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CIRCULAR



CIRCULAR NO: 11/2017

DATE: 13 April 2017

TO ALL PARTICIPANTS IN THE MOTOR INDUSTRY

**INDUSTRY EMPLOYEES TAXATION OF BENEFITS IN TERMS OF THE SICK,
ACCIDENT AND MATERNITY PAY FUND**

The Council has been advised by **South African Revenue Service** through a legal opinion from the SARS Legal Advisory Unit as how to handle the withholding of pay as you earn for **MIBCO Sick, Accident and Maternity Pay Fund** before such payment is made to the Council through the return system.

The SARS Legal Advisory Unit has confirmed the following:

“The Sick, Accident and Maternity Fund contributions constitute a taxable benefit in the employee’s hands. These contributions fall within the provisions of “gross income” and “remuneration” as defined in the Act and are subject to the deduction or withholding of PAYE by the employer in terms of the Fourth Schedule to the Act.”

The employers are advised to deduct or withhold PAYE regarding the Sick, Accident and Maternity Pay Fund contributions before such payments are made to the Council through the returns system in order to comply with the Tax laws. This will assist the Employer to stay on the right side of the Tax laws.

We trust that this communication will be of assistance to the Industry.

The MIBCO Team