



# Statutory Payroll Updates | RSA

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2023/2024

Contents:

Introduction ..... 1

Tax Rates..... 1

Rebates..... 1

Tax Thresholds..... 2

Medical and Disability Expenses ..... 2

Subsistence Rates ..... 2

SARS Prescribed Rate per Kilometre ..... 3

Interest Rate ..... 4

Corporate Income Tax and PSP Tax Rates..... 4

Other Changes..... 4

## Introduction

The purpose of this document is to provide you with insight related to the budget speech delivered on the 22nd of February 2023, as well as other government regulations and notices affecting payroll for the 2023/2024 tax year.

There is also an indication of product application and impact where applicable.

## Tax Rates

In terms of section 5(2)(a) of the Income Tax Act, the Minister of Finance may change the rates of tax chargeable in respect of taxable income, as well as the effective date/dates of the changes, by announcement in the national annual budget.

Paragraph 9 of the Fourth Schedule to the Income Tax Act makes provision to apply the tax deduction tables announced in the national annual budget for purposes of employees' tax.

For the period 1 March 2023 to 29 February 2024:

Individuals' tax tables	
Taxable income (R)	Rates of tax
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

## Rebates

For the period 1 March 2023 to 29 February 2024:

Tax Rebates			
Rebate	2023/2024	2022/2023	2021/2022
Primary	<b>R17 235</b>	R16 425	R15 714
Secondary (65 and older)	<b>R9 444</b>	R9 000	R8 613
Tertiary (75 and older)	<b>R3 145</b>	R2 997	R2 871

## Tax Thresholds

For the period 1 March 2023 to 29 February 2024:

Tax Thresholds			
Age	2023 / 2024	2022 / 2023	2021 / 2022
Under 65	<b>R95 750</b>	R91 250	R87 300
65 and older	<b>R148 217</b>	R141 250	R135 150
75 and older	<b>R165 689</b>	R157 900	R151 100

## Medical and Disability Expenses

In terms of Paragraph 9(6) of the Fourth Schedule to the Income Tax Act, the employees' tax liability can be reduced by the following:

- Medical scheme fees tax credit in terms of section 6A of the Income Tax Act as detailed in the table below.
- Additional medical scheme fees tax credit in terms of section 6B(3)(a)(i) of the Income Tax Act for employees who are 65 years or older on the last day of the year of assessment. This additional credit is 33,3 per cent of the amount of the fees paid by the person to a medical scheme or fund as exceeds three times the amount of the medical scheme fees tax credit to which that person is entitled.

For the period 1 March 2023 to 29 February 2024:

Medical Scheme Fees Tax Credits			
Per month	2023 / 2024	2022 / 2023	2021 / 2022
For the taxpayer; or for a dependant who is a member of a medical scheme or fund, where the taxpayer him- or herself is not a member of a medical scheme or fund	<b>R 364</b>	R 347	R 332
For the taxpayer and one dependant; or in respect of two dependants where the taxpayer him- or herself is not a member of a medical scheme or fund	<b>R 728</b>	R 694	R 664
For each additional dependant	<b>R 246</b>	R 234	R 224

## Subsistence Rates

Subsistence Allowance - Local Travel			
Per day	2023 / 2024	2022 / 2023	2021 / 2022
Meals & incidentals (away from usual place of residence in SA for at least one night)	<b>R 522</b>	R 493	R 452
Incidentals only (away from usual place of residence in SA for at least one night)	<b>R 161</b>	R 152	R 139
Day travel only: Meals & incidentals (away from usual place of work)	<b>R 161</b>	R 152	R 139

*The Government Gazette, determining the daily amount in respect of meals and incidental costs for purposes of section 8(1)(c)(ii) (overnight allowance) of the Income Tax Act, has not yet been gazetted at the time of distribution. PaySpace will however update these rates for payroll processing as of 1 March 2023.*

The amounts determined in this notice apply in respect of years of assessment commencing on or after 1 March 2023.

The following amounts will be deemed to have been actually expended by a recipient to whom an allowance or advance has been granted or paid:

(a) where the accommodation, to which that allowance or advance relates, is in the Republic and that allowance or advance is paid or granted to defray—

- incidental costs only, an amount equal to **R161** per day or part of a day; or
- the cost of meals and incidental costs, an amount equal to **R522** per day or part of a day; or

(b) where the accommodation, to which that allowance or advance relates, is outside the Republic and that allowance or advance is paid or granted to defray the cost of meals and incidental costs, an amount per day determined in accordance with the 'Table: Daily Amount for Travel Outside the Republic' under Notice 268 published in Government Gazette No. 42258 dated 1 March 2019.

*The Government Gazette, determining the maximum amount for expenditure in respect of meals and incidental costs for purposes of section 8(1)(a)(ii)(aa) (day travel only) of the Income Tax Act to be **R161** per day, has not yet been gazetted at the time of distribution. PaySpace will however update this rate for payroll processing as of 1 March 2023.*

The amount determined in this notice applies in respect of years of assessment commencing on or after 1 March 2023.

## **SARS Prescribed Rate per Kilometre**

*The Government Gazette, determining that where the provisions of section 8(1)(b)(iii) are applicable in respect of the recipient of an allowance or advance; and no other compensation in the form of a further allowance or reimbursement (other than for parking or toll fees) is payable by the employer to that recipient, that rate per kilometre is, at the option of the recipient, equal to **R4.64** per kilometre, has not yet been gazetted at the time of distribution. PaySpace will however update this rate for payroll processing as of 1 March 2023.*

The rate per kilometre determined in terms of this notice applies in respect of years of assessment commencing on or after 1 March 2023.

<b>Rate per Kilometre for Reimbursive Travel</b>			
<b>Per km</b>	<b>2023 / 2024</b>	<b>2022 / 2023</b>	<b>2021 / 2022</b>
Fixing of rate per kilometre in respect of motor vehicles	<b>R 4.64</b>	R 4.18	R 3.82

## Interest Rate

Where an employer grants a loan to an employee and the interest rate charged to the employee is zero or lower than the SARS “official rate of interest”, a taxable fringe benefit arises. The difference between the interest amount at the official rate of interest and the interest amount charged is to be included in taxable income.

The official rate of interest is equal to the RSA repurchase rate plus 100 basis points (1%) and it changes on the first day of the month following the date on which the repo rate change came into effect.

Effective 1 February 2023, the new “official rate of interest” as defined in section 1 of the Income Tax Act increased from 7.00% to 7.25%.

## Corporate Income Tax and PSP Tax Rates

The rate of tax for a company (other than a public benefit organisation, recreational club or small business funding entity or a small business corporation referred to in paragraph 8) in respect of-

- any year of assessment ending on any date between 1 April 2022 and 30 March 2023, is 28%, or
- any year of assessment ending on or after 31 March 2023 is 27%.

The rate of tax for a trust (other than a special trust) in respect of any year of assessment commencing on or after 1 March 2023 is 45%.

<b>Trusts (other than special trusts)</b>			
	<b>2023 / 2024</b>	<b>2022 / 2023</b>	<b>2021 / 2022</b>
Rate of Tax	<b>45%</b>	45%	45%

## Other Changes

### National Minimum Wage

Government Gazette No. 48094 (Notice 3069) was published on 21 February 2023, determining that in terms of section 6(5) of the National Minimum Wage Act, the national minimum wages contained in Schedule 1 and Schedule 2 are amended in accordance with the schedules provided in this notice effective 1 March 2023.

The national minimum wage takes precedence over any contrary provision in any employment contract, collective agreement, sectoral determination or law, except a law amending the National Minimum Wage Act. The national minimum wage must constitute a term of the worker’s

contract except to the extent that the contract, collective agreement, or labour law provides a wage that is more favourable to the worker.

National Minimum Wage	
Worker Categories	Rate per Hour
General workers	R25.42
Farm workers	R25.42
Domestic workers	R25.42
Expanded public works programme workers	R13.97

Refer to the gazette for minimum learnership allowance rates.

### National Minimum Wage and ETI

As per section 4 of the Employment Tax Incentive Act, an employer is not eligible to receive the employment tax incentive in respect of an employee in respect of a month if the wage paid to that employee in respect of that month is less than the higher of -

- the amount payable by virtue of a wage regulating measure applicable to that employer, or
- the applicable minimum wage according to the National Minimum Wage Act.

If the employer, upon application, is successfully exempted from the National Minimum Wage Act and no other wage regulating measure is applicable to that employer, then the employee must earn a monthly wage of at least R2 000 in respect of a month (160 ordinary hours).

For ETI purposes, employers must ensure that the applicable minimum wage rates are updated on the ETI minimum wage rate configuration. If the employee is paid a wage rate that is less than the national minimum wage, even if adhering to the wage regulating measure, the employee must not qualify for ETI. Where the wage regulating measure specifies a minimum wage rate that is higher than the national minimum wage, adherence to the wage regulating measure is necessary for ETI qualification.

### BCEA Earnings Threshold Increase

The Minister of Employment and Labour has issued a determination in terms of section 6(3) of the Basic Conditions of Employment Act, in terms of which the annual earnings threshold will increase from R224 080.48 per annum to **R241 110.59** per annum as of 1 March 2023.

The Government Gazette No. 48092 (Notice 3067) was published 20 February 2023, determining that all employees earning in excess of R241 110.59 per annum be excluded from sections 9, 10, 11, 12, 14, 15, 16, 17(2) and 18(3) of the BCEA with effect from 1 March 2023.

"Earnings" means the regular annual remuneration before deductions i.e., income tax, pension, medical and similar payments but excluding similar payments (contributions) made by the employer in respect of the employee: Provided that subsistence and transport allowances

received, achievement awards and payments for overtime worked shall not be regarded as remuneration for the purpose of this notice.

### **COIDA Earnings Threshold Increase**

Under section 83(8) of the Compensation for Occupational Injuries and Diseases Act, the Minister of Employment and Labour prescribes the maximum amount per annum on which an assessment of an employer shall be calculated. Each year the Compensation Fund publishes the change to the earnings threshold in a notice signed by the Commissioner and published in a gazette. The threshold limits the earnings calculated by the payroll per employee from 1 March 2023 until 29 February 2024 to assist the employer to complete the annual Return of Earnings form (ROE or W.AS.8 return).

The Director General of Employment and Labour published Government Gazette No. 48065 (Notice 1617), increasing the OI.D earnings threshold as follows:

- from R529 264 per annum (limit for 2022/2023),
- to R563 520 per annum effective 1 March 2023 (limit for 2023/2024).

### **Residential Accommodation Fringe Benefit**

According to Paragraphs 2(d), 9 and 10A of the Seventh Schedule, a taxable benefit shall be deemed to have been granted where the employer has provided the employee with residential accommodation either free of charge or for a rental consideration which is less than the value of such accommodation.

If the employer owns the accommodation (subject to conditions), the fringe benefit is calculated using a formula, which is  $(A-B) * C/100 * D/12$ .

- The value of 'B' in the formula will increase to R95 750 effective 1 March 2023.

The "Free Or Cheap Accommodation Fringe Benefit" component will be made inactive on 01 March 2023.

- If employees are linked to this component, ensure to remove the component and add the new "Free Or Cheap Accommodation Fringe Benefit (New)" component.
- The "Employee Rent Deduction" component must be completed where necessary.
- Refer to Release Notes #37515 and #31835 as well as the tax alert distributed on 06 October 2021.