	1000.00	1000.00	0.00	
15	Oct	16789.23	0.00	0.00	16789.23	16089.23	1289.53	824.53	744.99	927.41	927.41	1854.82	1854.82	170.00	20027.55	17422.55	1000.00	1000.00	0.00	
16	Nov	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	8895.11	8895.11	1000.00	1000.00	0.00	
17	Dec	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	-0.10	753.69	753.69	1507.38	1507.38	0.00	8895.11	8895.11	1000.00	1000.00	0.00	
18	Jan	6563.23	0.00	0.00	6563.23	6563.23	824.53	824.53	0.00	753.69	753.69	1507.38	1507.38	0.00	8895.12	8895.12	1000.00	1000.00	0.00	
19	Feb	4904.38	0.00	0.00	4904.38	4904.38	950.53	950.53	0.00	779.69	779.69	1559.38	1559.38	0.00	7714.29	7262.29	1000.00	1000.00	0.00	
20	TOTALS	87225.60	500.00	3200.00	90925.60	88725.60	2200.00	19495.36	9750.94	744.36	9244.00	9244.00	18488.00	18266.00	222.00	119908.90	116742.54	10000.00	10000.00	0.00

Recon Authorised by: _____ Date: _____

Financial Reconciliation



- If you determined any differences
- Determine the month with the difference
- Compare reports indicating individual values to reports for the specific period to determine possible employees with differences
- Lookout for
 - New appointments
 - Late terminations
 - Changes to medical dependants
 - Late payments after payroll close-off
 - Changes in date of birth

Final steps for Feb 2018



Once reconciled and all information is updated and checked

- Do an IRP5 Test Run
 - Import into e-Filing
 - Check for validation errors.
-
- Resolve the validation errors and you are ready for Final submissions for 2018

Final steps 2018

Time is
running out...



What to prepare for the new tax year?



- You just updated all employee information – this will still be correct
- If you belong to a bargaining council, remember to check that your minimum wage rates align with the council
- Take note of the Budget Speech changes and make sure you comply with latest legislation

Employee Tax Incentive?

Make sure to update your Payroll system to take new legislation into account

Wage Qualifying Test Hours - Change	
Before 1 March 2018	From 1 March 2018
+ Ordinary Hours - Unpaid Hours + Additional Hours	+ Ordinary Hours - Unpaid Hours

Remuneration Hours – No Change	
Before 1 March 2018	From 1 March 2018
+ Ordinary Hours - Unpaid Hours + Additional Hours	+ Ordinary Hours - Unpaid Hours + Additional Hours

Reimbursive Travel?



From March 2018,

the definition of remuneration includes **100% of the portion of the reimbursive travel allowance**

that **exceeds** the **prescribed rate** per kilometre (rate per kilometre for the simplified method, fixed by the Minister of Finance by notice in the Gazette),

and is **subject to PAYE, UIF and SDL**

irrespective of the total business kilometres travelled and reimbursed for the tax year.

Reimbursive Travel?



Examples: R3.55 is the simplified rate for 2017/2018.

	Before March 2018	From March 2018
During the month the employee travels 260 kilometres for business purposes and is refunded by the employer at R3.55 per kilometre. The employee will not travel more than 12 000 business kilometres for the tax year and does not receive other travel compensation.	R923 (260 x R3.55) is not subject to employees' tax. IRP5 code 3703.	R923 (260 x R3.55) is not subject to employees' tax as the rate per kilometre does not exceed the prescribed rate of R3.55. IRP5 code to be confirmed.
During the month the employee travels 840 kilometres for business purposes and is refunded by the employer at R5.00 per kilometre.	R4 200 (R5 x 840) is not subject to employees' tax but may be subject to tax on assessment as the rate per kilometre exceeds the prescribed rate of R3.55. IRP5 code 3702.	R1 218 [(R5 – R3.55) x 840] is subject to employees' tax as the prescribed rate is exceeded with R1.45 (R5.00 – R3.55) per kilometre. R2 982 (R3.55 x 840) is not subject to employees' tax as this is the portion of the travel reimbursement that does not exceed the prescribed rate of R3.55. IRP5 code/s to be confirmed.

UIF Submissions ?



- Any pre-democracy ID numbers are no longer valid for UIF purposes.
- If the 'old' numbers are declared to the Fund, it will result in delays and frustration when the individual claims benefits from the fund.
- How do you know if an ID number is old?
 - The old ID numbers are identified by the 12th or 13th digit of the identity number.
 - The old numbers contain a number 0 to 7 in position 12, which was used as racial indicators.
 - Only IDs with an 8 or 9 in position 12 are valid new ID numbers for UIF purposes

A middle-aged man with a grey beard and mustache, wearing a light blue short-sleeved button-down shirt, is leaning against a dark green pillar. He is looking towards the camera with a slight smile. The background is a blurred outdoor setting with greenery. The word "sage" is written in a bright green, lowercase, sans-serif font in the upper left corner.

sage

"To be prepared for war, is one of the most effective means of preserving peace"

George Washington

Thank you



LWO

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