

SCOTT ATTORNEYS
Payroll schedule
1 March 2016 to 28 February 2017

Employee name Tersia van Dyk

Start date: 01 April 2016

	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	TOTAL
Basic salary		18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	205 150.00
Director's remuneration		-	-	-	-	-	-	-	-	-	-	-	-
Bonus		-	-	-	-	-	-	-	-	18 650.00	-	-	18 650.00
Travel allowance		-	-	-	-	-	-	-	-	-	-	-	-
Other (specify) ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	-
Gross Remuneration		18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	18 650.00	37 300.00	18 650.00	18 650.00	223 800.00
Retirement annuity fund		-	-	-	-	-	-	-	-	-	-	-	-
Medical		-	-	-	-	-	-	-	-	-	-	-	-
PAYE		4 662.50	4 662.50	4 662.50	4 662.50	4 662.50	4 662.50	4 662.50	4 662.50	9 325.00	4 662.50	4 662.50	55 950.00
Net Pay		13 987.50	13 987.50	13 987.50	13 987.50	13 987.50	13 987.50	13 987.50	13 987.50	27 975.00	13 987.50	13 987.50	167 850.00
UIF employee		148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	1 635.92
UIF employer		148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	148.72	1 635.92
SDL		186.50	186.50	186.50	186.50	186.50	186.50	186.50	186.50	373.00	186.50	186.50	2 238.00
UIF EMP201		297.44	297.44	297.44	297.44	297.44	297.44	297.44	297.44	297.44	297.44	297.44	3 271.84

(1) Tersia is paid R150 per month to cover her business use of her cell phone. This expense is reflected on the statement of comprehensive income under salaries and wages

EXAMINATION NUMBER:

Employee Income Tax Certificate

IRPS

Transaction Year 2017 Period of reconciliation 201702 Year of assessment 2017

2017

8901010001084ITC000001

Employee Information

Surname	Van Dyk	Employee code	T	1
First Two Names	Tersia A	Initial		
Nature of person	A	Date of birth	1989/01/01	ID number 8901010001084
Contact email	tersia@scottattorneys.co.za	Business tel. no.	0118887777	Tax reference number 2020557150
				Cell no. 072 2599458

Employee Address Details - Residential

212 Clover Street

Employee Remuneration Bank Account Details

Account holder name	T van Dyk	Account Number	64312345
Bank Name	ABSA	relationship	Own
Branch Name	ABSA Universal	Account Type	Cheque
Branch Number			5

Employee Address Details - Postal

Trading Name	Scott Attorneys	U1F ref. no.	U740012345
PAYE ref. no.	740012345	SDL ref. no.	L740012345

Pay Periods

Periods in year of assessment	12
Number of periods worked	11
Period employed from	2016/04/01
Period employed to	2017/02/28

Tax Certificate Information

Description	Amount	Code
Income received		
Income	205 150.00	3601
Annual payment	18 650.00	3605
Cellphone Allowance	1 650.00	3713
Right of Use of Motor Vehicle	12 155.00	3802
Tax Withheld		
PAYE	55 950.00	4102
Employee and Employer UIF	3 271.84	4141
Employer SDL contribution	2 238.00	4142
Total Tax, UIF and SDL	61 459.84	4149

AVAILABLE MARKS
MAXIMUM MARKS

Marks	Marks obtained by candidate
10	
10	

EXAMINATION NUMBER:



Marks

Marks obtained by candidate

SCOTT ATTORNEYS
MEMORANDUM
TO:
FROM:
SUBJECT:

Mrs Elena Scott
IRL consultant
Review of payroll information and PAYE responsibility test

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ISSUE/OPPORTUNITY IDENTIFIED

DESCRIPTION OF ISSUE OR OPPORTUNITY

RECOMMENDATION

1	<p>Cellphone Allowance</p> <p>Tersia is paid R150 per month to compensate her for her estimated business use of her cellphone. As Tersia does not claim her actual business related calls, the amount received will constitute an allowance and in terms of section 8(1)(a)(i) it should be included in the gross income of Tersia and consequently will form part of her remuneration. Currently Scott Attorneys is not processing the cellphone allowance as part of the payroll and no PAYE was calculated on it. The cellphone allowance is also not reflected on the IRP5 tax certificate.</p>	<p>The cellphone allowance should be treated as part of remuneration on which PAYE is withheld. The cellphone allowance should be reflected on the IRP5 against code 3713</p>
2	<p>Right of use of motor vehicle</p> <p>A taxable benefit arises where an employee is granted the right to use the employers' motor vehicle. An employee will effectively be taxed on the private use of the vehicle. Private use includes travelling between the employee's place of residence and his place of work as well as other private travel. Tersia has the right of use of the Yaris which is owned by Scott Attorneys. Currently, the taxable benefit is not included in Tersia's remuneration and is not reflected on her IRP5 tax certificate.</p>	<p>We recommend that the taxable benefit resulting from the right of use of the employer vehicle should be included in Tersia's remuneration. The calculation of the taxable benefit is based on the determined value which is the cost for the employer (including VAT). The monthly fringe benefit value for vehicles with a maintenance plan is calculated as 3.25% of the determined value. Due to the fact that Tersia uses the vehicle at least 80% for business purposes, only 20% of the fringe benefit value are required to be included in her remuneration. The taxable benefit should be reflected on Tersia's IRP5 tax certificate against code 3802.</p>

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3	<p>Incorrect tax rate used and incorrect calculation of monthly PAYE, resulting in over deduction of PAYE</p>	<p>Scott Attorneys withheld employees' tax from Tersia van Dyk's salary at a flat rate of 25% without taking into account the primary rebate. The flat 25% rate is normally used for employees that are not in standard employment. Since Tersia is employed on a full time basis, she is in standard employment. In addition, the monthly PAYE was not calculated by annualising the remuneration and the fact that Tersia only worked 11 months in the 2017 tax year, would have resulted in less PAYE that needed to be withheld. On recalculating the PAYE that should have been withheld from Tersia's salary, it was found that too much PAYE was withheld.</p>	<p>We recommend that employees' tax is calculated by using the tax tables and rebates. Scott Attorneys may also use the SARS monthly PAYE tables to calculate the PAYE that needs to be withheld. The remuneration (excluding bonuses) should be annualised before calculating the PAYE to be withheld. We furthermore recommend that Tersia submits her ITR12 return as soon as the tax filing season opens in order for her to claim back the excessive PAYE that was withheld from her salary.</p>	7
4	<p>General</p>	<p>Scott Attorneys currently capture the payroll related information on Excel.</p>	<p>There are very inexpensive, electronic payroll systems available in the market. We recommend that Scott Attorneys capture the monthly payroll by using an accredited payroll system (e.g. VIP or Sage Payroll). The benefits are that payslips are automatically generated, the PAYE, UIF and SDL are calculated by the system, monthly EMP201 return reports are available and the annual IRP5 tax certificate is automatically prepared. Using an accredited payroll system will minimise errors and tax risks.</p>	2
	<p>Income tax and payroll taxes are complex and the tax legislation changes frequently.</p>	<p>We recommend that Scott Attorneys engage with IRL to assist with monthly payroll services or alternatively attend annual payroll training in order to keep up to date with legislative changes.</p>	<p>Valid recommendation. Note: if invalid recommendation, a mark will be deducted.</p>	1
5	<p>Other</p>	<p>Any other valid issue/opportunity. Note: if invalid issue, a mark will be deducted.</p>	<p>Valid recommendation. Note: if invalid recommendation, a mark will be deducted.</p>	1

TOTAL MARKS	24
MAXIMUM MARKS (including presentation and layout)	20

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