

2013 SAPA Conference

The landscape of employee benefits in the next 10 years

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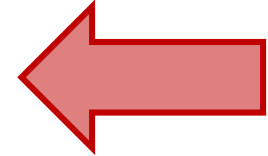


national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

DISCUSSION

- Setting the scene: Current trends
- Current projects: Implemented or *work-in-progress*
- Looking ahead



CURRENT TRENDS

SARS

- Simplification of individual tax returns
- Requiring the submission of detailed taxpayer information
- Claiming unpaid taxes and penalties from employers
- Strict enforcement (new TAA)
- Positioning for future requirements

Effect on the employer?

CURRENT TRENDS

National Treasury

- Limiting individual deductions
- Minimising the gap between “remuneration” and “gross income”
- Establishing the extent of - and taxing the total value shift
- Anti-avoidance
- Easing of administrative burdens

Effect on the employer?

CURRENT TRENDS

Employer

- Effect of the risk shift (employees' tax liability on employer)
- Compliance burden and need for certainty leads to fewer tax structuring vehicles used
- Movement away from open-ended liabilities
- Cost to company and structuring
- Employer of choice within the South African context

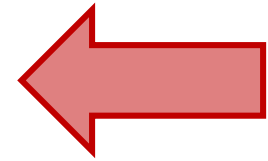
CURRENT TRENDS

Employees

- Not conversant with their payslip
- Do not engage with the benefits they pay for
- Not informed regarding retirement planning (live in hope)
- Not aware of link between employees' tax and income tax
- Not actively participating in discussion around (certain) benefits and the structuring thereof
- Highly indebted

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CURRENT PROJECTS

Retirement reform

- *Employee fringe benefit for employer contributions*
- *Deductions of contributions to retirement funds*
- *Annuitisation of provident fund monies*
- *Preservation upon resignation*
- *Post-retirement income*
- *Costs and other (unclaimed benefits, cross-border retirement saving, etc.)*

CURRENT PROJECTS

Employer-provided insurance

- Policies for the benefit of the employer (keyperson, accident policies, collateral loans)
- Policies for the benefit of the employee (death, disability, severe illness, *income protection*)

Variable income

- Link between inclusion in income (employee) and deduction from income (employer)

CURRENT PROJECTS

Employee share schemes

- *Employee share scheme dividends*
- *Employee share scheme review*
- *Trust review*
- *Anti-avoidance*

Cross-border employment

- *Review of current tax treatment of SA residents / non-SA residents earning foreign or SA source income*

CURRENT PROJECTS

Incentives

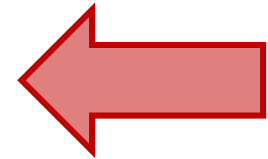
- Medical credits
- *Low-cost housing for low-income employees*
- *Bursaries for low-income employees and their relatives*
- *Fringe benefit on rental of accommodation*

Non-retirement savings

Employment tax incentive

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LOOKING AHEAD

- Move towards ‘value for money’
- Move away from opaqueness towards clarity
- More expected from employers, funds, and fund administrators
- More than just an employer: Holistic, long-term view
- Integrated human capital function

Stay abreast of changes coming from SARS and National Treasury

- Further engagement and consultation on specific matters

Thank you