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# CIRCULAR



**CIRCULAR NO: 22/2017**

**DATE: 25 August 2017**

**TO ALL PARTICIPANTS IN THE MOTOR INDUSTRY**

**INDUSTRY EMPLOYEES TAXATION OF BENEFITS IN TERMS OF THE SICK,  
ACCIDENT AND MATERNITY PAY FUND – TAX CODE TO BE USED**

This is a follow up of the Council's previous circular, of the taxation code to be used for the Sick, Accident and Maternity Fund payable to employees in the Motor Industry, as MIBCO has received numerous requests from Employers confirming the tax code to be used for the deduction of PAYE.

In this regard the Council would like to reconfirm the following instruction received from the SARS Legal Advisory Unit.

**“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 use the following code **3806** for these contributions.

Important to note that the following full contributions are payable to MIBCO:

Fund	Weekly Contribution
Sick & Accident	R 14.99
Maternity	R 7.06

MIBCO trusts that this communication will be of assistance to the Industry.

**The MIBCO Team**