PAYMASTER
BUSINESS SOLUTIONS
SINCE 1999

South Africa
COMPACT PAYROLL GUIDE
2023-2024

2023-2024 Rates:

ANNUAL TAX TABLES FOR INDIVIDUALS AND SPECIAL TRUSTS:

TAXABLE INCOME (R)	RATE OF TAX (R)
1 - 237 100	**18%** of taxable income
237 101 - 370 500	**42 678 + 26%** of taxable income above 237 100
370 501 - 512 800	**77 362 + 31%** of taxable income above 370 500
512 801 - 673 000	**121 475 + 36%** of taxable income above 512 800
673 001 - 857 900	**179 147 + 39%** of taxable income above 673 000
857 901 - 1 817 000	**251 258 + 41%** of taxable income above 857 900
1 817 001 and above	**644 489 + 45%** of taxable income above 1 817 000

THE TAX THRESHOLDS AT WHICH INDIVIDUALS BECOME LIABLE FOR PAYING NORMAL TAX:

Below age **65**	R95 750
Age **65–74**	R148 217
Age **75+**	R165 689

THE TAX REBATES FOR CALCULATING NORMAL TAX PAYABLE BY NATURAL PERSONS:

Primary	R17 235
Secondary	R9 444
Tertiary	R3 145

PERSONAL SERVICE PROVIDERS (PSP) TAX RATES:

COMPANIES:

28% for companies with years of assessment ending on any date **between 1 April 2022 and 30 March 2023**

27% for companies with years of assessment ending on any date **on or after 31 March 2023**

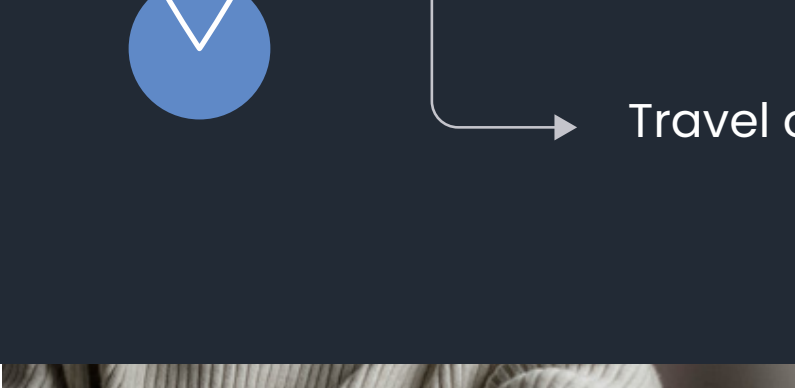
TRUSTS (OTHER THAN SPECIAL TRUSTS):

45%

SUBSISTENCE ALLOWANCE:

Travel within South Africa: **R161** per day or part of a day for incidental costs, and **R522** per day or part of a day for meals and incidental costs.

Travel outside South Africa: Prescribed amount applicable to the relevant country as published in the **Government Gazette.**



REIMBURSEMENT/ADVANCE FOR BUSINESS TRAVEL ON DAY TRIPS:

R161 per day or part of a day

PRESCRIBED RATE FOR THE REIMBURSEMENT OF KILOMETRES FOR BUSINESS TRAVEL:

The prescribed rate per kilometre is **R4.64**

TABLE FOR CALCULATING THE ACTUAL RATE PER KILOMETRE OR TRAVEL ALLOWANCE:

VALUE OF VEHICLE IN RANDS (INCLUDING VAT)	FIXED COST PER ANNUM (R)	FUEL COST PER KM (R)	MAINTENANCE COST PER KM(R)
R0 - R100 000	33 760	1.415	0.438
R100 001 - R200 000	60 329	1.580	0.548
R200 001 - R300 000	86 958	1.717	0.604
R300 001 - R400 000	110 554	1.846	0.659
R400 001 - R500 000	134 150	1.976	0.775
R500 001 - R600 000	158 856	2.266	0.910
R600 001 - R700 000	183 611	2.305	1.021
R700 001 and above	209 685	2.343	1.131

MEDICAL SCHEME FEES TAX CREDITS:

R364 for each of the first two persons covered by the medical scheme,

R246 for each additional dependent.

ADDITIONAL MEDICAL EXPENSES TAX CREDITS (ONLY FOR EMPLOYEES 65 YEARS OR OLDER):

33.3% of the medical scheme contributions which exceed 3 times the amount of the medical scheme fees tax credit.

RETIREMENT FUND LUMP SUM BENEFIT OR SEVERANCE BENEFIT EXEMPTION:

Cumulative exemption of **R550 000** once in a lifetime from 1 March 2023

EXEMPT FOREIGN EMPLOYMENT INCOME I.T.O. SECTION 10(1)(O)(II) LIMIT:

R1.25 MILLION per tax year

EXEMPT BURSARIES THRESHOLDS (CLOSED BURSARIES):

If the employee's remuneration proxy is R600 000 or less, then the following exemption limits apply:

RELATIVES WITHOUT A DISABILITY:
- NQF Level 1–4/Grade R-12: **R20 000** per tax year per relative
- NQF level 5-10: **R60 000** per tax year per relative

FAMILY MEMBER WITH A DISABILITY:
- NQF Level 1–4/Grade R-12: **R30 000** per tax year per family member
- NQF level 5-10: **R90 000** per tax year per family member

OFFICIAL RATE OF INTEREST USED TO CALCULATE THE FRINGE BENEFIT ON INTEREST-FREE OR LOW-INTEREST LOANS:

The official rate of interest is defined in section 1 of the Income Tax Act as the repurchase rate (repo rate) plus 1%. A new official rate of interest is effective from the first day of the month following the date on which the new repo rate came into operation.

OFFICIAL RATE OF INTEREST:	EFFECTIVE DATE:
8.25%	February 2023

Please consult **South African Reserve Bank** for changes to the repo rate during the tax year.

RESIDENTIAL ACCOMMODATION FRINGE BENEFIT:

When the formula is used to calculate the fringe benefit, then the value of 'B' in the below formula will be **R95 750** from 1 March 2023.
Formula: (A-B) x C/100 x D/12

RETIREMENT FUND CONTRIBUTIONS TAX DEDUCTION LIMIT:

The total tax deduction for retirement fund contributions is limited to the lessor of:
27.5% of remuneration (excluding severance benefits and retirement fund lump sums), or
R350 000 per annum.

EXEMPT LONG SERVICE AWARD THRESHOLD:

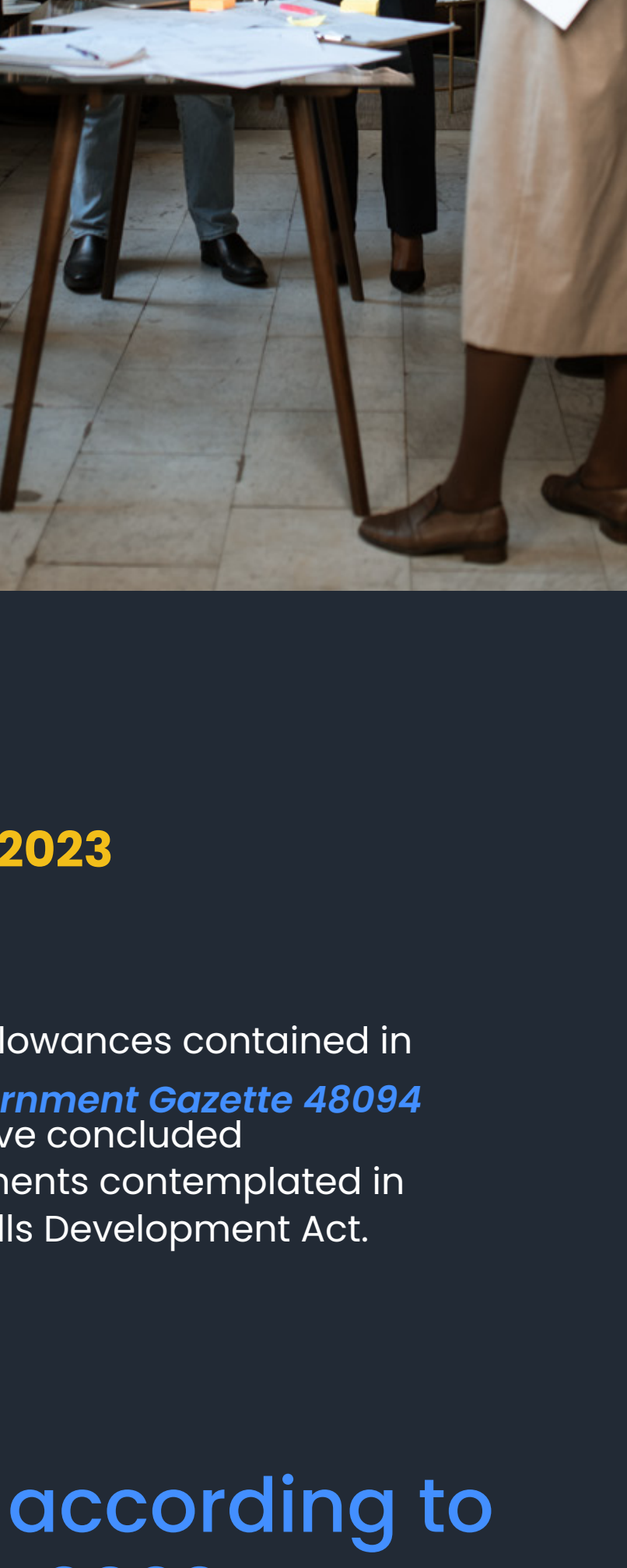
The first **R5 000** of a qualifying long service award is exempt.

EMPLOYMENT TAX INCENTIVE (ETI) TABLE

MONTHLY ETI REMUNERATION	ETI FOR THE FIRST 12 QUALIFYING MONTHS	ETI FOR THE NEXT 12 QUALIFYING MONTHS
R 0 - R1 999.99	75% of monthly ETI remuneration	37.5% of monthly ETI remuneration
R2 000 – R4 4999.99	R1 500	R1 750
R4 500 – R6 499.99	Formula: R1 500 – (75% x (monthly ETI Remuneration – R4 500))	Formula: R1 750 – (37.5% x (monthly ETI Remuneration – R4 500))

UNEMPLOYMENT INSURANCE FUND CONTRIBUTIONS (UIF) LIMIT:

Both the employee and employer must contribute **1%** of UIF remuneration, limited to the UIF contribution limit, which is **R17 712** effective **1 June 2021.**



SKILLS DEVELOPMENT LEVY (SDL CONTRIBUTION):

The employer must contribute **1%** of the SDL leviable amount.

COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (OID) LIMIT:

Maximum amount of earnings on which an assessment is calculated: **R563 520** per annum for 2023/2024

BASIC CONDITIONS OF EMPLOYMENT (BCEA) EARNINGS THRESHOLD

Employees earning in excess of the BCEA earnings threshold are excluded from section 9, 10, 11, 12, 14, 15, 17(2) and 18(3) form the Basic Conditions of Employment Act (BCEA)

The BCEA earnings threshold is R241 110.59 per annum effective 1 March 2023.

National Minimum Wages:

NATIONAL MINIMUM WAGE RATES EFFECTIVE 1 MARCH 2023

R25.42 per hour
R25.42 per hour for farm workers
R25.42 per hour for domestic workers
R13.97 per hour for workers employed on expanded public works programme

Minimum weekly allowances contained in Schedule 2 of ***Government Gazette 48094*** for workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Act.

Payroll amendment for 2023-2024 according to the Taxation Laws Amendment Act, 2022:

VARIABLE REMUNERATION

Remuneration should be taxed on *accrual or receipt, whichever occurs first, except in the case of variable remuneration. Variable remuneration is deemed to accrue to the employee **when it is paid** and not when it ordinarily accrues to the employee, therefore, variable remuneration should be taxed when it is paid.

**Accrual means when the employee becomes entitled to the amount.*

CURRENTLY, THE FOLLOWING ITEMS ARE INCLUDED IN VARIABLE REMUNERATION:

- overtime
- bonuses
- commission
- an allowance or advance paid in respect of transport expenses such as a travel allowance,
- leave paid out,
- reimbursive travel allowance
- any night shift allowance
- any standby allowance
- certain business reimbursements

However, certain performance-based payments based on the employee's work performance (other than commission and bonuses, for example - the employee is paid a rate for every crate of oranges packed), are not currently included in variable remuneration. This means that these payments should be taxed on accrual, however, in many cases this information is only available to the payroll department after the accrual period/date.

To cater for these types of payment, payments that are determined based on the employee's work performance (other than bonuses and commission) will be included in variable remuneration which must be taxed when it is paid to the employee.

In addition to this, to ensure the date of accrual for a deceased employee is the day prior to the date of death, section 7B of the Income Tax Act will be amended to clarify that variable remuneration received by a deceased employee should be taxed on the day prior to the employee's death.

Budget proposals affecting payroll:

1. Increase in retirement fund lump sum and severance pay tax tables

To align with the numerous changes that government has made to retirement funds to enhance preservation of retirement savings, the brackets for retirement fund lump sum benefits/severance benefits and retirement fund lump sum withdrawal benefits will be increased with 10% to compensate for inflation effective 1 March 2023:

RETIREMENT FUND LUMP SUM AND SEVERANCE PAY BENEFITS

Taxable Income (R)	Rate of tax (R)
R0 - R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 - R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

RETIREMENT FUND LUMP SUM WITHDRAWAL BENEFITS

Taxable Income (R)	Rate of tax (R)
R0 - R27 500	0% of taxable income
R27 501 - R726 000	18% of taxable income above R27 500
R726 001 - R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

2. Two-pot retirement system

The first phase of legislative amendments to the two-pot retirement system is proposed to take effect from 1 March 2024 to enable pre-retirement access to a portion of one's retirement savings while preserving the remainder for retirement.

- The tax deduction for contributions towards retirement funds will remain unchanged.
- The permissible withdrawals accrued before 1 March 2024 will be taxed according to the retirement fund lump sum withdrawal benefit tax table.
- Withdrawal from the savings pot will be taxed according to the income tax marginal rates.
- Withdrawals on retirement will be taxed according to the retirement lump sum benefit tax table.

3. SARS PAYE administration reform

The PAYE administration reform will continue and employers will be required to submit employer and employee data on a monthly basis in an outomated fashion. Subsequently over time the need for employer Annual and Bi-Annual EMP501 Reconciliation Submissions are expected to fall away. This reform will be then extented to third party data providers.

4. Remote working allowances

As part of exploring the impact of remote work on the personal income tax regime, the National Treasury and SARS committed to a multiyear review of allowances. A discussion document will be released this year to outline workplace practices and policies, changes in the current environment and how different workplaces are affected by home office and travel allowance policies.

Data provided by:
South African National Treasury
SARS
Department of Employment and Labour

www.paymaster.co.za | 021 712 7333