

## South Africa – New Pension and Provident Fringe Benefit Components

The Pension and Provident Fringe Benefit components have been enhanced in South Africa.

Below is a list of the existing Company Contribution components:

- Pension Employer Contribution (tax code 4472)
- Arrear Pension ER Contribution (tax code 4472)
- Arrears Pension Contribution Income Base (tax code 4472)
- Pension Adjustment ER Income Base (tax code 4472)
- Provident Employer Contribution (tax code 4473)
- Arrear Provident ER Contribution (tax code 4473)
- Provident Adjustment ER Income Base (tax code 4473)
- Provident Employer Contribution Arrears (tax code 4473)

### How do they work?

- Previously, all the Pension (4472) company contribution components would result in a single "Pension FB" (3817) fringe benefit component.
- Now, each of the Pension (4472) company contribution components will return a unique fringe benefit (3817) component.
- The below table indicates the existing Pension (4472) company contribution components and the corresponding fringe benefit (3817) components.

Company Contribution	Fringe Benefit
Pension Employer Contribution	Pension FB
Arrear Pension ER Contribution	Arrear Pension FB
Arrears Pension Contribution Income Base	Arrear Pension Income Base FB
Pension Adjustment ER Income Base	Pension Adjustment FB

- Previously, all the Provident (4473) company contribution components would result in a single "Provident FB" (3825) fringe benefit component.
- Now, each of the Provident (4473) company contribution components will return a unique fringe benefit (3825) component.
- The below table indicates the existing Provident (4473) company contribution components and the corresponding fringe benefit (3825) components.

Company Contribution	Fringe Benefit
Provident Employer Contribution	Provident FB
Arrear Provident ER Contribution	Arrear Provident FB
Provident Employer Contribution Arrears	Provident Arrears FB
Provident Adjustment ER Income Base	Provident Adjustment FB

## Financial Take-Ons

The system validations applied on a financial take-on have also been enhanced.

- The validations applied are listed below:
  - If there is a pension company contribution (4472), then a pension fringe benefit (3817) is required.
  - If there is a pension fringe benefit (3817), then a pension company contribution (4472) is required.
  - If there is a provident company contribution (4473), then a provident fringe benefit (3825) is required.
  - If there is a provident fringe benefit (3825), then a provident company contribution (4473) is required
- The components captured are also validated, therefore, the corresponding company contribution and fringe benefit must be used.
- If various company contributions (4472/4473) are processed, and then only a total is captured on one fringe benefit component (3817/3825), the user will encounter a validation error.
- For example, if the user captures a value on the "Arrear Pension ER Contribution" company contribution, then the fringe benefit value must be captured on the "Arrear Pension FB" component.

## Paymaster Impact

- If there are multiple instances of the same 4472 or 4473 company contribution, then the unique fringe benefits for each instance will also automatically generate.
- Adjustments must still be made using the predefined adjustment components (listed above).
- If a weekly/fortnightly/interim run is already closed in the month of August, it is not necessary to re-open the run. The new components will automatically calculate in the next run.
- No changes have been made to the fringe benefit calculation of a DB/Hybrid fund.
- The fringe benefit calculation applied on a DB/Hybrid fund  $[(A \times B) - C]$  is only applied on the "Pension Employer Contribution" and "Provident Employer Contribution" company contributions when added as recurring components.
- The previous "Pension FB" component has been made inactive from 1 August 2023.
- The previous "Provident FB" component has been made inactive from 1 August 2023.
- No changes have been made to the functionality of the Retirement Annuity components (4475 and 3828).
- Tax codes 4472, 4473, 3817, and 3825 should not be used as tax code overrides, the user is advised to use the predefined components.