

## SOUTH AFRICAN PAYROLL ASSOCIATION

### CONSTITUTION

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1. Name
- a) The association hereby constituted shall be called the South African Payroll Association.
  - b) Its name shall be abbreviated as **SA Payroll**.
2. Body Corporate
- The association shall –
- a) be a common-law association;
  - b) exist in its own right, separately from its members;
  - c) shall have perpetual existence separate from its members and office bearers;
  - d) be able to own property and other possessions;
  - e) be able to sue and be sued in its own name;
  - f) limit the liability of its members and office bearers to the amount of two rand per member or office bearer;
  - g) be subject to the laws of South Africa.
3. Objectives
- The association shall promote and represent the interests of payroll professionals and practitioners in South Africa.
4. Compliance
- The following limitations as determined by Section 30B of the Income Tax Act, No 58 of 1962 (“the Act”) are recorded as forming part of the constitution:
- a) no single person may directly or indirectly control the decision-making powers relating to SAPA;
  - b) SAPA may not directly or indirectly distribute any of its funds or assets to any person other than in the course of furthering its objectives;
  - c) SAPA is required to utilise substantially the whole of its funds for the sole or principal object for which it has been established;

- d) no member may directly or indirectly have any personal or private interest in SAPA;
- e) substantially the whole of the activities of SAPA must be directed to the furtherance of its sole or principal object and not for the specific benefit of an individual member or minority group;
- f) SAPA may not have a share or other interest in any business, profession or occupation which is carried on by its members;
- g) SAPA must not pay to any employee, office bearer, member or other person any remuneration, as defined in the Fourth Schedule, which is excessive, having regard to what is generally considered reasonable in the sector and in relation to the service rendered;
- h) substantially the whole of SAPA's funding must be derived from its annual or other long-term members
- i) SAPA must as part of its dissolution transfer its assets to—
  - I. another entity approved by the Commissioner in terms of this section;
  - II. a public benefit organisation approved in terms of section 30 of the Act;
  - III. an institution, board or body which is exempt from tax under section 10(1)(cA)(i) of the Act.
- j) the persons contemplated in paragraph (4)(a) will submit any amendment of the constitution or written instrument of the entity to the Commissioner within 30 days of its amendment;
- k) the entity will comply with such reporting requirements as may be determined by the Commissioner from time to time; and
- l) the entity is not knowingly and will not knowingly become a party to, and does not knowingly and will not knowingly permit itself to be used as part of, an impermissible avoidance arrangement contemplated in any section of the Act.

5. Membership
- The voting corporate members of the association shall be companies and organisations who employ or support payroll professionals or practitioners. Voting associate members are individual professionals or practitioners who are members in their private capacities. Every member organisation shall be formally represented by one nominated representative, who can cast one vote on behalf of the company or organisation. Associate members vote on their own behalf. All voting membership applications are subject to approval of the management committee.
6. Limitations on the Distribution of Income
- The income and property of the association must be used solely for the promotion of its objectives. No portion thereof may be paid, or directly or indirectly transferred by any means, to its members, provided that the foregoing shall not prevent the payment in good faith of reasonable remuneration to any officer, servant or member of the association in return for services actually rendered to the association.
7. Board
- The association shall be managed by a board consisting no less than three members and no more than eight members, of which one will be the administrator of the association. Up to three of the board members may be from independent companies who are vendors to the industry while the balance of board members must be practicing payroll practitioners. In addition, the said vendor companies may only have one member from that company on the board at any one time.
- During every second year, the administrator of the association shall solicit from the members' nominations for suitable board members, and will provide for an electronic vote to determine the composition of the board for the next two year period. Every individual nominee shall be put to the vote even if the number of nominees is less than the number of vacancies on the board.

At meetings of the board, fifty percent plus one members shall constitute a quorum.

The board members shall elect bi-annually, or when a vacancy arises, a chairman and vice chairman for the board, from amongst the board members. Decisions shall be taken by simple majority show of hands and the chairman shall have a casting vote in the event of an equality of votes. The boards term to run from January to December, with elections to take place prior to the AGM.

The management committee shall have such powers as are needed to make good on the objectives of the association and limited to the objectives of the association, and shall ensure good governance of the association. This shall include the powers to open bank accounts, to contract and to delegate authority.

The board shall meet at least twice a year.

#### 8. Administrator

The administrator of the association will be appointed by the board and may be a person or a company skilled in the management and administration of associations. The administrator will be responsible for the day to day management and operation of the association and will report to the board.

#### 9. Meeting of Members

The association shall convene at least one meeting of members every second year where members will determine the policies and strategic deliverables of the board. The chairman of the board will present a report on operations as well as the financial statements to the members and will provide to the members the opportunity to debate and set organisational strategy and policy in a “members-only session”. A quorum at the meeting of members shall be twenty percent of the members in good standing.

The chairperson of the board shall chair the meeting of members, and in his absence the vice chairperson.

