## Important Legislative Changes

## **Provident Funds**

Legislative changes has been made to the way retirement fund will be processed after 1 March 2016.

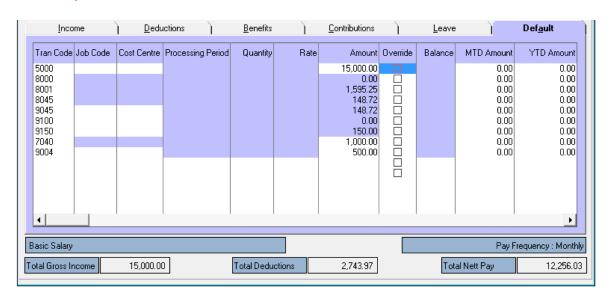
Pension Funds, Provident Funds and Retirement Annuities have been aligned to promote equity across the various funds.

Prior to the reform, employee deductions towards a provident fund was not tax deductible. This has arguably been the biggest change in terms of payroll processing, as it will be tax deductible from 1 March 2016.

In addition, the company contribution will also now incur a fringe benefit which will be considered the 'deemed contribution'. The fringe benefit is taxable, while the deemed contribution will also be tax deductible.

In the examples below, please take note of the transactions being used, as well as the taxand nett effect.

## Previously



## After 1 March 2016

