

Important Legislative Changes

Pension 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 pension fund was tax deductible. This will remain the same. 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 tax- and nett effect.

Previously

Income		Deductions		Benefits		Contributions		Leave		Default	
Tran Code	Job Code	Cost Centre	Processing Period	Quantity	Rate	Amount	Override	Balance	MTD Amount	YTD Amount	
5000						15,000.00	<input type="checkbox"/>		0.00	0.00	
8000						0.00	<input checked="" type="checkbox"/>		0.00	0.00	
8001						1,415.25	<input type="checkbox"/>		0.00	0.00	
8045						148.72	<input type="checkbox"/>		0.00	0.00	
9045						148.72	<input type="checkbox"/>		0.00	0.00	
9100						0.00	<input type="checkbox"/>		0.00	0.00	
9150						140.00	<input type="checkbox"/>		0.00	0.00	
7000						1,000.00	<input type="checkbox"/>		0.00	0.00	
9000						500.00	<input type="checkbox"/>		0.00	0.00	
							<input type="checkbox"/>				
							<input type="checkbox"/>				

Med. Aid Tax Credit Applied		Pay Frequency : Monthly	
Total Gross Income	15,000.00	Total Deductions	2,563.97
Total Nett Pay		12,436.03	

After 1 March 2016

Income		Deductions		Benefits		Contributions		Leave		Default
Tran Code	Job Code	Cost Centre	Processing Period	Quantity	Rate	Amount	Override	Balance	MTD Amount	YTD Amount
5000						15,000.00	<input type="checkbox"/>		0.00	0.00
6172						0.00	<input type="checkbox"/>		0.00	0.00
6410						500.00	<input type="checkbox"/>		0.00	0.00
7000						1,000.00	<input type="checkbox"/>		0.00	0.00
8000						0.00	<input type="checkbox"/>		0.00	0.00
8001						1,415.25	<input type="checkbox"/>		0.00	0.00
8002						0.00	<input type="checkbox"/>		0.00	0.00
8045						148.72	<input type="checkbox"/>		0.00	0.00
9000						500.00	<input type="checkbox"/>		0.00	0.00
9045						148.72	<input type="checkbox"/>		0.00	0.00
9100						0.00	<input type="checkbox"/>		0.00	0.00
9150						140.00	<input type="checkbox"/>		0.00	0.00
							<input type="checkbox"/>			
							<input type="checkbox"/>			

Basic Salary		Pay Frequency : Monthly	
Total Gross Income	15,000.00	Total Deductions	2,563.97
Total Nett Pay		12,436.03	