

INTRODUCTION

How the first quarter of 2015 has flown by! We do trust that so far it has been a good one for you and your organisation.

By now the fun and festivities of the December holidays have faded into the distance and what lies ahead is tax year end procedures and recons, tax certificates, EMP501's and the like - fun stuff !

Nevertheless all of this is part of our profession so we simply have to get on with it.

With the recent budget speech and all the very important changes that need to be implemented in our organisations to ensure compliance, it is not uncommon for Employers to feel a little overwhelmed at this time, particularly with the fact that some of us will have to pay in a bit more tax this year. We trust that this Newsletter will provide you with a quick reminder and checklist of all the items you need to take note of to kick start the new tax year.

Given the highly publicised shortfall in income VS expenditure anticipated by the National Treasury this year the spotlight has definitely shifted to further enforce compliance by individuals and Employers across the board. There will be greater emphasis on collecting outstanding taxes and penalties via the AA88's process by pressuring Employers to ensure that these are dealt with accurately and timeously, so watch this space. The end goal being - the collection of more taxes!!

Finally, we would like to once again wish you all the best for the 2015 year and remind you that should you need us through this stressful time we are only a phone call (or email) away.

The LabourNet and PSIber Team

BUDGET IN A NUTSHELL



Tax Tables:

Taxable Income (R)	Rates of Tax
0 - 181 900	18% of taxable income
181 901 - 284 100	32 742 + 26% of taxable income above 181 900
284 101 - 393 200	59 314 + 31% of taxable income above 284 100
393 201 - 550 100	93 135 + 36% of taxable income above 393 200
550 101 - 701 300	149 619 + 39% of taxable income above 550 100
701 301 and above	208 587 + 41% of taxable income above 701 300

Rebates:

Rebates	This Year	Last Years
Primary (All Taxpayers)	R 13 257	R 12 080
Secondary (65 years and over)	R 7 407	R 6 750
Tertiary (75 years and over)	R 2 466	R 2 367

Tax Threshold:

Tax Threshold	This Year	Last Year
Below 65 years	R 73 650	R 70 700
65 years and over	R 114 800	R 104 611
75 years and over	R 128 500	R 117 111

Medical Aid Tax Credits:

Dependant	This Year	Last Year
Main Member	R 270.00	R 257.00
1 st Dependant	R 270.00	R 257.00
All other dependants	R 181.00	R 172.00

Subsistence allowances and advances:

Type	This Year	Last Year
Incidental Costs	R 109.00	R 103.00
Meals and Incidental Costs	R 353.00	R 335.00

WHAT EFFECT WILL THE BUDGET SPEECH HAVE ON YOUR POCKET?



This year's budget speech from Finance Minister Nhlamhla Nene has resulted in a few potential changes to the way a company must administer their Payroll and HR Department. Are you ready?

Needless to say some of the items in the Budget Speech did not sit well with taxpayers, unions and the opposition benches. For instance, this is the first time in 20 years that there has been a tax increase for individuals, an increase which mainly impacts the individuals at the upper end of the earnings table. Hopefully this is not a sign of things to come. On the other hand though, and as has become customary over the years, those taxpayers at the lower end of the earnings table again this year still managed to get some relief.

Some of the other payroll related items that you would need to know about include:

Tax Tables - PAYE for those individuals earning above R450 000 p/a has been increased by about 1% whilst slightly lower taxes will be enjoyed by those at the lower end of the earnings table (i.e. below R 450 000 p/a). Also - it not good news for those in the much higher earnings bracket where the marginal rate has now increased to 41%. This is the first time in 20 years that we have seen an increase in taxes - hopefully this is not a trend that will continue.

Medical Aid Tax Credits - With the tax table changes we have seen some relief granted to those employees who belong to a medical aid. The tax credits on medical aid have been increased for all members and dependants.

UIF - A surprise announcement regarding a potentially huge reduction in the monthly contribution for both employers and employees has left many companies somewhat puzzled. This large reduction in the UIF contribution was announced but no effective date or rules were mentioned, other than that the reduction would only be for this tax year. The impact of this change is enormous for weekly paid employees and the implementation of a change like this is not an easy task for the payroll department. Nevertheless let's wait and see what further official announcement is made regarding this, before we do anything.

Tax Free Savings Accounts - Tax Free Saving accounts are now officially in full force. Being a new initiative very few employees or employers really know how these tax free savings accounts and a Retirement Annuity/Pension Fund compare in the long term, and which will therefore provide the most benefit. There will be lengthy debates and analysis of this topic during the coming months so keep an eye on press releases from the various financial institutions who will hopefully make sense of this.

COIDA - A very significant change has taken place with the administration of COIDA. Department of Labour has announced that Rand Mutual Assurance's licence has been extended to include Class 13 employees. This means that all Class 13 employers will be transferred to RMA. This is a significant change for all Class 13 employers and it will have to be implemented cautiously to avoid penalties. The Compensation Fund has also announced that the due date for your W.As 8 return has been extended from 31 March 2015 to 31 May 2015.

The W.As 8 form stays unchanged with only the earnings threshold being increased to R332 479 for the new year.

DOES ANNUAL LEAVE ACCRUE DURING MATERNITY LEAVE?

What happens to annual leave when an employee is on maternity leave? Does the maternity leave interrupt the accrual of annual leave entitlement of the employee? Given the number of queries we are inundated with on a daily basis, this topic is far from being trite.

Perhaps the best starting point for this discourse is to revert to the Basic Conditions of Employment Act and the provision regarding annual leave therein in order to solve this apparent legal penumbra.

Section 20(2) of the Act provides that an “employer MUST grant an employee at least 21 consecutive days annual leave on full remuneration in respect of full annual cycle” (which consists of twelve months) (my emphasis).

It is important to point out firstly that section 20(2) is written in peremptory language. The wording used by the legislature is “must”. Secondly, the section does not provide an exception where an employer may never allow the employee an entitlement of 21 days. It should however be borne in mind that the Act establishes minimum terms and conditions, anything above the entitlement will of course be more favourable and will not be contravening the Act.

The question of the status of annual leave during maternity leave also raises a further question as to the status of a pregnant employee during maternity leave. The proponents of the school of thought that argue that annual leave does not accrue during maternity leave will do well to consider that if this situation be true, the employee on maternity leave ceases to be an employee for the period of maternity. This is an anomaly and cannot be the intention of the Act. An employee on maternity leave is still an employee and remains such, albeit on maternity.

This viewpoint we hold is further cemented by the provision of Section 6 of the Employment Equity Act. The said section prohibits an employer from unfairly discriminating against an employee on the grounds of pregnancy, intended pregnancy or reasons related to pregnancy.

If indeed annual leave does not accumulate during maternity leave, this will fall foul of section 6 of the

Employment Equity Act and would be a clear violation of the said section.

Section 20(5) of the Basic Conditions of Employment Act prohibits an employer from permitting an employee from taking annual leave concurrently with other leave which are maternity leave, sick leave and family responsibility leave. This further supports our viewpoint that if annual leave cannot run concurrently with maternity leave, suspending the running of leave prescription as it were, would be illogical and discriminatory as argued above.

PSIBER TECHNOLOGY - PRODUCT UPDATE



PSiberTIME

We took on the task of developing our own Time and Attendance module during 2014 and are very excited by the response we have received so far. The new facility is currently in Beta testing at a handful of our clients and we are planning to release it as a fully functional, integrated module towards the end of June.

The web based PSiberTIME module is intended to complement the existing PSiberWORKS product suite

Some of the features of PSiberTIME:

- **Accurate Time & Attendance Records** - Ensure payroll data is accurate and control your labour costs through an automated and workflow driven solution.
- **Integration** - Complete integration to your payroll solution, this eliminates any manual capturing of hours worked, leave taken, etc. and ensures accuracy.
- **Cloud-Based** - The module is cloud-based, and therefore offers a user the convenience of having their T&A data available from anywhere at any time. PSiberTIME can be accessed from any PC, Mobile Device or tablet with internet access.
- **Stand Alone** - PSiberTIME can be installed as a stand-alone module and is in no way dependant on whether you utilise any of PSiber's other solutions.
- **Rostering** - Allows you as the employer to Roster/Schedule your employees expected allocation

and intelligently map the actual work done (i.e. logs the actual clocking against expected or planned schedules per department or cost centre).

- **Reporting** - Comprehensive consolidated reporting across modules. Reports are directly emailed to the line manager from the system at selected time interval (daily, weekly, monthly, etc.) and in excel or pdf format.
- **Devices** - Biometric devices can be ordered from PSiber directly with features such as battery packs which will not let you down during load shedding. In addition PSiberTIME can be integrated to some well-known biometric devices.
- **Security** - PSiberTIME comes standard with the PSiberWORKS suite set of security features and includes Org Structure access control and viewing rights. A full audit trail is available real time to users.
- **Legislative** - BCEA as a built in rule set
- **Third Party Invoicing** - Calculate invoice cost for outsourced labour directly from PSiberTIME.

Payroll Giving

Payroll-giving donations have been around for a few years, however many employers and employees are only adopting this initiative now. Some employers are however confused on whether the amount should only be shown on the IRP5 or of it should be taken into consideration when calculating PAYE on a monthly basis.

Donations deduction can be deducted by the employer and paid over to the relevant approved organisation. The deduction from taxable earnings is limited to 5%. This deduction may only be allowed if the employee has provided the employer with the receipt which reflects the details as prescribed in section 18A(2)(a).

The full amount of the donations deducted from the remuneration of the employee must be reflected under code 4030 and not only the allowable portion.

POPI, are you up to date?

What is POPI?

The Protection of Personal Information Act (also referred to as the POPI Act) aims to protect an individual's right to privacy regarding their personal information which may have been collected by a third party during a normal commercial transaction or by their HR department prior to, or during, the course of their employment. It also seeks to bring South African law regarding ensuring and managing personal data in line with international data protection laws.

What is the Objective of POPI?

The purpose of POPI is to regulate and formalise how companies collect, store, protect, access and distribute consumer information and to protect the ongoing integrity and sensitivity of that private information. The Act offers many safeguards regarding abusing an individuals' personal data, and primarily protects individuals from unsolicited emails & SMS's for services which they never applied for, as well as against any security breaches that could result in identity theft, when personal information is stolen or offered too freely by a third party.

Who is covered?

- Clients/Consumers - regarding their buying habits, historic transactions, activities, etc.
- Suppliers - their pricing, contracts, contacts, etc.
- Employees - HR info, Payroll records, CV's, applications for employment, CCTV records, T&A records, performance reviews, IR records, emails, etc.

How does this affect the HR & Payroll Department?

This Act will impact all companies who in their "normal course of business" collect, manage, manipulate, analyse, distribute, use, retrieve, store, retain, destroy, delete, or interrogate any form of personal data, be that data from a potential Employee, an existing Employee or a discharged / previously employed Employee.

In most cases companies have implemented measures to manage their HR related information in a secure environment by either using internal or cloud-based software systems. One cannot however assume that these measures are necessarily sufficient to satisfy POPI, so it is imperative that as a responsible business owner / Employer / HR or Payroll Manager, reviews of internal procedures and controls must regularly be conducted to ensure compliance with the Act. This should include, amongst others, reviewing recruitment process and obtaining consent from suppliers and Employees before collecting and storing personal information.

The requirements as specified in the Gazette that covers Record Keeping as well as the ICT and Tax Administration Acts are integral to a company's ability to adhere to this Act. Companies need to have an understanding of all these Acts and as such have an integrated approach when implementing POPI. The Act includes a section to do with

managing Special Personal Information. This deals with, for example, information related to political, sexual, religious persuasion and information about children. Personal data which is maintained across borders is also dealt with by the Act, specifically relating to countries where inadequate information protection frameworks exist, or where companies store their data in the cloud and the actual cloud infrastructure is actually resident in another country.

For more information regarding POPI and how to be compliant please [CLICK HERE](#)

TRAVEL REIMBURSEMENT, are you doing it right?

When an employee is reimbursed for business travel it is important for an employer and an employee to carefully look at:

- The rate at which they are reimbursed.
- The projected kilometres to be travelled.
- An accurate log book must be kept.

In a case where you say that an employee is reimbursed at a rate higher than the prescribed rate, but travels less than 8000 kilometres per year, you need to take note of the following:

The only real difference this will make on your payroll is the IRP5 code against which the reimbursement is reflected. In all cases the reimbursement is tax free on the payroll. In the cases where the prescribed rate is exceeded or the 8000 km is exceeded the Commissioner states that the reimbursement is taxed on assessment. When either the prescribed rate or the kilometre limit is exceeded the IRP5 code against which the reimbursement should be reflected is 3703, otherwise 3702 should be used.

When an employee is reimbursed for business travel it is very important to ensure that the employee keeps an accurate log book of his/her business as well as private travel, as this will become the documentation that SARS will review on assessment.

PAYROLL MANAGERS MID YEAR TAX AND LEGISLATIVE UPDATE 2015

We look forward to seeing you at the seminars. (Venue's to be confirmed closer to the time)

Cape Town	Tuesday 8 th September 2015
Port Elizabeth	Thursday 10 th September 2015
Centurion	Friday 11 th September 2015
Johannesburg	Tuesday 15 th September 2015
Durban	Thursday 17 th September 2015

Please save the date now!

FROM THE FINANCE TEAM

Mail Attachment Problem

We are aware of an issue experienced by clients where email attachments are not showing on the recipient side and are being blocked by several mail servers. After further investigation, we kindly ask that you request your IT department to please make sure that LabourNet is on the "safe" list and not to block attachments from the above email address. This will ensure timeous receipt of invoices and statements. Should you continue to experience problems after implementing the above, please let us know so we can address further with our IT department.

Switch to Monthly Debit Order

Need an efficient, hassle-free way of making your monthly payments or converting your annual licence fee to a monthly fee? We are offering all interested clients the option of switching to a monthly debit order. If you would like to benefit by the convenience of this switch, please contact Mphonyana Mpya via email at mphonyanam@labournet.com. Rest assured that we will endeavour to make the change a seamless one.



QUICK UPDATES

SARS deadline reminder:

The annual employer reconciliation period starts on 1 April 2015. Please ensure you submit your returns via e@syfile as manual submission will no longer be accepted by SARS. Also make sure that you distribute the employee tax certificates only after final acceptance of your submission by SARS.

Disability Payments:

From 1 March 2015 the amendments to Section 10(1)(g) will be effective. Any amount received from an insurance policy relating to death, disablement, illness or unemployment will be exempt from tax. However, no tax deduction will be allowed for premiums paid for such policies. Please ensure your payroll rules have been adjusted accordingly if you set up a specific / non-standard code for this.

Bursaries:

With the recent change in the tax free portion of a bursary, many employers are unsure how to determine the NQF level of a bursary. To determine what NQF level a specific qualification has, one must obtain this information from the relevant institution which offers this qualification, and if not satisfied revert the query to the relevant SETA and SAQA

e@syfile:

There have been concerns raised by clients regarding e@syfile compatibility with Windows 10. We have received feedback from the Payroll Authors Group indicating that there has been no official communication from SARS on this issue. SARS have indicated that e@syfile has only been tested on Windows 7, but should work on other versions.

Wage Increases:

- Domestic Workers - Minimum Wage increase - effective 1 December 2015.
- Farm Workers - Minimum Wage increase - effective 1 March 2015.
- Contract Cleaning Employees - Minimum Wage increase - effective January 2015.
- Wholesale and Retail - minimum Wage increase - effective 1 February 2015.

BCEA Threshold Increase:

The earnings threshold for the Basic Conditions of Employment Act has been increased from R 193 805 p/a to R 205 433.30p/a with effect from the 1st of July 2014 - the monthly equivalent now being R 17 119.44.

To view the full notice please [CLICK HERE](#)

Repo Rate:

The Repo interest rate is unchanged at 5.75%, therefore the rate on low interest or interest free loans will be 6.75%.

For the full table please [CLICK HERE](#)

LABOURNET TRANSFORMATION

Skills Development - Mandatory Grant Deadline - 30 April!!

The deadline for the submission of your WSP/ATR's is swiftly approaching.

Employers should note the following:

- WSP/ATR submission is compulsory for those companies wishing to receive a favourable rating on their Skills Development element of their B-BBEE Scorecard
- Missing the deadline will result in your company forfeiting your mandatory grant.

As your Training Manager, LabourNet assists you to develop and submit your WSP/ATR's by ensuring that we manage and channel your training spend strategically to receive your grants, maximise your B-BBEE scoring potential, ensure compliance and develop your managers and staff in order to achieve phenomenal returns on your training investment in your employees.

For further details please contact
Gregory Kowalik
gregoryk@labournet.com



LABOURNET OCCUPATIONAL HEALTH & SAFETY - PRODUCT UPDATE



We are excited to announce the launch of our new Health & Safety Evolution Package! (Only available in Gauteng, Bloemfontein and Port Elizabeth)

This range includes:

- **Evolution 1:** Basic Product - Meeting Legal Standards and Compliance Only
- **Evolution 2:** Re-active Contractors file - Specific Process and Operational Standardization and Policy and Procedure Implementation
- **Evolution 3:** Compliant & Supported - Setting Internal OHSMS Standards and Undergoing Internal and External Audits
- **Evolution 4:** Proactive & Managed - Integration of the Managed Program into the Business Model of the Organization and Utilizing the System to Show Improvements in Overall Efficiencies, Quality and Organizational Performance
- **Evolution 5:** Best Practice & ISO-aligned - Matured and Sustained System That Has Been Tested and Audited at the Required Frequencies and is Fully Integrated Into the Organization's Business Model Including Being a KPI for Performance Management of All Employees

For organizations to be successful and sustainable; they must establish, implement and maintain a management system to manage risk and bring about good performance on a triple line of people, planet and profits.

As part of this management system, LabourNet Health & Safety Solutions helps organizations to structure an Occupational Health and Safety Management System (OHSMS) to effectively manage the risk of occupational injuries, ill health and fatalities as stipulated by OHS legislation.

For further details please contact
Robert Niemand
robertn@labournet.com

CLOSE

In closing we would like to wish you success for the remainder of 2015. Should you have any questions or require assistance, please don't hesitate to contact us.

LabourNet Solutions

www.labournet.com

LabourNet Helpdesk : 0861 522 638

Email Us : support@labournet.com

PSiber Technology

www.psiberworks.com

Call Us : 011 454 1074

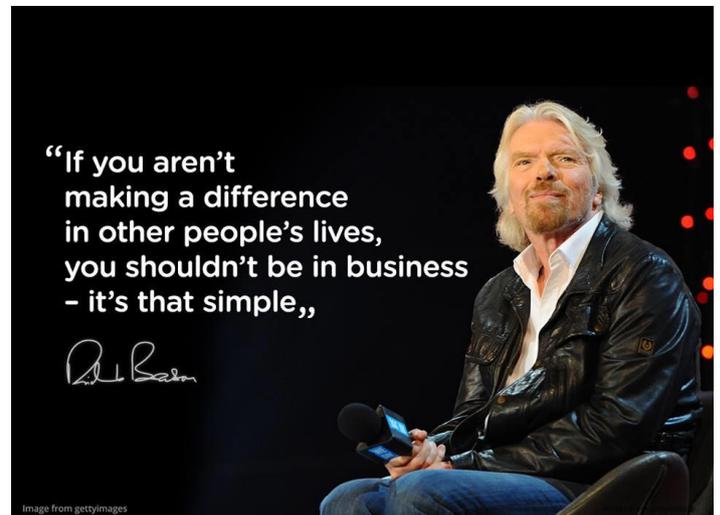
Email Us : psiber-support@labournet.com

PSiberLite

www.psiberlite.co.za

Call Us : 011 353 5000

Email Us : psiberlitehelpdesk@labournet.com



LABOURNET SOLUTIONS

PSiber Technology

Our technology platforms, PSiberWORKS and PSiberLite, have been designed and developed to create a powerful suite of Payroll & HRIS products and supporting modules which have proven to be the benchmark for future developments in the world of Internet based Payroll, HR and Tax Management systems. The LabourNet solutions cover all aspects of Payroll and HR management - from recruitment to retirement.

Recruitment

As a prominent corporate recruiter, LabourNet assists businesses to source an effective workforce by identifying talented individuals who will help them achieve their objectives. Our recruitment specialists offer a range of unique and flexible solutions geared for permanent positions, temporary employment services as well as skills testing and verification services.

LabourNet Payroll Solutions

LabourNet provides companies of all sizes and in any industry the flexibility to truly take control of their payroll functions and to fully align these functions to their business needs, however simple or complex they may be. Our highly skilled LabourNet staff offer fully integrated Payroll and HR technology solutions and associated day to day support, focused on ensuring continued compliance with current tax and labour legislation.

Talent Management

LabourNet Talent Management Solutions is made up of a unique set of products and services that help organisations to develop processes and systems which will drive a performance culture, where employees are motivated towards achieving common goals which are aligned towards the achievement of business imperatives.

Training & Development

As your Training Manager, LabourNet's training and development programmes not only offer integrated solutions that encompasses all facets of people management but we are also able to position your

training expenditure to ensure alignment towards skills development indicators on your B-BBEE scorecard in order to derive maximum impact from your investment in Training & Development.

Transformation

Transformation is a critical tool for driving meaningful and sustainable growth in your organization. LabourNet assists businesses to structure and implement systems to achieve diversity, drive innovation and ensure compliance while maximizing employee potential. These systems align business processes and procedures with appropriate Employment Equity, Skills Development and B-BBEE requirements.

Health & Safety

LabourNet facilitates the management of a health and safety in the workplace for both employers and employees alike. Our range of professional and quality services establishes a comprehensive Occupational Health and Safety Management System (OHSMS), identifies hazards and risk assessment, to accident/incident investigation and compliance with regulations.

Industrial Relations

LabourNet proactively installs best practice and procedures in Industrial Relations, ensuring optimal staff performance, reduced workplace conflict and minimised risk in dismissing staff, all within the required legislative framework. Our firm but fair approach to trade union collective bargaining, discipline management, strike handling, incapacity investigations and restructuring minimise disruption to your company's operations so that you can achieve your strategic objectives.

Litigation

LabourNet assists clients to face the ever increasing risk of litigation within their business by analysing disputes and identifying strategies that prevent them from escalating or resulting in unnecessary settlements which create a negative precedent. Our expert consultants provide professional legal advice, training, and preparation for conciliations and arbitration, as well as access to a preferred panel of qualified attorneys.