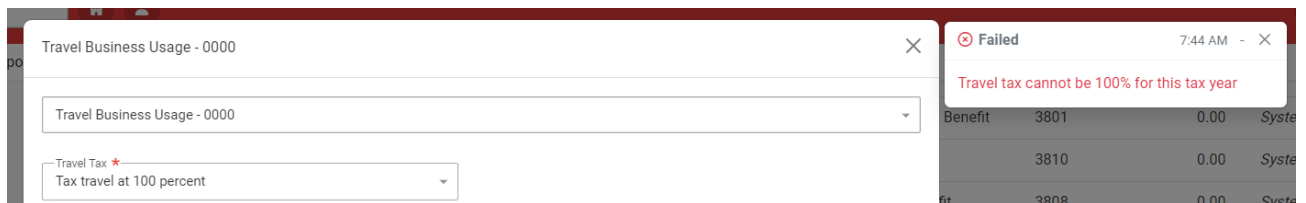


From the Team

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## South Africa | Run Error: Travel Tax Cannot Be 100% For This Tax Year

From the 2024/2025 year of assessment moving forward, employees are not to be linked to the "Tax travel at 100 percent" option on the Travel Business Usage component. A run error will appear if selected.



### According to the definition of remuneration as defined in paragraph 1 of the Fourth Schedule:

- only 80% of a travel allowance (which includes a fuel card when used with a private vehicle) should be included in remuneration unless the employer is satisfied that at least 80 percent of the use of the private motor vehicle for the year of assessment will be for business purposes, then only 20 per cent of the amount of such allowance or advance must be included, and
- only 80% of the right of use of a motor vehicle should be included in remuneration unless the employer is satisfied that at least 80 per cent of the use of the motor vehicle for the year of assessment will be for business purposes, then only 20 per cent of the amount of such allowance or advance must be included.

IRP5 code 4582 reports the 'remuneration portion' of a travel allowance/fuel card and right of use of motor vehicle fringe benefit to apply the correct limits when calculating the tax deduction portion for contributions towards a retirement fund upon personal income tax assessment. According to the latest SARS PAYE BRS, code 4582 may not be less than 20% or more than 80% of the sum of 3701 + 3802 + 3816.

### Contributions towards retirement funds are allowed as a tax deduction on the payroll, but limited to the lesser of-

- R350 000 per annum, and
- 27.5% of remuneration.

**On assessment two more limits are added which is the lessor of:  
R350 000 per annum, or**

- The higher of 27.5% of remuneration (excluding retirement and severance pay lump sums) or 27.5% of taxable income (excluding retirement and severance pay lump sums) before allowing section 11F, section 18A and section 6 quater deductions, or
- taxable income (excluding retirement and severance pay lump sums) before allowing section 11F, section 18A and section 6 quater deductions plus any taxable capital gains

In order for SARS to calculate the applicable limit on assessment, it is important to include the correct values in remuneration and report the correct values on the employee's tax certificate.

In light of this, the 100% option is no longer available for selection to be in line with legislation and the latest SARS PAYE BRS.

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