

GUIDE FOR EMPLOYERS
IN RESPECT OF TAX DEDUCTION TABLES
(2013 TAX YEAR)

1 PURPOSE

- The purpose of this document is to assist employers in determining the amount of Employees' Tax to be deducted from remuneration paid/payable according to the prescribed tax deduction tables.

2 SCOPE

- This basic guide is issued by the South African Revenue Service (SARS) to employers to assist them in calculating the amount of Employees' Tax deductible from the remuneration paid/payable to employees and must be applied by the employer. It further explains the different methods that employers are allowed to use.

3 REFERENCES

3.1 LEGISLATION

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Paragraph 9(1), (2) and 10 of the 4 th Schedule of the Income Tax Act No.58 of 1962
Other Legislation:	None

3.2 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
GEN-GEN-07-FAQ1	Medical Tax Credits - External FAQ.	All
PAYE-AE-06-G1	Guide for completion and submission of Employees' Tax certificates	All
PAYE-AE-06-G2	Guide for completion and submission of reconciliation declarations	All
PAYE-AE-06-G3	Guide for validation rules for fields applicable to reconciliation documents	All
PAYE-AE-06-G4	Guide for codes applicable to Employees' Tax certificates	All
PAYE-AE-06-G5	Guide for creation of CSV files – Employees' Tax certificate information	All
PAYE-AE-06-G6	Guide for PAYE e@syFile™ Employer for employee Income Tax registration or verification	All
PAYE-AE-06-POL1	Completion and submission of reconciliation documents	All
PAYE-AE-06-POL1-FAQ1	Completion and submission of CSV e@syFile™ Employer and ZipCentralFile reconciliation documents – External FAQ	All
PAYE-AE-06-POL1-FAQ2	Completion and submission of annual and interim reconciliation declarations – External FAQ	All
PAYE-GEN-01	Guide for employer in respect of Employees' Tax	All
PAYE-GEN-01-G1-A1	Weekly tax deduction tables	All
PAYE-GEN-01-G1-A2	Fortnightly tax deduction tables	All
PAYE-GEN-01-G1-A3	Monthly tax deduction tables	All
PAYE-GEN-01-G1-A4	Annual tax deduction tables	All
PAYE-GEN-01-G2	Guide for employers in respect of fringe benefits	All
PAYE-GEN-01-G3	Guide for employers in respect of allowances	All
PAYE-GEN-01-G3-A1	Rate per kilometre schedule	All
PAYE-GEN-01-G3-A2	Subsistence allowance in respect of foreign travel	All
SDL-GEN-01	Guide for employers in respect of the SDL	All
SDL-GEN-01-FAQ1	SDL frequently asked questions	All
UIF-GEN-01	Guide for employers in respect of the UIF	All
UIF-GEN-01-FAQ1	UIF frequently asked questions	All

4 DEFINITIONS AND ACRONYMS

4th Schedule	<ul style="list-style-type: none"> • Fourth Schedule to the Income Tax Act No 58 of 1962.
Commissioner	<ul style="list-style-type: none"> • The Commissioner for the South African Revenue Service.
Employees' Tax	<ul style="list-style-type: none"> • An amount of tax that an employer must deduct from all regular or periodic payments (remuneration), paid or which becomes payable to an employee.
Employee	<ul style="list-style-type: none"> • An employee for employees' tax purposes is defines as : <ul style="list-style-type: none"> ▫ Any person (other than a company) who receives remuneration or to whom remuneration accrues ▫ Any person who receives remuneration or to whom remuneration accrues by reason of any services rendered by such person to or on behalf of a labour broker ▫ Any labour broker ▫ Any person or class or category of person whom the Minister of Finance by notice in the Government Gazette declares to be an employee for the purposes of this definition ▫ Any director of a private company who is not otherwise included in terms of paragraph (a).
Employer	<ul style="list-style-type: none"> • Any person who pays or is liable to pay any person any amount by way of remuneration, and any person responsible for the payment of any amount by way of remuneration, to a person under the provisions of a law or out of public funds (including the funds of any provincial council or any administration or undertaking of the State) or out of funds voted by Parliament or a provincial council. • This definition excludes any person not acting as a principle but includes any person acting in a fiduciary capacity or in his / her capacity as trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund or any other fund.
Net remuneration	<ul style="list-style-type: none"> • The balance of remuneration as determined under paragraph 2(4), excluding the following : <ul style="list-style-type: none"> ▫ Remuneration received by an employee who incurred deductible expenses in the production of income (the quantum of expenses can only be determine on assessment) only if the deduction exceeds 1% of that income ▫ Remuneration which is under the provisions of Section 7(2) deemed to be income that accrued to the spouse of the employee ▫ Remuneration not derived: <ul style="list-style-type: none"> ○ from standard employment ○ by way of an annuity provided or payable by a pension fund, pension preservation fund, provident fund, provident preservation fund or benefit fund ▫ Remuneration paid or payable to a director of a company or member of a close corporation ▫ Travel allowance which is subject to employees' tax (80% portion) ▫ An allowance or advance granted to the holder of any public office, which is subject to employees' tax (50% portion) ▫ Remuneration derived by an employee in respect of which such employee is entitled to set off an assessed loss under Section 20(1) ▫ Any retirement fund lump sum benefit or retirement fund lump sum withdrawal benefit.

PAYE	<ul style="list-style-type: none"> Pay-As-You-Earn.
SARS	<ul style="list-style-type: none"> The South African Revenue Service.
Year of Assessment	<ul style="list-style-type: none"> The year of assessment for taxpayers covers a period of 12 months. For individuals and trusts, the commencement date of the year of assessment starts on 1 March and ends on the 28/29 February each year. For Companies and Close Corporations the year of assessment is the applicable financial year

5 RATES IF TAX PRESCRIBED BY THE COMMISSIONER

Reference to the Act Paragraph 9(1), (2) and 10 of the 4th Schedule of the Income Tax Act No. 58 of 1962 the Income Tax Act).

Meaning The deduction tables are prescribed by the Commissioner, having regard to the rates of normal tax as fixed by Parliament or foreshadowed by the Minister of Finance in the budget statement.

These tables come into force on such a date as may be notified by the Commissioner in the Government Gazette and remain in force until withdrawn by the Commissioner.

When to use the tables In the absence of a tax directive to the contrary as prescribed in Paragraphs 10 and 11 of the 4th Schedule of the Income Tax Act, employers must make use of the deduction tables prescribed by the Commissioner or use the statutory rates as an alternative.

Implementation of new rates of tax The new tax rates must be implemented by employers as soon as possible, but no later than 1 April of a tax year and Employees' Tax must be calculated according to these rates.

Any **over deduction** of Employees' Tax arising as a result of the implementation of new rates not in the employer's possession on 1 March of each new tax year, may be refunded to the employee as soon as new rates (tables) are implemented.

Any **under deduction** of Employees' Tax arising as a result of the implementation of new rates not in the employer's possession on 1 March of the new tax year, may be adjusted over the remainder of the new tax year (from the date of implementation until 28 February).

Employee leaves employment before introduction of new tables If an employee leaves your employment after 1 March of the new tax year but before the implementation of the new rates, the Employees' Tax deductions made in accordance with the previous rates are regarded as final.

Rebates for individuals which are prescribed in Section 6 of the Income Tax Act are deducted from the normal tax determined according to the statutory rates of tax.

6 STATUTORY RATES OF TAX

Statutory rates individuals	
Taxable income (R)	Rates of tax (R)
0 – 160 000	18% of each R1
160 001 – 250 000	28 800 + 25% of the amount above 160 000
250 001 – 346 000	51 300 + 30% of the amount above 250 000
346 001 – 484 000	80 100 + 35% of the amount above 346 000
484 001 – 617 000	128 400 + 38% of the amount above 484 000
617 001 and above	178 940 + 40% of the amount above 617 000

Tax rebates individuals	
Primary rebate	R11 440
Secondary rebate (for persons 65 years and older)	R6 390
Tertiary rebate (for persons 75 years and older)	R2 130
Medical Scheme Fees Tax Credit for persons below 65 years (see detail below)	

Tax thresholds individuals (before taking any Medical Scheme Fees Tax Credit into account)	
Persons under 65 years	R63 556
Persons 65 years and older	R99 056
Persons 75 years and older	R110 889

The rebates for individuals must be deducted from the normal tax determined according to the statutory rates of tax.

- The primary rebate is deductible for all individuals.
- The secondary rebate may only be applied for individuals who will be 65 years or older on the last day of the relevant year of assessment.
- The tertiary rebate is deductible only for individuals who will be 75 years or older on the last day of the relevant year of assessment.
- The Medical Scheme Fees Tax Credit for individuals is a credit which applies in respect of contributions paid by the taxpayer, who will be below 65 years on the last day of the year of assessment, to a registered medical scheme. The amount of the credit is based on the following values per month in the year of assessment in respect of which the contributions were paid in respect of the taxpayer himself/herself, his/her spouse and any dependant of the taxpayer.

Medical scheme fees tax credit for taxpayers under 65 years of age	
For the taxpayer	R 230
For the first dependent	R 230
For each additional dependent	R 154

Effective 01 March 2013 (2014 year of assessment) SITE will no longer be applicable as the tax threshold now exceeds the R60,000 SITE limit.

Rates applicable to employees other than individuals	
Personal Service Provider will no longer be taxed separately and will be taxed as a company at a rate of 28%.	
Trusts still remain at 40%.	

7 DIFFERENT VERSIONS OF TAX DEDUCTION PROGRAMS

Differences between tables and tax programs Small differences may occur between the manual tables, and other computer programs based on the statutory rates of tax. All these methods are acceptable in terms of the Income Tax Act as long as the results are within the rules provided for in the Act.

Other computer programs Employers may use computer programs that render results that are the same as the statutory rates of tax.

Where an employer use a computerised payroll or his/her own created payroll program, he/she must still follow the instructions and guidelines as prescribed by SARS.

8 EXPLANATION ON HOW TO USE THE TAX DEDUCTION TABLES

Weekly tables A weekly remunerated employee **under the age of 65** receives a weekly wage of R2 200 and contributes R60 to a pension fund as **well as R80 to a registered medical scheme in respect of himself/herself and one dependant.**

Weekly wage	2 200
Less: allowable pension fund contributions	60
Balance of remuneration	2 140
Employees' Tax on balance of remuneration according to the weekly tables	176
Less: Medical Scheme Fees Tax Credit (R230+R230 p/m ÷ 4 weeks)	58
Amount of Tax to be deducted	118

Fortnightly tables A fortnightly remunerated employee **under the age of 65** receives a fortnight wage of R4 980 and contributes R120 to a pension fund and R50 to a retirement annuity fund **as well as R80 to a registered medical scheme in respect of himself/herself and one dependant.**

Fortnight wage	4 980
Less: allowable pension fund contributions	120
Less: allowable retirement annuity fund contributions	50
Balance of remuneration	4 810
Employees' Tax on balance of remuneration according to the fortnightly tables.	426
Less: Medical Scheme Fees Tax Credit (R230+R230 p/m ÷ 2 weeks)	230
Amount of Tax to be deducted	196

Monthly tables A monthly remunerated employee **under the age of 65** receives a salary of R11 500 and contributes R375 to a pension fund and R125 to a retirement annuity fund as well as **R80 to a registered medical scheme in respect of himself/herself and one dependant.**

Monthly salary	11 500
Less: allowable pension fund contributions	375
Less: allowable retirement annuity fund contributions	125
Balance of remuneration	11 000
Employees' Tax on balance of remuneration according to the annual tables	1028
Less: Medical Scheme Fees Tax Credit (R230+R230 pm)....	460
Amount of Tax to be deducted	568

Annual tables An employee **under the age of 65** received a salary of R8 500 and contributes R50 to a pension fund per month as **well as R80 to a registered medical scheme in respect of himself/herself and one dependant.**

Annual salary (R8 500 x 12)	102 000
Less: allowable pension fund contributions	3 000
Balance of remuneration	99 000
Employees' Tax on balance of remuneration according to the annual tables	6 378
Less: Medical Scheme Fees Tax Credit (R230+R230 pm x 12)....	5 520
Amount of Tax to be deducted	858

9 QUALITY RECORDS

There are no prescribed quality records for this guide.

10 DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	GE Enterprise Business Enablement
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