
Dear Sir/Madam

**NEWSFLASH TO ALL EMPLOYERS IN THE CAPE PENINSULA, BOLAND, MALMESBURY AND
OVERSTRAND AREAS – AMENDMENTS EFFECTIVE 1 MARCH 2019**

The Taxation Laws Amendment Act, 2018 (Act no 23 of 2018) was assented into law by the President on 17 January 2019. The amendments clarify the taxation of employer contributions to Bargaining Council Funds and state that contributions to these funds should be taxed as fringe benefits in the pay period that the contributions are paid over to the Bargaining Council (with the exception of pension or provident fund contributions that are taxed/deducted as per all other pension or provident funds).

The Explanatory Memorandum and the Act is available on the BIBC's website under 2019 News Items, as well as a document explaining the taxation of each of the BIBC's Employee benefit funds and the corresponding IRP5 codes to be used.

In short, from 1 March 2019 the changes from prior years are:

1. The BIBC will no longer deduct PAYE from Sick Fund payments made to employees. The employer must include the Sick fund contribution in the employee's Taxable Income as a Fringe Benefit in the pay period that it is paid over to the BIBC.
2. The employer must include the Holiday and Bonus fund contribution in the employee's Taxable Income as a Fringe Benefit in the pay period that it is paid over to the BIBC. The employer can no longer tax these amounts in December as some employers did previously.
3. The employer must include the BIMAF employer contribution in the employee's Taxable Income as a Fringe Benefit in the pay period that it is paid over to the BIBC.
4. The applicable IRP5 code is 3833 - Benefit: Bargaining Council Employer Contributions (PAYE) for all the above.

Please address any queries that you may have regarding this to your accountant or payroll provider or to SARS directly.

Regards

Ronel Sheehan
Secretary
Administration
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All correspondence to be addressed to the Secretary

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