

Sage Classic/ Premier/Sage200cVIP/Sage Business Cloud Payroll Professional

Employees with tax deductible deductions over the limit.

Title

Employees with tax deductible deductions over the limit.

Summary

This document will assist in explaining the reason for warning message and assist to print the report to indicate which employees are affected.

Description

When an employee is over the limit, the system will enforce the allowable limits for the tax deductible deductions, and you do not need to make any adjustments.

The employee contribution plus the deemed employee contribution (fringe benefit value) is tax deductible. There is, however, an annual limit that must be applied to determine the maximum tax deduction of the total employee contributions towards retirement funds. The total employee contributions will include all current,

-The combined deduction limit is the lessor of:

R350 000 per annum or

27.5% of remuneration (excluding severance benefits and fund lump sums)

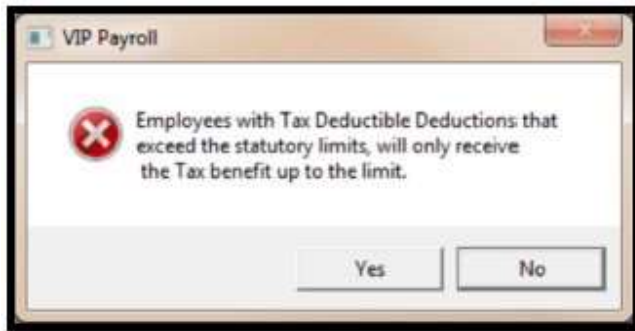
Remuneration refers to taxable earnings + taxable perks + taxable company contributions, which includes the taxable value of a travel allowance (80% / 20% /100%) and the taxable value of a public office allowance (50%), but excludes severance benefits and fund lump sums.

In the case where the employee has contributed towards a retirement annuity and provided proof to the employer (private retirement annuity), the employer may give the benefit to the employee, at the discretion of the employer.

Cause

If the total contribution of the employee is over the allowable tax deduction limit, **the system will automatically force it to the allowable limit.**

When you do a start new period, the system will populate this message:



Resolution

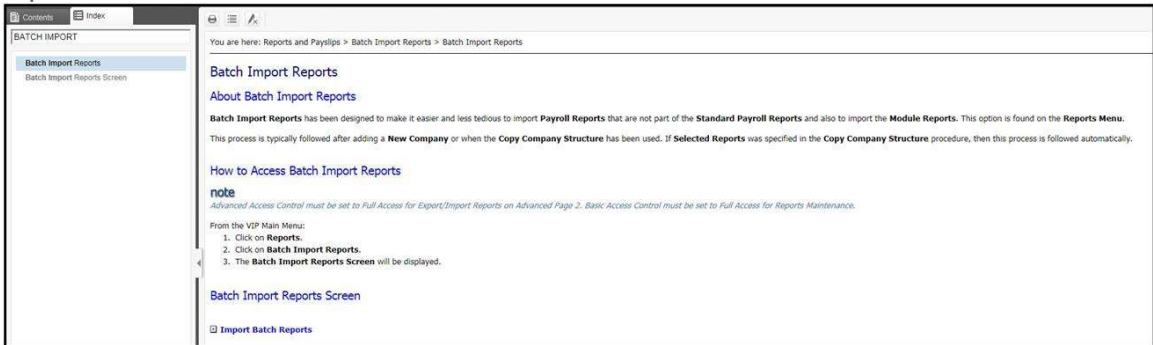
You can print two reports with the details:

Please import the following two reports if you don't have them under Reports, Reports and Maintenance.

- Limit P& RA
- Ret Funds



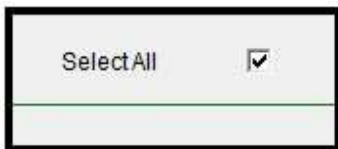
Follow the steps below under Help, How To, to Batch Import the reports.



Select Payroll only.



Deselect Select All.



Import real number 765 and 607.

764	Payroll	ETI Listing Report	N
765	Payroll	Retirement Funds	N
767	Payroll	ETI Validation Report	N
609	Payroll	Directives	N
607	Payroll	Retirement Fund Limits	N
608	Payroll	EMP201 Report	N

When you print the Retirement Fund Limits report, select the Print Report for Employees with Adjustment to Tax Deductibles.

Report Selection

Print Report for all Employees with Retirement Funds	<input type="radio"/>
Print Report for Employees with Adjustment to Tax Deductibles	<input checked="" type="radio"/>
Include Old Terminations	<input checked="" type="checkbox"/>

Keywords

Tax deductible deductions, Over limit, Statutory limits