NEWSLETTER

Outsource

BCEA EARNINGS THRESHOLD INCREASE

The earning threshold for the Basic Conditions of Employment Act has been increased from R193,805.00 per annum to R205,433.30 per annum with effect from 1st July 2014 per Government Gazette 37795 dated 1st July 2014. Earnings means regular annual remuneration before deductions, ie: income tax, provident fund, medical aid and similar payments but excluding contributions made by the Employer in respect of the Employee. Subsistence and transport advances, achievement awards and payment of overtime worked, shall not be regarded as remuneration for the purposes of this notice. Employers must, however, take into consideration that possible contractual issues with regard to the payment of overtime, which must be paid, may arise, as the Employee may now earn above the threshold and no longer qualify for overtime.

SINGLE REGISTRATION PROCESS

SARS is rolling out a tighter single registration process similar to the "know your client" process that SA Banks implemented in terms of the Financial Intelligence Centre Act. The programme forms part of the Governments efforts to reduce red tape, tighten up on cyber crime and identify theft. It is being implemented in co-operation with the Companies & Intellectual Property Commission and the Department of Home Affairs. Given the overwhelming number of registrations that need to be recorded, SARS have introduced manual processes to validate tax practitioner details at their various branch offices in SA.

EMPLOYMENT EQUITY AMENDMENT ACT

Act Number 47 of 2013 refers.

The final amendments to both the Employment Equity Act and the relevant regulations that will apply to the Employment Equity Act, have been signed into law on the 21st July 2014 by the President of South Africa. The effective date on which the Act comes into effect will be the 1st August 2014.

Employers will thus be required to lodge their 2014 Employment Equity submissions on revised EEA2 and EEA4 reports.

DESIGNATED EMPLOYERS ARE:

- Those who employ 50 or more staff members or
- Employs fewer than 50 Employees but has an annual turnover that is equal to or more than that set down in Schedule 4 of the Act (figures vary according to the type of industry)
- Municipalities.

Section 21 of the EEA, which deals with reporting, has been amended by deleting the distinction between **designated employers** with 150 Employees and less and substituting this with a new clause requiring **all designated employers** to submit their first reports within 12 months after commencement of the EEA or, if later, within 12 months after the date on which that employer became a designated employer. Thereafter, all designated employers must submit a report **once every year** – not once every two years, on the first working day of **October** or on such other date as may be prescribed.

RETIREMENT PLANS

RETIREMENT REFORMS

The savings and retirement reform process was first announced by the Minister of Finance in the 2012 Budget. A major policy paper issued with the 2013 Budget initiated implementation of the first set of revised proposals, some of which have now been enacted as legislation. The proposed retirement reforms confirm the Government's broad policy goals of:

- The implementation of an auto-enrolment or mandatory contribution system.
- Improving pre-retirement preservation.
- Improving fund disclosure.
- Simplifying retirement savings products and making them portable between providers.

Given the proposed implementation date of 1st March 2015, it is important that Employers start discussions with their Employees as soon as possible, to inform them of the following:

- Government's reforms are changing the retirement planning landscape, whether they are saving for retirement or are about to retire.
- Government's reforms of the retirement funding industry are extensive. The aim is to ensure that Employees save adequately for retirement and that their savings are properly protected.

The reforms have been driven by a number of factors, including:

- The huge switch from defined benefit funds to defined contribution funds.
- The fact that most people on changing jobs, do not preserve their retirement savings.
- The need for retirement savings products to provide consumers with value for their money.

BURSARY CRITERIA

PROCESSING BURSARIES THROUGH PAYROLL

Just a reminder that the Budget speech in February this year changed the way Employer provided bursaries need to be handled in payroll. The threshold for tax free benefits has changed. If an Employee Earns over R250,000.00 and studies for a qualification between NQF levels 1 & 4, the first R10,000.00 is tax free and between NQF levels 5 & 10, the first R30,000.00 is tax free. If an Employee is not required to repay the loan, or is rewarded for obtaining a qualification, then this is deemed to be a taxable fringe benefit. SARS will measurer the tax free lump sum which will be based on an Employees worldwide income.

HR & Payroll Solutions