



donkerhoekdata

ETI Remuneration Changes

Payroll Africa

Quality software and exceptional service since 1982

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Background

The definition of remuneration in the ETI Act has been amended by the insertion of the proviso.

“monthly remuneration”-

- a) where an employer employs and pays remuneration to a qualifying employee for at least 160 hours in a month, means the amount paid or payable to the qualifying employee by the employer in respect of a month; or;
- b) where the employer employs a qualifying employee and pays remuneration to that employee for less than 160 hours in a month, means an amount calculated in terms of section 7(5):

Provided that in determining the remuneration paid or payable, an amount other than a cash payment that is due and payable to the employee after having accounted for deductions in terms of section 34(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997), must be disregarded;

Application

Non-cash payments to employees are employer-paid contributions to third party organisations, as well as all taxable fringe benefits in terms of the Seventh Schedule of the Income Tax Act.

These non-cash payments must be excluded from the calculation of ETI monthly remuneration from 1 March 2022.

Furthermore, any deductions that fall outside of amounts that are legally deducted under section 34(1)(b) of the BCEA, should also be deducted from the remuneration in order to calculate the Monthly ETI Remuneration.

In order to comply with the above changes, and to implement this in our Payroll software, all users generating ETI Reports from our software will need to follow the steps set out in this manual.

If any errors were made by selecting or de-selecting incorrect fields, and you need assistance with correcting this, do not hesitate to contact our support department.

Setting ETI Remuneration in the Current Pay Period

Once a user updates their Payroll Africa software, and opens the program, the following message will appear, if they use our software to generate ETI Reports.

ETI Remuneration Changes

ETI Remuneration Changes

From 1 March 2022, Company Contributions to third party organizations and all taxable Fringe Benefits should be excluded from the value used for ETI Remuneration. Any non-statutory deductions, or deductions not required by law, should be deducted from this value.

In order to comply with these changes, you need to update the fields that the system currently uses to calculate employees' ETI Remuneration.

On the next screen, the current fields used to calculate your ETI Remuneration will be selected. Please ensure that the correct remuneration fields are indicated with a '+' sign, and deselect any Company Contributions or taxable Fringe Benefit fields.

Also mark any non-statutory deductions, or 'general deductions', not required by law, with a '-' sign in order to deduct these values from the remuneration value.

Ensure that NO Company Contributions or taxable Fringe Benefits are marked with a '+' sign on the 'A' or 'B' screen, and that no statutory deductions or deductions required by law, are marked with a '-' sign, before saving the setup.

Continue

The user then clicks on Continue, and the following screen appears:

Select Field

Screen A Screen B

| DAYS | HRS WK 1 | HRS WK 2 | WAGE | ADDITIONS | R/c | DEDUCTION | R/c | PERIOD | TARIFF | Cents |
|-------------|------------|------------|-------------|--------------|-----|-------------|-----|-----------|---------------|---------|
| Monday | | | MaxHrs/Day | YearBonus | + | UIF | | | | |
| Tuesday | | | | PackhouseB | + | PAYE | | DayLength | Extra/Out1 | |
| Wednesday | | | | OrchBonus | + | MEDCR | | | SleepOut2 | |
| Thursday | | | Nights/Wktd | W.C.A | | Tot.Tax | | R/Hr | Interest | |
| Friday | | | | Shortpay | + | Rent | - | | Interest.Save | |
| Saturday | | | | Extra/Out1 | + | Diverse | - | | Interest.Loan | |
| SunOTx2.0 | | | + | SleepOut2 | + | Union | | ADJUST | BALANCES | R/c |
| PHol | | | + | Loan | | LoanDed | - | | B.Loan | |
| SickLeave | | | + | SavingDraw | | Savings | - | | B.Savings | |
| Leave | | | + | Farmstall B | + | Med/Purch | - | | B.Med/Purch | |
| Comp.leave | | | + | Juice B | + | Sanlam | - | | B.Sanlam | |
| T.Wk.OTx1.5 | | | + | Diverse | + | Provident | | | B.Provident | |
| Tot.Wk.Norm | | | + | NightS.Allw | + | Garnishes | | | B.Garnishes | |
| TotalHRS | | | | Int.Garnish | | Advance | - | ADJUST | AUTO | BALANCE |
| | Days Taken | Days Avail | Value | Int.Loan | | Clock | - | BonusProv | B.Tax.Gross | |
| SickLeave | | | | Int.Savings | | Maintenance | | | B.Yr.Bonus | |
| Leave | | | | Int.Med/Purc | | TPT | - | TaxAdjust | B.Paye | |
| Comp.Leave | | | | | | AdvanceElec | - | | B.MedCt | |
| | | | | | | | | | BranchCode | |

Pay Period : 1 of 1 2022-03-06: Mark the fields that determine the ETI Remuneration value

OK Close Notice Select All Deselect All

On the screen that appears, the fields that were used to calculate ETI Remuneration, prior to 1 March 2022, are all marked with a “ + “. Also, all Deductions on the screen, (Excluding PAYE, UIF and MedCred) are marked with a “ - ”.

When the screen appears, the fields selected with a “ + “, may include Company Contributions and Taxable Fringe benefits. If any such fields are setup on your pay screen, and were previously included in your employees’ ETI Remuneration, you now need to de-select these fields, as they should not be included in the ETI Remuneration calculation anymore.

When the screen appears, the fields selected with a “ - “, may include certain Deductions that are allowed/covered under section 34(1)(b) of the BCEA, which should not be selected. If any such fields are setup on your pay screen, you now need to de-select these fields, as they should not be included in the ETI Remuneration calculation anymore.

Below are examples of Deductions that **SHOULD NOT BE MARKED WITH A “ - “**:

- Union Fees
- Medical Aid Contributions
- Retirement Annuity / Pension / Provident Fund contributions
- Bargaining Council Levies
- Garnishee Orders

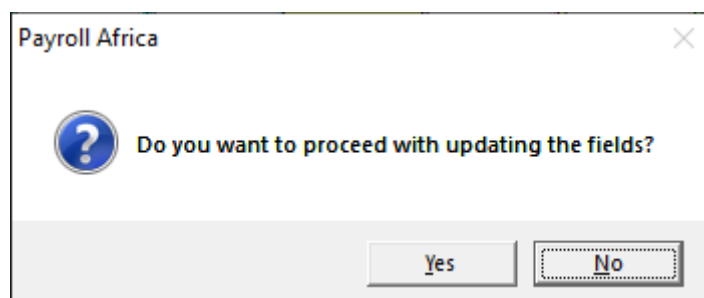
Below are examples of Deductions that **SHOULD BE MARKED WITH A “ - “**:

- Loan Repayments
- Savings
- Rent
- Other “General” deductions

NB: Please bear in mind that the above are just a few examples. Contact your Accountant / Auditor for any further advice or assistance. Donkerhoek Data cannot be held liable for any fields incorrectly selected or de-selected.

When you are satisfied with the selections, you can click on “OK”.

The following message will appear, prompting the user to confirm the changes:

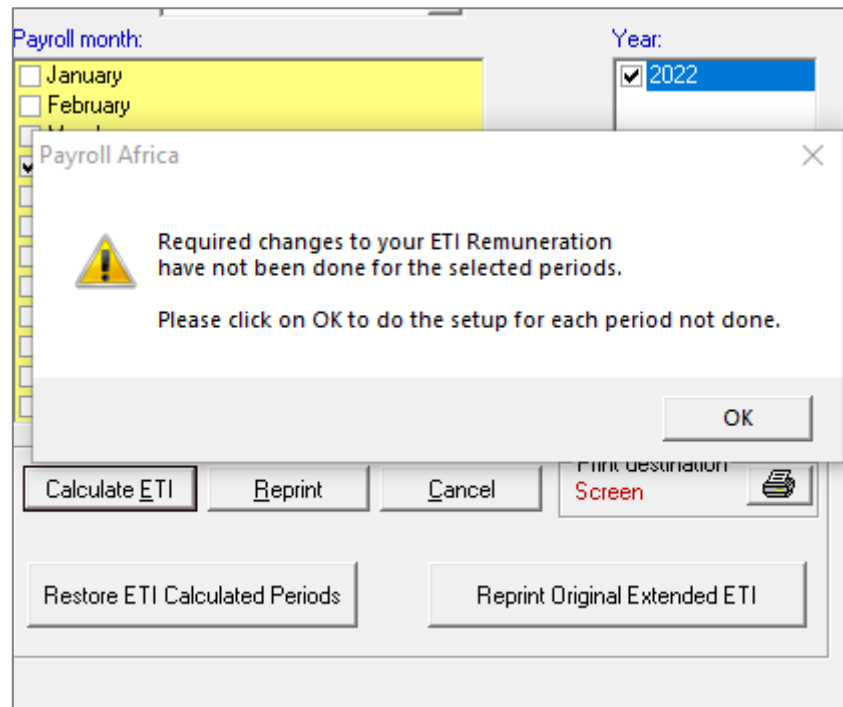


The correct fields, to be used for employees ETI Remuneration, will now be set for the current pay period.

Setting ETI Remuneration in Previous Pay Periods

If a user has already closed off periods after 1 March 2022, and then update their payroll software, the previous closed off periods also needs to be updated, as explained above.

When the user tries to generate an ETI Report for previous periods where the ETI Remuneration setup has not been completed, the following message will appear:



Once the user clicks on OK, the following message will appear:

ETI Remuneration Changes

ETI Remuneration Changes

From 1 March 2022, Company Contributions to third party organizations and all taxable Fringe Benefits should be excluded from the value used for ETI Remuneration. Any non-statutory deductions, or deductions not required by law, should be deducted from this value.

In order to comply with these changes, you need to update the fields that the system currently uses to calculate employees' ETI Remuneration.

On the next screen, the current fields used to calculate your ETI Remuneration will be selected. Please ensure that the correct remuneration fields are indicated with a '+' sign, and deselect any Company Contributions or taxable Fringe Benefit fields.

Also mark any non-statutory deductions, or 'general deductions', not required by law, with a '-' sign in order to deduct these values from the remuneration value.

Ensure that NO Company Contributions or taxable Fringe Benefits are marked with a '+' sign on the 'A' or 'B' screen, and that no statutory deductions or deductions required by law, are marked with a '-' sign, before saving the setup.

Continue

Once the user clicks on Continue, the following screen will appear:

Select Field

| Screen A | | Screen B | | | | | | | | |
|-------------|------------|------------|------------|--------------|-----|-------------|-----|-----------|---------------|---------|
| DAYS | HRS WK 1 | HRS WK 2 | WAGE | ADDITIONS | R/c | DEDUCTION | R/c | PERIOD | TARIFF | Cents |
| Monday | | | MaxHrs/Day | YearBonus | + | UIF | | | | |
| Tuesday | | | | PackhouseB | + | PAYE | | DayLength | Extra/Out1 | |
| Wednesday | | | | OrchBonus | + | MEDCR | | | SleepOut2 | |
| Thursday | | | NightsWkld | W.C.A | | Tot.Tax | | R/Hr | Interest | |
| Friday | | | | Shortpay | + | Rent | - | | Interest.Save | |
| Saturday | | | | Extra/Out1 | + | Diverse | - | | Interest.Loan | |
| SunDTx2.0 | | | + | SleepOut2 | + | Union | | ADJUST | BALANCES | R/c |
| PHol | | | + | Loan | | LoanDed | - | | B.Loan | |
| SickLeave | | | + | SavingDraw | | Savings | - | | B.Savings | |
| Leave | | | + | Farmstall B | + | Med/Purch | - | | B.Med/Purch | |
| Comp.leave | | | + | Juice B | + | Sanlam | - | | B.Sanlam | |
| T.Wk.OTx1.5 | | | + | Diverse | + | Provident | | | B.Provident | |
| Tot.Wk.Norm | | | + | NightS.Allw | + | Garnishes | | | B.Garnishes | |
| TotalHRS | | | | Int.Garnish | | Advance | - | ADJUST | AUTO | BALANCE |
| | Days Taken | Days Avail | Value | Int.Loan | | Clock | - | BonusProv | B.Tax.Gross | |
| SickLeave | | | | Int.Savings | | Maintenance | | | B.Yr.Bonus | |
| Leave | | | | Int.Med/Purc | | TPT | - | TaxAdjust | B.Payee | |
| Comp.Leave | | | | | | AdvanceElec | - | | B.MedCl | |
| | | | | | | | | | BranchCode | |

Pay Period : 1 of 1 2022-03-06: Mark the fields that determine the ETI Remuneration value

OK Close Notice Select All Deselect All

On the screen that appears, the fields that were used, prior to 1 March 2022, are all marked with a “ + “. Also, all Deductions on the screen, (Excluding PAYE, UIF and MedCred) are marked with a “ - ”.

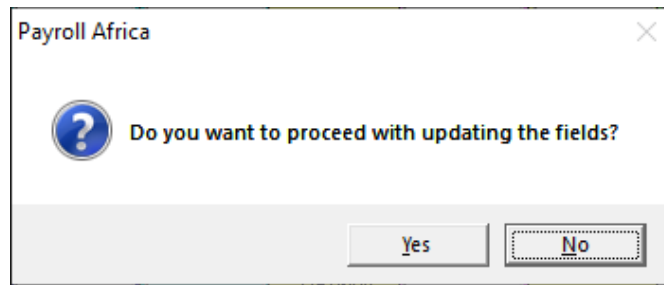
When the screen appears, the fields selected with a “ + “, may include Company Contributions and Taxable Fringe benefits. If any such fields are setup on your pay screen, and were previously included in your employees’ ETI Remuneration, you now need to de-select these fields, as they should not be included in the calculation anymore.

When the screen appears, the fields selected with a “ - “, may include certain Deductions that are allowed/covered under section 34(1)(b) of the BCEA, which should not be selected. If any such fields are setup on your pay screen, you now need to de-select these fields, as they should not be included in the calculation anymore.

NB: Please bear in mind that the above are just a few examples. Contact your Accountant / Auditor for any further advice or assistance. Donkerhoek Data cannot be held liable for any fields incorrectl selected or de-selected.

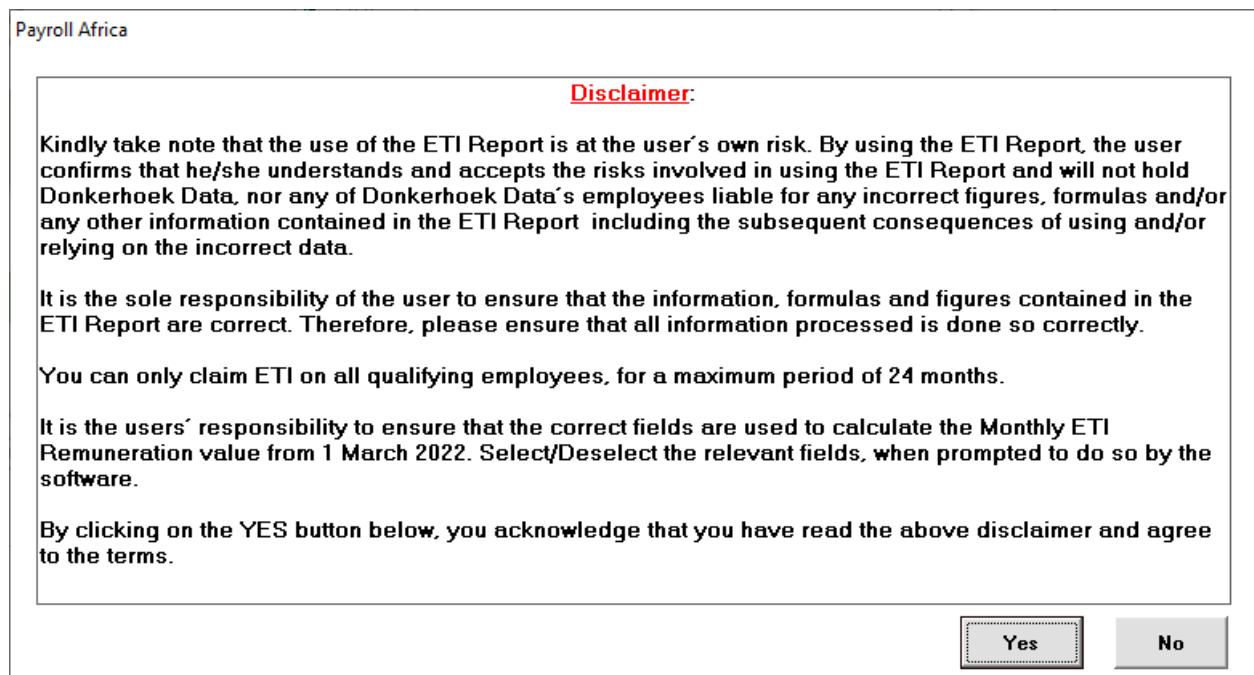
When you are satisfied with the selections, you can click on “OK”.

The following message will appear, prompting the user to confirm the changes:



This process will repeat for each period that the user selects for the ETI Report, where the ETI Remuneration setup has not been completed.

Once all the selected periods are updated, the following screen will appear, where the user can then accept the Disclaimer, by clicking on “Yes” and generate the ETI Report.



Also note that from 1 March 2022, the ETI Values have also increased, as set out below:

| The ETI Calculation Formulae that are Effective from 1 March 2022: | | |
|---|---|--|
| Monthly Remuneration | Formula | Formula |
| | First 12 Months | Second 12 Months |
| R0 to R1 999,99 | 75% of Monthly Remuneration | 37,5% of Monthly Remuneration |
| R2 000 to R4 499,99 | R1 500,00 | R750 |
| R4 500 to R6 499,99 | $R1\ 500 - (75\% \times (\text{monthly remuneration} - R4500))$ | $R750 - (37.5\% \times (\text{monthly remuneration} - R4\ 500))$ |

The Taxation Laws Amendment Act of 19 January 2022 has amended the calculation of **ETI monthly remuneration** from 1 March 2022. More information regarding this amendment will be published soon.