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CIRCULAR



NO: 02/2018

DATED: 25 January 2018

TO ALL PARTICIPANTS IN THE MOTOR INDUSTRY

**TAX REFORM - MOTOR INDUSTRY PROVIDENT FUND : CONTRIBUTION
CERTIFICATE TO BE PROVIDED TO THE EMPLOYER IN RESPECT OF
THE VALUATION OF CONTRIBUTIONS MADE BY THE EMPLOYER TO
THE FUND**

As previously communicated in circular 04/2017 from 1 March 2017, employer contributions to retirement funds will be taxed as fringe benefits in the hands of the members or employees, however members or employees have a tax-free contribution allowance of the lower of 27.5% of taxable income or R350 000.

The Motor Industry Provident Fund self-insures the risk benefits, and the taxable value of the death and disability benefits accruing to the member are calculated by way of a prescribed formula and may differ from the contributions actually being paid by the employer.

Employers are advised that they should please use the deemed contribution rate as set out in the attached certificate(s) to determine the value of the fringe benefit for your employees.

MIBCO team on behalf of the Motor Industry Provident Fund

Contribution Certificate

Motor Industry Provident Fund (12/8/36666)

Year of assessment ending: 28 February 2019

This certificate is issued by the above mentioned fund in terms of paragraph 12D(4) of the Seventh Schedule to the Income Tax Act, 1962

Employers: All employers participating in the Fund

Member Fund Category: All Active Members

Member category and category factor composition:

Benefit Component	Rule number	Factor
Defined contribution	Rule 5(4)	14.09%
Defined benefit	Not Applicable	Not Applicable
Underpin	Not Applicable	Not Applicable
Risk benefit	Rule 6 (7) (self insured by the fund)	1.50%

Composition of the actual contributions:

Current Employer Contribution Rate:	8.0%
Current Employee Contribution Rate:	7.5%

The fund member category factor for the fund member category, before deducting the member/employee contribution rate, in respect of which the contribution certificate is issued is **15.59%**.

The net employer contribution for fringe benefit purposes is: **8.09%**.


TRUSTEE



TRUSTEE


PRINCIPAL OFFICER

23/1/2018
DATE

23/1/2018
DATE

23/1/2018
DATE


Andre Pienaar

Valuator of the Fund
9 January 2018