



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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TO ALL STAFF

FINANCIAL CIRCULAR NO 4 OF 2021

TAX DEDUCTION ON SERVICE BONUS

As in the past, employees are allowed to decide whether they prefer tax on their service bonus to be deducted on a non-recurring (once off in the month their bonus is received) or recurring (monthly spread over the tax year from March to February) method.

The non-recurring method has the following implications:

This implies that you receive more money every month but less in your bonus month, owing to the once off tax deduction.

The recurring deduction method has the following implications:

- Should officials choose to change to the recurring (spread over twelve months) method, their monthly net salary will decrease substantially, except in the month they receive their service bonus.
- Should an official resign after his/her bonus month, he will owe a part of his/her bonus due to tax. The full amount due will be deducted from his/her last month's salary. Should Persal already have been closed for the last month of service, the amount due will be recovered from the official's pension benefits, except on transfer to another Department where the new Department will be notified of the tax debt.
- Should an official resign before his/her bonus month, any tax deducted in excess will be refunded to him/her by SARS during the annual tax assessment.

The following regulations are applicable:

- New appointments can only exercise a choice **after their probation** period. The tax on their bonuses for the period of probation will be non-recurring (once off in the month the bonus is received).
- The choice of the employees whose records were transferred electronically to this Department, remain intact, as it was in the previous Department until they exercise their preferences in the new tax year.
- A choice can be made only once a year, before the beginning of the tax year, as choices cannot be implemented on the system retrospectively.

Requests on the matter should be forwarded to the salary section **not later than 26 February 2021**, as they need to be implemented on Persal with effect from 01 March each year.

Should you agree on the way tax is deducted from your bonus at present, **do not submit a form**.

Should any forms be received after the set date, such forms will be returned to the employee to be submitted the next tax year.

It should be stressed that the same amount of tax will eventually be deducted from your bonus irrespective of the choice you exercise.

Kind regards



Ms PNT Makukule
Acting Chief Financial Officer

Date: 11/2/2021

Send to: Finance (Salaries)

Room No: 802

Due date: On or before 26 February 2021.

SHOULD YOU AGREE ON THE WAY TAX IS DEDUCTED FROM YOUR BONUS AT PRESENT. DO NOT SUBMIT THIS FORM.

TAX DEDUCTION ON SERVICE BONUS: 2021 TAX YEAR

SURNAME AND INITIALS:

PERSAL NUMBER:

Please indicate your choice with an "x" in one of the blocks below.

I prefer tax on my bonus to be deducted in a non-recurring method (once off in the month the bonus is received).

OR

I prefer tax on my bonus to be deducted in a recurring method (monthly spread over the tax year from March to February every year).

I understand the full implication of my choice.

Signature: -----

Date: -----