

Welcome to the South African Payroll Association Electronic Newsletter – FEBRUARY 2008
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Welcome to the SA Payroll Association's online news service. This edition is packed with highlights of our achievements to date, and we hope you will find the news informative and beneficial. Watch this space for details of up and coming events and the latest news. Your feedback is welcome. Please send it to val@payrollassociation.co.za

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Word from the Chairperson



Well, the budget has come and gone and we are all adapting to it's implications. This time of the year is especially busy especially for the payroll department. What with the tax year end reconciliations, issuing of IRP certifications, it is sometimes difficult for someone unacquainted with the payroll process to comprehend just under what pressure the payroll department is.

James McKerrell, Chairperson of the S. A. Payroll Association.

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James McKerrell

WELCOME



It is with great pleasure that we take this opportunity to welcome our newest members:

Charles Steyn	CJSPayroll
Ntombekaya Dlepu	Sumba Ndila Outsourcing
Hester Grobelaar	Ubuntu Small Scale Mining
Antonette Mouton	Mouton & Associates
Mmamochabo Kgohloane	Film and Publication Board
Wendall Samuels	Private
Juanita Gardener	Pepkorfin
Nazeem Cole	Swiss Re Life & Health Africa Ltd (Corporate member)

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News



Inconsistency in notices found in regards to the increase of the UIF limit to R12 478 with effect from the 1st October 2007

I have found that on Sars own website they have issued two documents which relate the effective date for the increase of UIF limit to R 12 478 with effect from the 1st October 2007. The first the Notice to Employer PAYE, notice 3 of 2007, effective 02/10/2007 and the second Quick Reference Guide on UIF, Revision 2, effective date 12.10.2007.

The Gazette confirms effective date as 1st February 2008. This is a classic case of the inconsistency found on numerous occasions between notices and the relevant section of the Act. In terms of legislation (lets ignore section 76A- advanced tax rulings); only the Act, practise notes and amendments Gazetted are deemed to be law. Items such a Notice to Employer, EMP 10's , Interpretation Notes, are all considered to be guidelines that are required to be read in conjunction with the Act, practise notes and the Gazette.

Let's take the new proposed tax tables announced in the Budget, historical evidence has confirmed that the tables proposed in the Budget are always the same as the final Gazetted tables.

In terms of para 9(2) of Part II of the Fourth Schedule, the tables will come into force on such date as may be notified by the Commissioner in the Gazette, and shall remain in force until withdrawn by the Commissioner. This effectively means that only once the tables are gazetted, even if that is only in April, the old tables are to be used. The Gazette will of course back date the effective date to the 1st March.

So what happens when you act on a notice issued by Sars before the amendment is gazetted, in law this is incorrect. In argument, Sars have created a "legitimate expectation". In terms of the legitimate expectation doctrine, the employer has applied his mind to a document received from a reliable source, interpreted the information and applied the same. Based on this defence, Sars will back-off.

The only problem I find with regards to an argument of legitimate expectation is that very few employers actually keep the document that was the deciding factor to alter or amend a current practise, so after three years it is difficult to remember where the info was found.

Coming back to the UIF limit, effectively based on the legal requirements an overpayment has transpired from the 1st October 2007 to the 1st February 2008, employers would be within their rights to calculate the overpayments and make the necessary adjustments.

Steve Krause

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Change to the BCEA earnings threshold, and increased interest rates

With effect from 1st March 2008 the earnings threshold for the purposes of the Basic Conditions of Employment Act has been increased from R115 572 to R149 736 per annum.

The announced increase in the earnings threshold impacts on employee conditions of service as set out in the Act - specifically when employees or employers refer unfair practices or dismissals to the Department of Labour.

Employees who earn above the earnings threshold of R149 736 per annum are excluded from the Basic Conditions of Employment Act provisions that relate to: ordinary hours of work, overtime, compressed working week, averaging of hours of work, rest periods, night work, and public holidays.

Also with effect from 1st March, the official interest rate has increased from 11% to 12%. This will affect any employees who receive low interest loans from the company.

Cathie Webb

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SETA News – Development of the Level 3 Unit Standards:

Background

Many hours have been put in to establishing credible qualifications in Payroll, starting with the development of Level 4 and Level 5 unit standards which form respectively a certificate and a diploma. These qualifications have now been in place for a number of years, and it has become clear that there needs to be a bridge closing the gap between the school leaver without a matric, who would like to specialise in working in a payroll environment. This formed the reason for the initiation of Level 3 unit standards in Payroll Administration services.

What the process entails

The process of developing the unit standards involves subject matter experts (SME's) wearing the cap of Captains of Industry and representing Industry Stakeholders, brainstorming ideas and determining assessment criteria crucial at this level. SAQA appointed an independent consultant, Samantha Layton-Matthews from Layton-Matthews Consulting to oversee the process.

It is known that most people who enter the payroll environment do so by chance - either through the administration door or having been in an HR role. It is felt that there is relevance to the payroll specific level 3 qualification as it serves as a good foundation for the future payroll administrator.

What will be covered

The group revisited already existing Business Administration unit standards that were relevant to being a Payroll Administrator of Level 3, and adapted these to be more specific to the payroll environment. Already existing payroll administration unit standards were also reviewed and adapted to meet this level.

The chosen unit standards allow the learner to cover a wide range of crucial information required to form part of the foundation of a payroll environment. These are focussed at a level understandable to the Level 3 learner.

The Learner will be exposed to the following content at this level:

1. Demonstrate an understanding of critical ethical values in a payroll environment

The learner will be able to apply competences of accuracy, confidentiality and professionalism to ensure that ethical practices are effectively maintained in a payroll environment. The Learner will thus gain insight into standards of professionalism and ethics in a payroll environment.

2. Demonstrate a basic understanding of legislation and related role players applicable to the payroll environment

A basic understanding of the laws that impact payroll administration will be covered. Here the learner will be exposed to the purpose of bargaining councils and statutory laws regulating the payroll.

3. Identify and demonstrate understanding of different types of employment contracts and how this impacts payroll administration

Employment contracts influence the payroll environment and the structure of the employees pay. The completion of this standard will provide the learner with an understanding of the different types of employment contracts in place and how these contracts affect the way in which payrolls are administered. Wages and salaries, written and verbal contracts are covered.

4. Demonstrate an understanding of the purpose of the payslip and its components

This unit standard will allow the learner to handle the various queries that employees may have pertaining to the payslip. It is imperative that a payroll person knows how a payslip is structured, what the purpose of a payslip is and can explain the various components of the payslip.

5. Capture payroll data

It is obvious that accurately capturing payroll data and identifying and solving problems relating to data capturing is essential in this role. This involves capturing financial and non-financial data for reporting structures.

It is of the thought that these unit standards will give the Level 3 Learner the foundation they need to develop fundamental knowledge pertaining to the payroll environment and the key aspects which are essential to this persons role.

Current status

The new unit standards are currently being distributed for public comment before being submitted to SAQA for approval. Once approved, learners will be able to request being assessed against these standards, and training providers may include the standards in their curriculae.

Written by Cathie Webb a director of the Payroll Association

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Ask Val

QUESTION

We recently had a payroll audit and the findings prompted some questions on how we were doing our calculations.

I would like to know what earnings and Company contributions must be used to



Val Forrest

determine the new definition of Remuneration and what values must be used to determine the COID contribution.

ANSWER

In Acts.co.za under the Regulations under the COID Act there is a description, however it is still as vague as ever.

1. Calculation of Earnings

The earnings of an employee shall be the remuneration that he receives from his employer or that accrues to him and includes:

- a. the value of any food or quarters or both supplied by the employer
- b. any overtime payment or other special remuneration in cash or in kind of a REGULAR nature or for work ordinarily performed
- c. any remuneration in cash or in kind to an employee by virtue of his contract of service, including commission, cost of living allowance, and incentive or other bonuses but does not include
 - i payment for intermittent overtime
 - ii payment for non-recurrent occasional services
 - iii amounts paid by an employer to an employee to cover any special expenses
 - iv ex gratia payments whether by the employer or any other person
 - v travelling and subsistence allowances

My understanding of the above would be on any taxable PERMANENT income or benefits, e.g. 3808 and 3810 (payment of employee's debt and taxable medical fringe benefit

Send your payroll questions to Val at val@payrollassociation.co.za



Our Mission Statement

We are dedicated to the promotion of excellence and high standards within the payroll administration profession and the elevation of the payroll practioner as a recognized professional.

For suggestions and enquiries please phone Val at (011) 433 2977 or e-mail: val@payrollassociation.co.za

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Payment of Fees

The executive committee wishes to remind all members that payment of subscriptions for the year January 2008 are now due. In order to ensure continued membership, all members must please ensure that payments are made timeously.

Those members who have not yet submitted VAT registration numbers and postal details to the Association are kindly requested to do so as soon as possible.

Please call Val on (011) 433 2977 or e-mail clippings or suggestions to her on: val@payrollassociation.co.za (subject line: SAPA news).

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SAPA Needs You!

In order to make our association more effective for all our members and our newsletter and website more vibrant and relevant, we need to make a call on you, our reader.

If you come across a news-story, article or event (especially when published outside the Gauteng area) that you believe would have an impact on the industry, or would be interesting to other payroll professionals as yourself, let us know about it. The extra eyes and ears would be appreciated and it would make for a more effective and relevant association. Also remember to pass on the newsletter and invitations to events to colleagues in the Finance or HR department and the directors.

Please call Val on (011) 433 2977 or e-mail clippings or suggestions to her on: val@payrollassociation.co.za (subject line: SAPA news). Let us know of any colleagues with inspirational achievements or who made major advances or in their payroll career. We would love to interview them. Remember to get the most benefit from membership to SAPA you should make every effort to attend the Annual General Meeting and budget and plan to attend seminars.

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Advertise to Hit Your Target Market

It has been said that finding good payroll specialists to fill vacancies is a little like finding a needle in a haystack... a much easier job if you know where to look. The SAPA newsletter is one place that you get all the needles together in one little haystack. It's so easy, it's almost like cheating. The newsletter is read exclusively by dedicated payroll professionals such as you. Exactly who you need to reach when looking for someone to fill a gap, do a project or come aboard at your company.

Now the newsletter welcomes advertising for vacancies, which will be free for all members. We will also consider brand advertising at discount rates for SAPA members.

For advertising rates, contact Val Forrest on (011) 433 2977 or e-mail her on val@payrollassociation.co.za.

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And finally ... on the lighter side

Young Susie was having trouble with her computer so she called Wes, the computer guy, over to her desk. Wes clicked a couple buttons and solved the problem. As he was walking away Susie called after him, "So, what was wrong?" And he replied, "It was an 'ID ten T' error." A puzzled expression ran riot over Susie's face. " 'An ID ten T' error? What's that, in case I need to fix it again?" He gave her a grin. "Haven't you ever seen an 'ID ten T' error before?" Susie replied, "No." "Write it down," he said, "and I think you'll figure it out."

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DISCLAIMER

All the articles in this News letter represent the author's personal views and opinions and do not necessarily reflect those of the S.A. Payroll Association.

Payroll is the reason people come to work !