Sage Enterprise Management HR

Namibia –Pay Plan Changes 2019/2020 V12

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Access: Development > Utilities > Patches > Patch integration

The file name is **W_NAM003_2019R1.dat**

> Please note:
>
> Clients must be on 2018 R9/12.0.15 and all the previous pay plan patches must be loaded before integrating this patch.

2.0 Namibia Pay Plan Changes

2.1 Employee Tax (ETX) Return

The Ministry of Finance published a Press Release on 7 December 2018. According to the Press Release, The Ministry of Finance has developed an integrated information technology solution for administration of taxes.

The new system known as Integrated Tax Administration System (ITAS) will replace the existing legacy system (Taxlive). ITAS Portal (E-service) will cover functions which includes Employee Tax (ETX) Returns.

There are two ways to submit the Employees Tax Return online, namely
- capture employee's details individually (one by one), or
- complete and upload the excel sheet template (with all the employee's details).

The ETX return requires additional fields to be reported on and therefore pay plan changes were required to accommodate the new required fields.

2.2 Mortgage bond subsidies

Housing loans provided to employees at a subsidised rate are taxable to the extent that the interest rate payable by the employee is less than 12% per year. The benefit value is the amount of interest determined by calculating the interest at 12% per annum or 1% per month and deducting the interest actually paid. The taxable value of the mortgage bond should be reduced when an employer has an "approved housing scheme". Where the remuneration of the employee is more than N$30 000 per annum the value of the housing benefit is reduced by one third. Where remuneration of the employee is less than N$15 000 per annum the value of the housing benefit is reduced to Nil. Where the remuneration of the employee is more than N$15 000 per annum, but less than N$30 000, the taxable value of the benefit should be calculated in accordance with a formula.

> **Important:**
>
> The value of the benefit determined under this item should be reduced by an exemption of one third of the calculated amount if such benefit was granted in accordance with an approved housing scheme.

Amendments were made to the pay plan to calculate the taxable and exempt portion of a mortgage bond subsidy automatically if it is an approved housing scheme. On the ETX return it is required to populate the tax value, exempt value and taxable portion of the mortgage bond subsidy.

3.0 Payroll plan setup

3.1 Employee Tax (ETX) Return

As a result of the additional fields required on the ETX return, the following pay plan changes were made to accommodate for the report.

3.1.1 Tax liability

The ETX return requires an additional column which calculates an employee's tax liability. The following statutory headings were added/amended for the tax liability to calculate in the pay plan for each tax status:

Sequence	Heading code	Heading description
61300	T_TAX_DED	Total Tax Deductible Deduction
61350	T_TAX_INC	Total Taxable Income excl Ann
61550	TAX_PERC	Taxable Percentage
61600	TAX_FIXED	Tax Fixed Amount
61650	TAX_LIMIT	Tax Limit Lower Bracket
65100	TX_1	Annualised Remuneration
65150	TX_2	Amount used for % Calc
65200	TX_3	Percentage Amount
65250	TX_4	Tax on Annual Balance Remunera
65300	TX_5	Annual Balance incl Periodic
65350	TX_PER_P	Taxable % Periodic
65400	TX_FIX_P	Taxable Fix Periodic
65450	TX_LIM_P	Taxable Limit Periodic
65500	TX_6	Amnt used for % incl Periodic
65550	TX_7	% Amount incl Periodic
65600	TX_8	Tax on Bal Rem incl Periodic
65650	TX_9	Tax on Periodic Tax Earnings
65700	TX_10	Tax on Normal Earnings
65750	TX_11	Total YTD Tax for Current Per
65800	TX_12	Total Tax for Current Period
65825	TX_13_PRE	Tax Liability
65925	TX_15_PRE	Tax Liability
66025	TX_17_PRE	Tax Liability

The following statutory totals were added to the pay plan:

Code	Description
PAYELIAB_M	PAYE Liability MTD
PAYELIAB_Y	PAYE Liability YTD

3.1.2 Additional tax

Employees who earn income from other sources, e.g. rent or dividends, may wish to pay additional tax amounts each month if they provide their employer with a written request.

The following statutory totals were added and would need to be linked to the specific heading when the above is applicable:

Code	Description
ADDTAX_MTD	Additional Tax MTD
ADDTAX_YTD	Additional Tax YTD

3.1.3 Subsistence and travel expense allowances

The following totals were added to the pay plan. The below totals should be linked to the heading for any subsistence and travel expense allowances.

Code	Description
SUBSIS_MTD	Subsistence & Travel Exp Allow
SUBSIS_YTD	Subsistence & Travel Exp Allow

> Please take note:
>
> The above subsistence & travel expense allowance will not be taxed on the payroll but might be taxable on assessment.

3.1.4 Subsidised loans

The pay plan was enhanced to include a subsidised loan fringe benefit in the tax calculation. Therefore, when a heading is linked to the total SUBLOA_YTD and SUBLOA_MTD, the income will be used in the tax calculation.

3.1.5 Other allowances

The ETX return requires that the description of each "Other Allowance Type" per employee displays in column S of the return.

Example on the ETX return:

R		S
Other Allowance (Specify)		**Other Allowance Type**
NAD	3 000,00	Cellphone & Computer

For the report to automatically display the "Other Allowance Type" per employee, each income component that makes up the "other allowance" total amount, needs to be linked to one of the statutory totals below:

- ALLOWANCE1
- ALLOWANCE2
- ALLOWANCE3
- ALLOWANCE4
- ALLOWANCE5

Please see example below:

Other allowance component 1: Cellphone Allowance

Code *	Legislation *	Sequence *	Description *
CELLPHONE	NAM	9100	Cell phone Allowance
	Namibia		

GENERAL   AMOUNTS   PROFILES   PRINTING   OTHERS

General

Short description	Theme	Activity code	Access code
Cell Phone			

Totals

		Total	Description	Periodicity	+/-/Rtz	
1		NETT_PAY	Netto Pay	Month	+ Employee's share	▼
2		OTHALL_MTD	Other allowance MTD	Month	+ Employee's share	▼
3		OTHALL_YTD	Other allowance YTD	Tax year	+ Employee's share	▼
4		ALLOWANCE1	Allowance 1	Month	+ Employee's share	▼

Other income component 2: Computer Allowance

Code *	Legislation *	Sequence *	Description *
COMPUTER	NAM	9120	Computer Allowance
	Namibia		

GENERAL   AMOUNTS   PROFILES   PRINTING   OTHERS

General

Short description	Theme	Activity code	Access code
Computer			

Totals

		Total	Description	Periodicity	+/-/Rtz	
1		NETT_PAY	Netto Pay	Month	+ Employee's share	▼
2		OTHALL_MTD	Other allowance MTD	Month	+ Employee's share	▼
3		OTHALL_YTD	Other allowance YTD	Tax year	+ Employee's share	▼
4		ALLOWANCE2	Allowance 2	Month	+ Employee's share	▼

After linking each "other allowance" component to one of the following totals (ALLOWANCE1, ALLOWANCE2, ALLOWANCE3, ALLOWANCE4, ALLOWANCE5), the

next step is to amend the description of the statutory total linked to the heading to be the same as the heading description:

Before:

After:

After amending the statutory total linked to the applicable allowance heading, the description (allowance type) will display in the report.

3.1.6 Pension income

If an employee receives pension income and would like the pension income to be taxed on the payroll, it is important the user links the following totals to the pension income headings:

Code	Description
PENINC_MTD	Pension Income MTD
PENINC_YTD	Pension Income YTD

3.1.7 Other income

If the employee receives "other income", the user needs to specify whether the income should be included in the tax calculation or not. If the "other income" should be included in the tax calculation, the user needs to link the following statutory totals to the customised headings:

Code	Description
OTHINC_MTD	Other Income Taxable MTD
OTHINC_YTD	Other Income Taxable YTD

If the "other income" should not be included in the tax calculation, the user needs to link the following statutory totals to the customised headings:

Code	Description
OTHINT_MTD	Other Income Non Taxable MTD
OTHINT_YTD	Other Income Non Taxable YTD

The ETX return requires that the description of each "Other Income Type" per employee displays in column U of the return.

Example on the ETX return:

Other Income (Specify)		Other Income Type
NAD	3 000,00	Leave Pay & Ex-Gratia Payment

For the report to automatically display the "Other Income Type" per employee, each income component that makes up the "other income" total amount, needs to be linked to one of the statutory totals below:

- OTHERINC1
- OTHERINC2
- OTHERINC3
- OTHERINC4
- OTHERINC5

Please see example below:

Other income component 1: Leave Pay

Code *	Legislation *	Sequence *	Description *
LEAVE_PAY 🔍 ▤	NAM 🔍 ▤ ▤ *Namibia*	10020	Leave Pay

GENERAL   AMOUNTS   PROFILES   PRINTING   OTHERS

Bases

Base	V_LEAVE_PAY

Totals

		Total		Description	Periodicity	+/-/Rtz	
1	▤	NETT_PAY	🔍 ▤	Netto Pay	Month	+ Employee's share	▾
2	▤	OTHINT_MTD	🔍 ▤	Other Income Non Taxable MTD	Month	+ Employee's share	▾
3	▤	OTHINT_YTD	🔍 ▤	Other Income Non Taxable YTD	Tax year	+ Employee's share	▾
4	▤	OTHERINC1	🔍 ▤	Other Income 1	Month	+ Employee's share	▾

Other income component 2: Ex-Gratia Payments

Code *	Legislation *	Sequence *	Description *
EXGRATIA	NAM	10040	Ex-Gratia Payments
	Namibia		

GENERAL **AMOUNTS** PROFILES PRINTING OTHERS

Bases

Base		V_EXGRATIA

Totals

		Total		Description	Periodicity	+/-/Rtz	
1		NETT_PAY	Q	Netto Pay	Month	+ Employee's share	▼
2		OTHERINC2	Q	Other Income 2	Month	+ Employee's share	▼
3		OTHINT_MTD	Q	Other Income Non Taxable MTD	Month	+ Employee's share	▼
4		OTHINT_YTD	Q	Other Income Non Taxable YTD	Tax year	+ Employee's share	▼

After linking each "other income" component to <u>one</u> of the following totals (OTHERINC1, OTHERINC2, OTHERINC3, OTHERINC4, OTHERINC5), the next step is to amend the description of the statutory total linked to the heading to be the same as the heading description.

Before:

Total

Total *	Legislation *	Description *
OTHERINC1	NAM	Other Income 1

After:

Total

Total *	Legislation *	Description *
OTHERINC1	NAM	Leave Pay

After amending the statutory total linked to the applicable "other income" heading, the description (other income type) will display in the report.

3.1.8 Tax directives

The following statutory totals were added to the pay plan to be used when the employer received a directive from the Inland Revenue Department:

Code	Description
GROSS_DIR1	Gross Amount Directive 1
TAXFR_DIR1	Tax Free Amount Directive 1
TAXBL_DIR1	Taxable Amount Directive 1
TAX_DIR1	Tax Amount Directive 1
GROSS_DIR2	Gross Amount Directive 2
TAXFR_DIR2	Tax Free Amount Directive 2
TAXBL_DIR2	Taxable Amount Directive 2
TAX_DIR2	Tax Amount Directive 2
GROSS_DIR3	Gross Amount Directive 3
TAXFR_DIR3	Tax Free Amount Directive 3
TAXBL_DIR3	Taxable Amount Directive 3
TAX_DIR3	Tax Amount Directive 3
GROSS_DIR4	Gross Amount Directive 4
TAXFR_DIR4	Tax Free Amount Directive 4
TAXBL_DIR4	Taxable Amount Directive 4
TAX_DIR4	Tax Amount Directive 4

The values reflected on the directive can be captured on the payroll and linked to the totals above. This will necessary for a future release.

Please note:

When an employer receives a tax directive, the information on the directive must be manually completed on the ETX return (.xls file) before uploading. In a future release the system will have a directive screen available where the directive information can be captured and populated in the report.

3.2   Mortgage bond subsidies

Amendments were made to the pay plan to calculate the taxable and exempt portion of a mortgage bond subsidy automatically if it is an approved housing scheme. On the ETX return it is required to populate the tax value, exempt value and taxable portion of the mortgage bond subsidy.

Below is a summary of the new statutory headings created:

Sequence	Heading code
60400	MORTGA_NA
60425	MORTGAGE
60450	MORTGAGE2
60475	MORTGAGE3

Below is a summary of the new statutory totals created which the user needs to link to the mortgage bond heading(s):

Code	Description
MORFUL_MTD	Mortgage bond subsidies MTD
MORFUL_YTD	Mortgage bond subsidies YTD

Below is a summary of the new statutory variable created:

Code	Description
APPROVED_C	Approved Mortgage Bond Yes=1 / No=2

3.2.1   Examples

Example: housing benefit calculation - remuneration less than 15 000 p/a

- The annualised remuneration (excluding the housing benefit) of an employee is 12 000. The monthly salary is 1 000.00.
- The housing benefit is 4 000.00.

Formula	Calculation
Exemption	100% reduction = 0.00
The taxable portion of the housing benefit is therefore	N$ 0.00

Access: Setup > Payroll Plan > Headings

Mortgage bond

		Total	Description	Periodicity	+/-/Rtz
1		MORFUL_MTD	Mortgage bond subsidies mTD	Month	+ Employee's share
2		MORFUL_YTD	Mortgage bond subsidies YTD	Tax year	+ Employee's share

Access: *Payroll > Payslips > Employee payslips*

Fringe Benefit tab

		Variable		Description	Value	Enter...
				NA5		Fringe Benefits
1		APPROVED_C		App Mortgage Bond Yes=1 / No=2	1.00	No
2		MORTGAGE		Mortgage Bond Subsidies	4,000.00	No

If the mortgage bond is an approved housing scheme, a '1' must be entered next to the variable APPROVED_C.

Payslip tab

Payslip

		Se...	Heading		Basis	Rate	Amount	Rate	Amount
1		10	TAX_AGE		39.00				
2		70	AVE_DAYSP		30.50				
3		100	DAYS_TX_YR		366.00				
4		8000	SALARY				1,000.00		
5		9300	MORTG_BOND		4,000.00				
6		61000	T_TAX_EARN		1,000.00				
7		61350	T_TAX_INC		1,000.00				
8		65100	TX_1		12,000.00				
9		65150	TX_2		12,000.00				
10		65300	TX_5		12,000.00				

Example: housing benefit calculation - remuneration between 15 000 and 30 000 p/a

- The remuneration (excluding the housing benefit) of an employee is 20 000.00. The monthly salary is 1 666.67.
- The housing benefit is 4 000.00.

Formula	Calculation
Reduction using the formula: Y = 100 – (x/150)	y = 100 – x/150 y = 100 – 5 000/150 y = 66.67% 4 000 (housing benefit) - 66.67% = 1 333.20
Further reduction by one-third	1 333.20 x 2/3 or 1 333.20 – 1/3 =888.80
The taxable portion of the housing benefit is therefore	N$ 888.80

Access: Setup > Payroll Plan > Headings

Mortgage bond

Access: Payroll > Payslips > Employee payslips

Fringe Benefit tab

		Variable		Description		Value	Enter...
1		APPROVED_C	Q	App Mortgage Bond Yes=1 / No=2		1.00	No
2		MORTGAGE	Q	Mortgage Bond Subsidies		4,000.00	No

PAYROLL · BASIC SALARY · HOURS · EARNINGS · DEDUCTIONS · **FRINGE BENEF** · LEAVE · PAYSLIP

NA5 — Fringe Benefits

If the mortgage bond is an approved housing scheme, a '1' must be entered next to the variable APPROVED_C.

Payslip tab

PAYROLL · BASIC SALARY · HOURS · EARNINGS · DEDUCTIONS · FRINGE BENEF · LEAVE · **PAYSLIP**

Payslip

		Se...	Heading		Basis	Rate	Amount	Rate	Amount
1		10	TAX_AGE	Q	39.00				
2		70	AVE_DAYSP	Q	30.50				
3		100	DAYS_TX_YR	Q	366.00				
4		8000	SALARY	Q			1,666.67		
5		9300	MORTG_BOND	Q	4,000.00				
6		60475	MORTGAGE3	Q	888.90				
7		61000	T_TAX_EARN	Q	1,666.67				
8		61050	T_TAX_FB	Q	888.90				
9		61350	T_TAX_INC	Q	2,555.57				
10		65100	TX_1	Q	30,666.84				
11		65150	TX_2	Q	30,666.84				
12		65300	TX_5	Q	30,666.84				
13		65500	TX_6	Q	30,666.84				

Example: housing benefit calculation - remuneration more than 30 000 p/a

- The remuneration (excluding the housing benefit) of an employee is 50 000. The monthly salary is 4 166.00.
- The housing benefit is 4 000.00.

Formula	Calculation
Reduction by one-third	4 000 x 2/3 or 4 000 – 1/3 =2 666.67
The taxable portion of the housing benefit is therefore	N$ 2 666.67

Access: *Setup > Payroll Plan > Headings*

Mortgage bond

Access: *Payroll > Payslips > Employee payslips*

Fringe Benefit tab

		Variable		Description		Value	Enter...
	PAYROLL	BASIC SALARY	HOURS	EARNINGS	DEDUCTIONS	**FRINGE BENEF**	LEAVE	PAYSLIP
NA5							Fringe Benefits
1		APPROVED_C		App Mortgage Bond Yes=1 / No=2		1.00	No
2		MORTGAGE		Mortgage Bond Subsidies		4,000.00	No

If the mortgage bond is an approved housing scheme, a '1' must be entered next to the variable APPROVED_C.

Payslip tab

Payslip

		Se...	Heading		Basis	Rate	Amount	Rate	Amount
	PAYROLL	BASIC SALARY	HOURS	EARNINGS	DEDUCTIONS	FRINGE BENEF	LEAVE	**PAYSLIP**		
1		10	TAX_AGE		39.00				
2		70	AVE_DAYSP		30.50				
3		100	DAYS_TX_YR		366.00				
4		8000	SALARY				4,166.00		
5		9300	MORTG_BOND		4,000.00				
6		60425	MORTGAGE		2,666.67				
7		61000	T_TAX_EARN		4,166.00				
8		61050	T_TAX_FB		2,666.67				
9		61350	T_TAX_INC		6,832.67				
10		61550	TAX_PERC		17.00				
11		61650	TAX_LIMIT		50,000.00				
12		65100	TX_1		81,992.04				
13		65150	TX_2		31,992.04				

Important:

When an employee's remuneration fluctuates, the system will recalculate the mortgage bond benefit in the current period, based on the current annualised remuneration and will apply the taxation rules accordingly.

3.2.2   Manual calculation of a mortgage bond subsidy

A '1' needs to be entered next to the variable HOUSE_MAN on the payslip screen (fringe benefit tab) if the user wants to calculate the taxable and exempt portion of a mortgage bond subsidy manually.

Important totals to link to the heading that calculates the taxable portion of a mortgage bond subsidy are:

- MORTGA_MTD [Mortgage bond subsidies MTD]
- MORTGA_YTD [Mortgage bond subsidies YTD]

Important totals to link to the heading that calculates the full value of a mortgage bond subsidy are:

- MORFUL_MTD [Mortgage bond subsidies MTD]
- MORFUL_YTD [Mortgage bond subsidies YTD]