

## INTERCODE PAYROLL V3.7 RELEASE NOTES

### BEFORE INSTALLING THE UPDATE

It is recommended that you make backup copies of all your existing employer files before you install any updates to Intercode Payroll. This will ensure that your original payroll information can be restored in the unlikely event that the update process fails to complete successfully. Once you have made backup copies of your existing employer files you can continue to install the update.

### HOW TO INSTALL THE LATEST VERSION OF INTERCODE PAYROLL

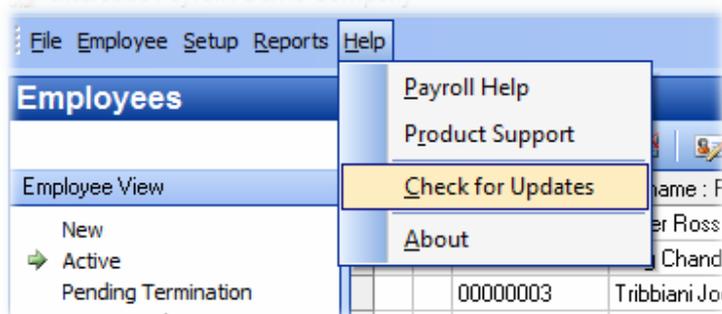
There is no need to uninstall your current version of Intercode Payroll before installing a newer version of the software. Whenever a newer version of Intercode Payroll is installed on your computer, the newer version will automatically replace the current version as part of the installation process.

You can install the latest version of Intercode Payroll in one of two ways:

- If you are currently using Intercode Payroll V3.1.4 or later, you can use the *Automatic Installation* process below.
- If you are currently using Intercode Payroll V3.1.3 or earlier, you must use the *Manual Installation* process described below.

#### Automatic Installation (V3.1.4 or Later)

1. Ensure that you are currently connected to the internet.
2. Open Intercode Payroll.
3. Select *Help --> Check for Updates* from the main menu.



4. Follow the on-screen instructions to update your version of Intercode Payroll.

### **Manual Installation (V3.1.3 or Earlier)**

1. Go to the *Downloads* page on the Intercode web site ([www.intercode.co.za/downloads.php](http://www.intercode.co.za/downloads.php)) and click on the link marked *Download Now*.
2. When asked whether you would like to *Run* or *Save* the file select *Save*. This will open a new window allowing you to specify the location on your computer's hard drive where you would like to save the file. Select *Desktop* and then click *Save*.
3. You will now see a *File Download* window showing the progress of the file download. Once the file download has been completed you can close all open windows and disconnect from the internet.
4. Ensure that Intercode Payroll has been closed then go to your *Desktop*, locate the installation file you just downloaded and double-click the file to start the installation process. Follow the on-screen instructions to complete the installation process.

Once the latest version of Intercode Payroll has been installed on your computer (using either of the two processes described above), open Intercode Payroll and open your employer file. You might see a message stating that your employer file is being updated. Wait for this process to finish.

The update process is now complete, and you can continue using the software as usual.

### **WHAT'S NEW**

#### **Simplified Time and Attendance : Period Totals Only (V3.6.2)**

By default, Intercode Payroll stores detailed daily work history for each employee on your payroll. In some instances however (such as when working with salaried employees) some payroll administrators feel that recording detailed daily work history is a bit of an "over-kill" and would prefer to record only the total number of normal hours, overtime hours etc. that the employee worked during the entire pay period as a whole.

As of V3.6.2 it is now possible to choose whether you want to record detailed daily work history or only the total hours for the whole pay period, on a per-employee basis.

To change the way in which an individual employee's time and attendance is recorded:

- Go to the *Employees* section.

- Click on the relevant employee (one click only) to select the employee.
- On the toolbar at the top of the window, click the *Employee Setup Wizard* button (the 4th button).
- In the *Employee Setup Wizard*, click *Next* until you reach the *Work Schedule* page.
- On the *Work Schedule* page, select the relevant option from the *Time and Attendance* drop-down.

**Employee Setup Wizard**

### Work Schedule

Select the work schedule according to which the employee will normally work. You may define a new work schedule if a suitable work schedule does not already exist.

Work Schedule: Monthly Paid : 08:00 to 16:30 : Monday to Friday

Next Pay Period Start: 2010/03/24

Next Shift Rotation: Rotation 1

Time and Attendance: **Period Totals Only**

Average Hours per Day: 8

Average Hours per Week: 40

Average Days per Month: 21.67

Buttons: Help, < Back, Next >, Cancel

The following options are available:

- *Daily Work History*  
Select this option if you want to record the number of normal hours, overtime hours etc. that the employee worked on each individual day. This option corresponds to the way in which the time and attendance has always been recorded on Intercode Payroll in the past, and is recommended for employees who are paid per hour (wage earners) as well as all weekly paid employees, regardless of whether they are wage earners or not.

- *Period Totals Only:*  
Select this option if you only want to record only the total number of normal hours, overtime hours etc. that the employee worked during the pay period as a whole, with no regard to how many of the hours were worked on specific days. This option is now recommended for all monthly paid and/or salaried employees.
- Once you have selected the relevant *Time and Attendance Type*, click *Next* until you reach the last page of the *Employee Setup Wizard*, then click *Finish*.

Note: When changing an employee's *Time and Attendance Type*, the change will only take effect in the next pay period that is created for that employee. The time and attendance type of existing payslips will not be affected.

Working with Time and Attendance:

In the past, the only way to specify the number of normal hours, overtime hours and public holiday hours that an employee worked during a particular pay period, or the number of leave hours that an employee used during a pay period, was by capturing the relevant hours under the *Time and Attendance* tab on the *Employee Payslip* window. The details captured under the *Time and Attendance* tab directly controlled the value of the corresponding income items that were reflected under the *Income* tab on the *Employee Payslip* window (this is still the case for employees whose *Time and Attendance Type* are set to *Daily Work History*).

As of V3.6.2 however, if an employee's *Time and Attendance Type* is set to *Period Totals Only*, these income items can now be edited directly under the *Income* tab. The income types that are controlled and/or affected by the *Time and Attendance Type* are as follows:

- Basic Salary or Wage (Number of normal hours and/or days worked).
- Overtime 1, 2 and 3 (Number of overtime hours worked).
- Free Public Holiday (Number of public holiday hours and/or days paid).
- Worked Public Holiday (Number of public holiday hours and/or days worked).
- Leave Items (Number of leave hours and/or days taken).

If an employee's *Time and Attendance Type* is set to *Period Totals Only*, the *Time and Attendance* tab on the *Employee Payslip* window will no longer be visible and the above-mentioned income types can then be edited directly in order to specify the values that would otherwise have been accumulated from the employee's daily work history (the values would have been captured under the *Time and Attendance* tab).

The following examples show the different methods of specifying an employee's normal hours worked, overtime hours, public holiday hours and leave hours depending on whether the employee's *Time and Attendance Type* was set to *Daily Work History* or *Period Totals Only*.

#### METHOD 1 : DAILY WORK HISTORY

If the employee's *Time and Attendance Type* is set to *Daily Work History* the employee's hours must be specified per day, using the *Time and Attendance* tab on the *Employee Payslip* window.

Income Deductions Time and Attendance													
Date	SCH	PH	TTL	NRML	OT1	OT2	OT3	PH	SHFT	SHRT	ANN	SIC	FA
2010/12/27	001	<input checked="" type="checkbox"/>			8	3	2	8					
2010/12/28	001	<input type="checkbox"/>	13	8	3	2							
2010/12/29	001	<input type="checkbox"/>	13	8	5								
2010/12/30	001	<input type="checkbox"/>	10	8	2								
2010/12/31	001	<input type="checkbox"/>	11	8	3								
2011/01/01		<input type="checkbox"/>											
2011/01/02		<input type="checkbox"/>											
2011/01/03	001	<input type="checkbox"/>									8		
2011/01/04	001	<input type="checkbox"/>									8		
2011/01/05	001	<input type="checkbox"/>	8	8									
			151	136	13	2		8			16		

The number of hours specified per day are then automatically totalled and used as the quantities of the corresponding income items under the *Income* tab.

Income Deductions Time and Attendance				
Description	Tax Class	Quantity	Unit Value	Benefit Val
Basic Wage	3601	136	R 10.00	R 0
Annual Leave	3601	16	R 10.00	R 0
Public Holiday (Automatic)	3601	8	R 10.00	R 0
Overtime Hours @ 1.5	3607	13	R 15.00	R 0
Overtime Hours @ 2.0	3607	2	R 20.00	R 0

The quantities of any of these income items are based on (and linked to) the totals of the daily hours that were captured into the relevant columns under the *Time and Attendance* tab, and therefore they can't be edited directly. For example, if you were to double-click on the *Overtime Hours @ 1.5* income item in the example above, the following window would be displayed:

The screenshot shows a dialog box titled "Income Item". It is divided into two main sections: "Income Details" and "Income Value".

- Income Details:**
  - Income Description: Overtime Hours @ 1.5
  - Tax Classification: Overtime ( 3607 )
- Income Value:**
  - Calculation Type: Base rate and quantity
  - Payment Rate: Normal Hourly Rate \* 1.50
  - Number of Hours: 13 (This field is highlighted with a red border)

At the bottom of the dialog box, there are three buttons: "Help", "OK", and "Cancel".

Note that the *Number of Hours* field is disabled when using *Daily Work History* because the total number of overtime hours is determined by the number of overtime hours specified per day under the *Time and Attendance* tab.

So, if an employee's *Time and Attendance Type* is set to *Daily Work History*, the only way to change the quantities of income items that are based on the employee's time and attendance is to change the daily hours under the *Time and Attendance* tab.

#### METHOD 2 : PERIOD TOTALS ONLY

if the employee's *Time and Attendance Type* is set to *Period Totals Only*, the employee's total hours for the pay period must be specified by editing the quantities of relevant income items under the *Income* tab directly.

Specifying Normal Hours Worked (Period Totals Only):

To specify the number of normal hours (or days) that the employee was expected to work, as well as the number of hours (or days) that the employee actually worked during the pay period, simply double-click on the *Basic Salary* (or *Basic Wage*) income item. The following window will be displayed:

**Primary Income Item**

**Income Details**

Income Description: Basic Salary

Tax Classification: Income : Taxable ( 3601 )

**Income Value**

Calculation Type: Amount per interval

Base Amount: R 20 000.00 per Month

**Time and Attendance Totals**

Scheduled Days	22.00	
Days Worked	18.00	
Public Holidays	2.00	
Leave Days	2.00	
Short Time	0.00	
		Shifts Worked: 0.00

Buttons: Help, OK, Cancel

Note that when using *Period Totals Only* a new section will be visible at the bottom of the *Primary Income* window. This section will allow you to specify the total number of hours (or days) that the employee was expected to work during the pay period, as well as the total number of hours (or days) that the employee actually worked during the pay period.

This section also contains some additional time and attendance totals (such as public holidays worked, leave days taken etc.) for reference purposes.

Note: The *Time and Attendance Totals* section on the *Primary Income* window will only be visible if the relevant employee's *Time and Attendance Type* has been set to *Period Totals Only*.

#### Specifying Overtime Hours Worked (Period Totals Only):

To specify the number of overtime hours that an employee worked, simply edit the relevant overtime income item under the *Income* tab on the *Employee Payslip* window.

Note: If the relevant overtime income item does not already appear on the employee's payslip, it can be added manually in the same way that you would add any other income item.

**Income Item**

Income Details

Income Description: Overtime 1

Tax Classification: Overtime ( 3607 )

Income Value

Calculation Type: Base rate and quantity

Payment Rate: Normal Hourly Rate × 1.50

Number of Hours: 13

Help OK Cancel

Specify the total number of overtime hours that the employee worked during the pay period, then click *OK* to close the window.

**Specifying Public Holiday Hours (Period Totals Only):**

To specify the number of public holiday hours (or days) that an employee should be paid for, simply edit the relevant income item under the *Income* tab on the *Employee Payslip* window.

Note: If the relevant income item does not already appear on the employee's payslip, it can be added manually in the same way that you would add any other income item.

**Income Item**

Income Details

Income Description: Public Holiday (Automatic)

Tax Classification: Income : Taxable ( 3601 )

Income Value

Calculation Type: Base rate and quantity

Payment Rate: Normal Daily Rate × 1.00

Number of Days: 2

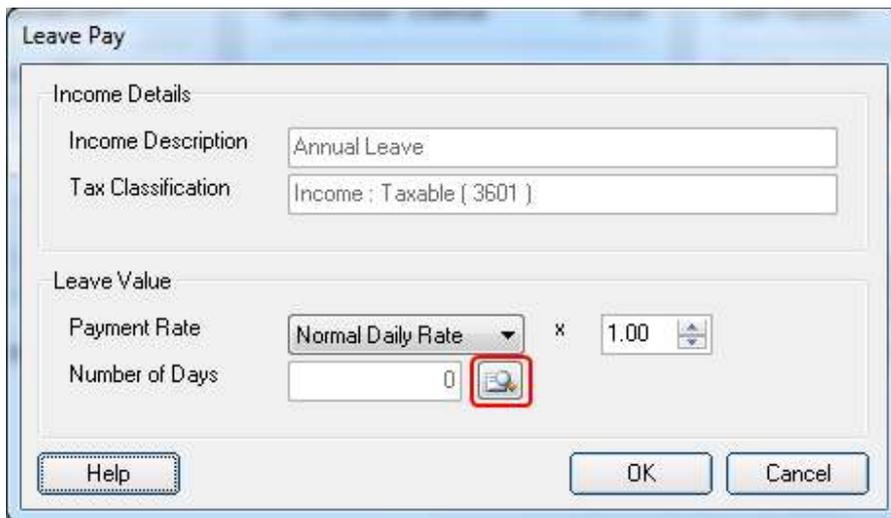
Help OK Cancel

Specify the total number of public holiday hours (or days) that the employee should be paid for in this pay period, then click *OK* to close the window.

#### Adding Leave Using *Period Totals Only*:

Normally, when an employee takes leave, the relevant number of leave hours are captured against the relevant day(s) under the *Time and Attendance* tab on the *Employee Payslip* window. However, when working with period totals only, the *Time and Attendance* tab will not be visible, so leave must be captured in a slightly different way.

To capture leave hours for an employee whose *Time and Attendance Type* is set to *Period Totals Only*, start by manually adding an income item for the relevant leave type to the employee's payslip (if one does not already exist). Once the income item has been added, the *Leave Pay* income item window will be displayed.



To specify the days (and number of hours) on which the employee was on leave, click the button next to the *Number of Days* field. This will open the *Employee Leave* window.

Employee Leave

Date	PH	SCH	ANN	SIC	FAM	PMA	UMA	UNP
2010/12/24	<input type="checkbox"/>	8						
2010/12/25	<input checked="" type="checkbox"/>							
2010/12/26	<input type="checkbox"/>							
2010/12/27	<input checked="" type="checkbox"/>	8						
2010/12/28	<input type="checkbox"/>	8	8					
2010/12/29	<input type="checkbox"/>	8	8					
2010/12/30	<input type="checkbox"/>	8	8					
2010/12/31	<input type="checkbox"/>	8				8		
2011/01/01	<input checked="" type="checkbox"/>							
2011/01/02	<input type="checkbox"/>							
2011/01/03	<input type="checkbox"/>	8					8	
2011/01/04	<input type="checkbox"/>	8						8
2011/01/05	<input type="checkbox"/>	8						
2011/01/06	<input type="checkbox"/>	8						
			24			8	8	8

OK Cancel

Capture the number of hours of leave taken by the employee into the relevant leave column next to the relevant day, then click *OK* to return to the *Leave Pay* income item window.

Note: When accessing the *Employee Leave* window from an income related to a specific leave type, you will only be able to capture leave hours for that specific leave type on the *Employee Leave* window.

Leave Pay

Income Details

Income Description: Annual Leave

Tax Classification: Income : Taxable ( 3601 )

Leave Value

Payment Rate: Normal Daily Rate × 1.00

Number of Days: 3

Help OK Cancel

Note that the *Number of Days* field now contains a value based on the leave hours captured in the previous window. Click *OK* again to return to the main *Employee Payslip* window.

Income		Deductions	
Description	Tax Class	Quantity	
Basic Salary	3601	20	
Sick Leave	3601	2	
Family Responsibility Leave	3601	1	
▶ Annual Leave	3601	3	
Public Holiday (Automatic)	3601	1	

Note that a corresponding income item has now been added to the employee's payslip, indicating both the number of leave days taken as well as the monetary value of the leave.

**IMPORTANT:**

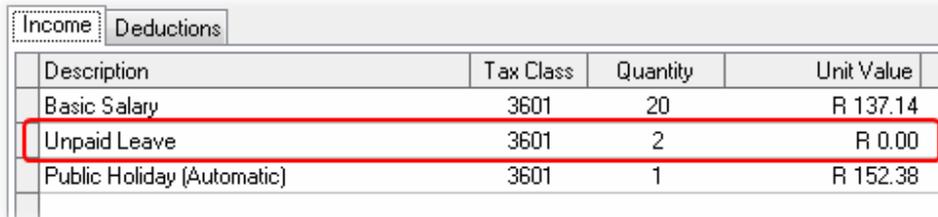
You can also capture an employee's leave days by accessing the *Employee Leave* window from the *Time and Attendance Totals* section on the *Primary Income Item* window, as is shown below.

The screenshot shows the 'Primary Income Item' dialog box. It has three main sections: 'Income Details', 'Income Value', and 'Time and Attendance Totals'.  
 - 'Income Details': Income Description is 'Basic Wage', Tax Classification is 'Income : Taxable ( 3601 )'.  
 - 'Income Value': Calculation Type is 'Amount per interval', Base Amount is 'R 100.00 per Hour'.  
 - 'Time and Attendance Totals': Scheduled Hours (176.00), Hours Worked (144.00), Public Holiday Hours (16.00), Leave Hours (48.00), Short Time (0.00), and Shifts Worked (0.00). A red box highlights a small icon next to the 'Leave Hours' field.

When accessing the *Employee Leave* window from here, you will be able to capture leave hours for multiple leave types, all at once.

#### Income Items for Unpaid Leave:

In the past, income items for unpaid leave were not displayed under the *Income* tab on the *Employee Payslip* window, since these leave items have no value. When using *Period Totals Only* however, the only way that leave records can be edited is via an associated income item, so for this reason, as of V3.6.2 income items for unpaid leave will also be displayed under the *Income* tab on the *Employee Payslip* window.

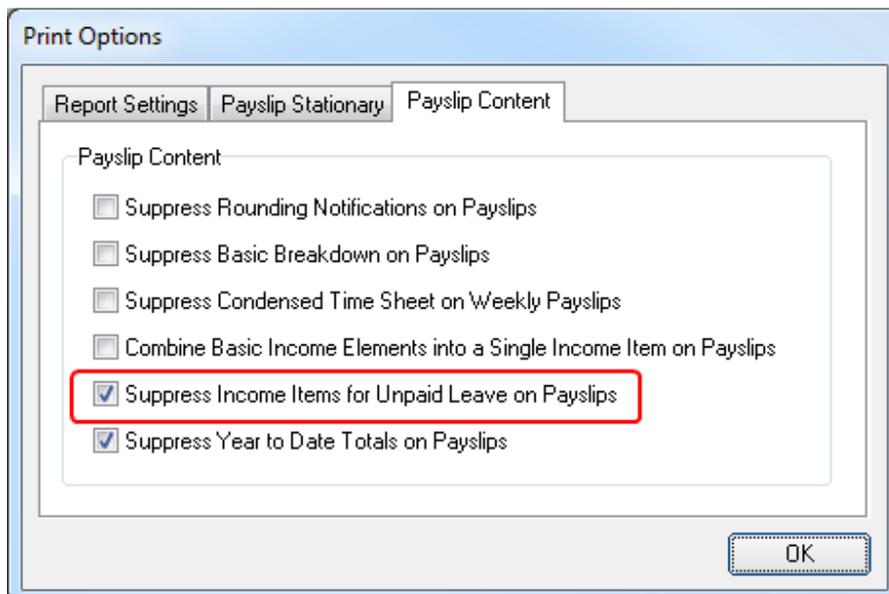


Description	Tax Class	Quantity	Unit Value
Basic Salary	3601	20	R 137.14
Unpaid Leave	3601	2	R 0.00
Public Holiday (Automatic)	3601	1	R 152.38

Note: Even though the unpaid leave income items are displayed, they not have a cash value and will not affect the employee's income. These items are displayed only as a means of accessing and editing existing unpaid leave records when using *Period Totals Only*.

#### Suppressing Income Items for Unpaid Leave:

Since income items for unpaid leave are now displayed when using *Period Totals Only*, this also means that those income items will be visible on the employee's payslip. If you do not want the income items for unpaid leave to appear on your employees' payslip, you can suppress those items by selecting the relevant option under the *Payslip Content* tab of the *Print Options* window that is displayed before your payslips are printed.



**Print Options**

Report Settings | Payslip Stationary | Payslip Content

Payslip Content

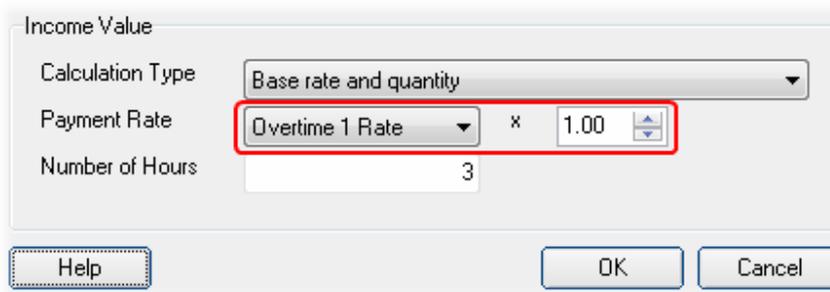
- Suppress Rounding Notifications on Payslips
- Suppress Basic Breakdown on Payslips
- Suppress Condensed Time Sheet on Weekly Payslips
- Combine Basic Income Elements into a Single Income Item on Payslips
- Suppress Income Items for Unpaid Leave on Payslips
- Suppress Year to Date Totals on Payslips

OK

If this option is selected, income items for unpaid leave will still be displayed under the Income tab on the *Employee Payslip* window, but will not appear on the employee's printed payslip.

### Removal of Overtime Base Rates (V3.6.2)

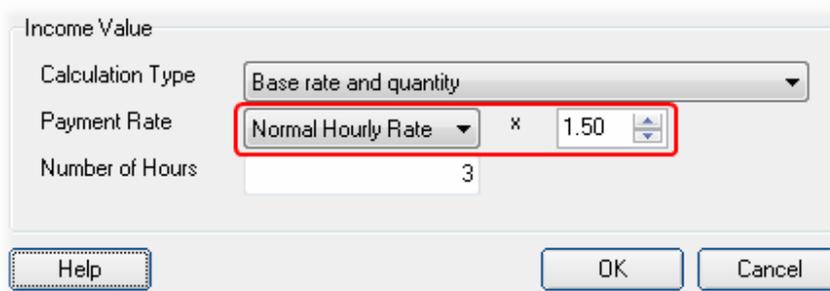
In the past, when the calculation type of an income item was defined as a *Base Rate and Quantity*, the list of available base rates included three pre-defined overtime rates called *Overtime 1 Rate*, *Overtime 2 Rate*, and *Overtime 3 Rate* respectively. These base rates derived their values from pre-defined overtime factors that were specified for each employee. For example, if an employee's *Overtime 1 Factor* was defined as 1.5 times the employee's normal hourly rate, then selecting *Overtime 1 Rate* as the base rate for an income item result in a rate that was equal to the employee's normal hourly rate times 1.5. An example of this is shown in the image below:



The screenshot shows a dialog box titled "Income Value". It has three main input fields: "Calculation Type" is set to "Base rate and quantity"; "Payment Rate" is set to "Overtime 1 Rate" multiplied by "1.00"; and "Number of Hours" is set to "3". A red box highlights the "Payment Rate" field. At the bottom, there are "Help", "OK", and "Cancel" buttons.

Since the employee's *Overtime 1 Rate* was already pre-defined as being equal to the employee's normal hourly rate time 1.5, the rate described in the example above could then be read as (Normal Hourly Rate x 1.5) x 1.00. This proved rather confusing for some users, so as of V3.6.2, the *Overtime 1 Rate*, *Overtime 2 Rate* and *Overtime 3 Rate* options have been removed from the list of available based rates.

Now, if a base rate is selected, you can specify the factor by which that rate must be multiplied directly on the *Income Item* window. For instance, the following image shows how the employee's *Overtime 1* rate can now be specified in a much simpler form:

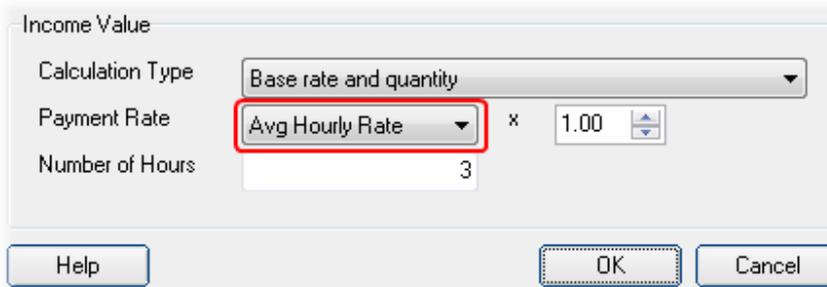


The screenshot shows the same "Income Value" dialog box. In this version, the "Payment Rate" is set to "Normal Hourly Rate" multiplied by "1.50". A red box highlights the "Payment Rate" field. The "Number of Hours" remains "3". The "Help", "OK", and "Cancel" buttons are still present at the bottom.

The resulting value will be exactly the same as in the first example, but is presented in a way that is a lot easier to read. You no longer have to wonder what the employee's "Overtime 1 Rate" actually means, as the way in which the rate is calculated is now obvious.

### New Income Calculation Rates (V3.6.2)

As of V3.6.2, if the *Calculation Type* of an income item is set to *Base Rate and Quantity*, the list of available base rates will now include two new options called *Average Hourly Rate* and *Average Daily Rate*.



The screenshot shows a dialog box titled "Income Value". It has three main fields: "Calculation Type" with a dropdown menu set to "Base rate and quantity", "Payment Rate" with a dropdown menu set to "Avg Hourly Rate" (highlighted with a red box) and a multiplier of "1.00", and "Number of Hours" with a text input field containing "3". At the bottom, there are three buttons: "Help", "OK", and "Cancel".

These rates have been added to cater for certain employee's (such as monthly paid employees) whose hourly or daily rate might change from one pay period to the next.

Example:

If a monthly paid employee earns a fixed salary of R10,000.00 per month, the employee's actual daily rate (and therefore also his hourly rate) will change from one pay period to the next. The reason for this is that different months contain different numbers of working days, but the employee's monthly salary must still remain the same regardless of the number of days worked. If a month contains 22 working days for example, the employee's actual daily rate would be R10,000.00 divided by 22. The next month might contain 23 working days however, so for that month the employee's actual daily rate would be R10,000.00 divided by 23.

The result of the situation described above is that a monthly paid employee's overtime rate or leave encashment rate would change from one month to the next, causing some confusion. This can now be prevented by using the employee's *Average Hourly Rate* or *Average Daily Rate* for rate-based calculations. The average rates will remain the same from one month to the next, which means that rate-based income items such as overtime or leave encashment can now always be paid at a constant rate that will not change from one month to the next.

Note: The situation described above (where rates could change from one month to the next) affects only employees who earn a fixed salary per month. For all other employees there will be no difference between the actual hourly/daily rate and the average hourly/daily rate.

### Mass Capture Hours (Period Totals Only) (V3.6.2)

A New feature has been added to the *Pay Periods* section in the *Payroll* window which allows you to mass capture hours for employees whose time and attendance details are captured as period totals only. This feature can be accessed via the *Mass Capture Hours* button on the toolbar at the top of the *Pay Periods* window.

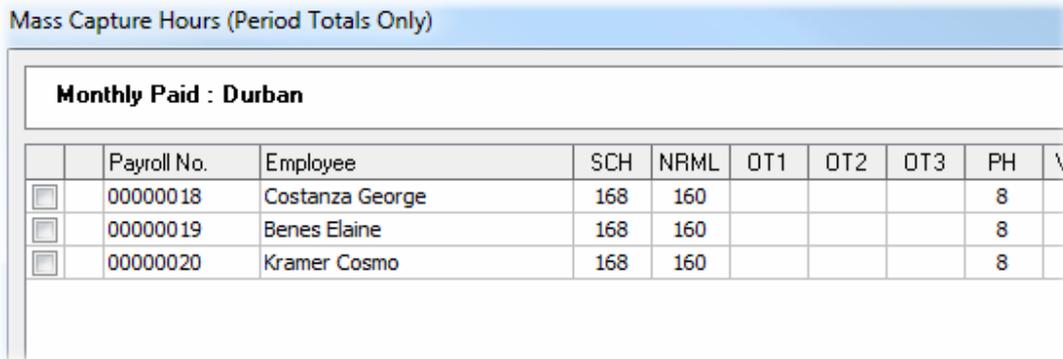


**Pay Periods : Monthly Paid : Durban (2010/12/24 - 2011/01/23)**

Payroll Run | Print Payslips | Payment Amount

	Payroll No.	Surname : First Name	Known As	Period Ending	Total
<input type="checkbox"/>	00000017	Seinfeld Jerry	Jerry	2011/01/23	
<input type="checkbox"/>	00000018	Costanza George	George	2011/01/23	
<input type="checkbox"/>	00000019	Benes Elaine	Elaine	2011/01/23	
<input type="checkbox"/>	00000020	Kramer Cosmo	Cosmo	2011/01/23	

Clicking this button will open the *Mass Capture Hours* window.



**Mass Capture Hours (Period Totals Only)**

**Monthly Paid : Durban**

	Payroll No.	Employee	SCH	NRML	OT1	OT2	OT3	PH	W
<input type="checkbox"/>	00000018	Costanza George	168	160				8	
<input type="checkbox"/>	00000019	Benes Elaine	168	160				8	
<input type="checkbox"/>	00000020	Kramer Cosmo	168	160				8	

This window allows you to capture the working hours of all your employees at once, without the need to open each employee's payslip individually. Once you have captured the relevant hours, click *Process and Close* at the bottom of the window to update and recalculate the relevant employees' payslips.

Note: Only employees whose *Time and Attendance Type* have been set to *Period Totals Only* will appear in this window. It is not possible to mass-capture daily time and attendance.

## **2012 TAX YEAR CHANGES (V3.7)**

### **Tax Table Update (V3.7.1.)**

The new tax tables for the 2012 tax year will be installed as part of the V3.7.1 update. To view the new tax tables, tax thresholds etc. for the 2012 tax year, select *Setup* --> *Tax year Setup* from the Intercode payroll main menu.

### **Medical Aid Capped Amounts (V3.7.1)**

The monthly capped amounts that may be taken into account as a deduction in terms of medical aid contributions paid by the employee for the 2012 tax year are as follows:

- R 720 for each of the member and the first dependant, and;
- R 440 for additional dependant thereafter.

Intercode Payroll will automatically use the new capped amounts in respect of any medical aid contributions that fall into the 2012 tax year. The values are only mentioned here for interests sake.

### **Taxation of Use of Motor Vehicle Fringe Benefits (V3.7.1)**

As of the 2012 tax year, only 80% of any fringe benefit in respect of the use of a motor vehicle is to be included in an employee's taxable income. Also note that formula for determining the value of the fringe benefit has changed.

- The value of the fringe benefit is equal to 3.5% of the determined value of the vehicle (as calculated according to the SARS guidelines).
- If the vehicle is subject to a maintenance plan at the time that it is acquired, the value of the fringe benefit is 3.25% of the determined value of the vehicle.

As in previous tax years, it is your responsibility to calculate the actual value of the fringe benefit based on the determined value of the vehicle. Intercode Payroll will however automatically calculate the taxable portion of the fringe benefit (either 100% or 80%) depending on the tax year in which the fringe benefit is being paid.

### **Alternate Taxation of Travel Allowances and Use of Motor Vehicle Fringe Benefits (V3.7.1)**

SARS has introduced an alternate method of taxation for both travel allowances (tax classification 3071) and use of motor vehicle fringe benefits (tax classification 3802).

As of the 2012 tax year, 80% of any travel allowance and/or use of motor vehicle fringe benefit is subject to employees tax. However, in both cases, if the employer is satisfied that at least 80% of the distance travelled (or use of the vehicle) during the tax year will be for business purposes, the taxable portion of the allowance or benefit may be reduced to 20%.

However, if the employer makes use of this alternate method of taxation, and at the end of the tax year it becomes evident that the actual distance travelled (or use of the vehicle) for business purposes during the tax year does not constitute 80% of the total distance travelled, **both the employee and/or the employer will be liable to pay penalties** to SARS, as it could then be deemed that the employer made use of the alternate method of taxation simply as a salary structuring or tax avoidance tool.

Since it is very unlikely that the employer will have any type of control over how the employee uses the relevant vehicle for private travel, it is also highly unlikely that the employer will be in a position in the beginning of the tax year to reliably estimate whether the total amount of business travel will constitute 80% of the total travel or not.

For this reason, Intercode Payroll **will not be making this functionality available at this time.**

Apart from the obvious financial dangers inherent in utilising this taxation method, it is also still unclear at this stage how this provision will be applied to employees whose travel for business purposes equals more than 80% of the total distance travelled in one month, but less than 80% in the next, or to employee's who only travel regularly for business purposes during a portion of a tax year.

This functionality might be made available at a later stage, once all the technicalities surrounding the issue have been clarified.

### **OTHER CHANGES (V3.7)**

#### **Employee Tax Directives**

As of V3.7.1 it is now possible to load tax directive against specific employees. These will generally be tax directive issued by SARS in respect of specific retirement fund lump sums or other lump sum payments that require tax directive numbers on an employee's IRP5.

Once you have obtained a tax directive in respect of a specific lump sum from SARS, you can load the tax directive against the relevant employee's name as follows:

- Go to the *Employees* section.

- Locate the relevant employee, then double click on the employee to open the *Employee Details* window.
- On the left of the *Employee Details* window, select *Tax Directives*.

Payroll Number	00000020	Appointment Date	2004/01/01
Title	Mr	Last Payment Date	2011/03/31
First Name	Cosmo	Termination Date	
Surname	Kramer	Years of Service	7.25

Directive Number	Tax Percentage	Tax Amount	Tax Year
▶ KRAMER2012	0	R 1 800.00	2012
KRAMER2011	0	R 3 500.00	2012

Standard Income
Standard Deductions
Leave Cycles
Pending Leave
Increase History
Training History
Disciplinary Actions
Equipment Issued
Next of Kin
<b>→ Tax Directives</b>

- To add a new tax directive to an employee, right-click in the centre of the window and select *Add Tax Directive* from the resulting pop-up menu.

**Tax Directive Item**

Directive Number	<input type="text"/>	Tax Year	<input type="text"/>
Directive Type	<input type="text"/>		
Directive %	<input type="text" value="0"/>		
Directive Amount	<input type="text" value="R 0.00"/>		

- Complete all the relevant tax directive details, then click *OK* to close the window (refer to the relevant section in the Intercode Payroll Help File for more detailed information on the individual fields).

### **Taxation of Lump Sums : Directives Mandatory (V3.7.1)**

As of V3.7.1 it is now mandatory to link a tax directive to any income item relating to one of the following types of lump sums:

- 3608 : Arbitration Awards
- 3614 : General Retirement Lump Sums
- 3707 : Share Options Exercised
- 3718 : Vesting of Equity Instruments
- 3901 : Gratuities on Retirement or Retrenchment
- 3902 : Pension or RAF Lump Sums on Resignation or Transfer
- 3903 : Pension or RAF Lump Sums on Retirement or Death
- 3904 : Provident Fund Lump Sums on Resignation or Transfer
- 3905 : Provident Fund Lump Sums on Retirement or Death
- 3915 : Retirement Fund Lump Sums on Retirement or Death
- 3920 : Retirement Fund Withdrawal Benefits
- 3921 : Living Annuity Withdrawal Benefits or Section 15(C) Surplus Apportionments

Intercode Payroll will enforce this rule automatically whenever one of the relevant lump sums are added to an employee's income.

Whenever an income item that requires a tax directive is added to an employee's payslip, the following income item window will be displayed:

**Income Item**

**Income Details**

Income Description: Gratuities (Retrenchment)

Tax Classification: Gratuities on Retirement or Retrenchment ( 3901 )

**Income Value**

Calculation Type: Fixed amount and quantity

Fixed Amount: R 20 000.00

Quantity: 1

**Income Tax Directive**

Directive Number:   

Help OK Cancel

Note the section at the bottom of the window which allows you to link a tax directive to the relevant income item.

To link a tax directive to the income item, simply click the *Select Tax Directive* button to the right of the *Directive Number* field. This will display the following window, listing all the tax directives that are available for the relevant employee (see *Employee Tax Directives* earlier in this document).

**Select Tax Directive**

DIRECTIVE NUMBER ▲	PERCENTAGE	AMOUNT	TAX YEAR
KRAMER2011	0	R 3 500.00	2012
KRAMER2012	0	R 1 800.00	2012

OK Cancel

Select the relevant tax directive that was issued in respect of the lump sum, then click *OK* to link it to the income item.

**Income Item**

**Income Details**

Income Description: Gratuities (Retrenchment)

Tax Classification: Gratuities on Retirement or Retrenchment ( 3901 )

**Income Value**

Calculation Type: Fixed amount and quantity

Fixed Amount: R 20 000.00

Quantity: 1

**Income Tax Directive**

Directive Number: **KRAMER2012**

Buttons: Help, OK, Cancel

Once a tax directive has been linked to the income item, the linked directive number will be shown in the *Directive Number* field.

Income items that have tax directives linked to them will be excluded from the normal tax calculation process, as the tax on these income items will then be calculated based on the relevant tax directives.

### **Separate Taxation of Lump Sum Benefits (V3.7.1)**

SARS requires that the employees tax deducted in respect of certain types of retirement lump sum payments are shown under a separate code (4115) on employees' tax certificates.

As of V3.7.1, Intercode Payroll will display the tax deducted in respect of such retirement lump sums as a separate deduction item on employees' payslips (regardless of whether a tax directive was linked to the lump sum or not).

Tax deductions in respect of retirement fund lump sums that fall under tax classification 3902, 3903, 3904, 3905, 3915, 3920 and 3921 will now be shown separately under code 4115 on the employee's deductions.

Income		Deductions		Time and Attendance	
Description	Tax Class	Employee	Employer	Total Value	
Employee Tax	4103	R 6 045.42	R 0.00	R 6 045.42	
Employee Tax : Lump Sum Benefits	4115	R 700.00	R 0.00	R 700.00	
Unemployment Insurance Fund (UIF)	9030	R 124.78	R 124.78	R 249.56	
Skills Development Levy (SDL)	9040	R 0.00	R 220.00	R 220.00	

Note that this deduction still represent employees tax - it is simply reflected under a separate code as required by SARS. The value of these deductions still contribute to the total amount payable on your EMP201 return as well as your EMP501 reconciliation.

### Export to SARS Easy-File (V3.7.1)

Various changes and improvements have been made to the process of exporting your electronic tax certificates to the SARS Easy-File program.

Refer to the *Electronic Tax Certificates User Guide* (available from the Downloads page on the Intercode web site at [www.intercode.co.za](http://www.intercode.co.za)) for more detailed information.

### BUG FIXES

Fixed a bug where the *Employer Type* defined in the employer details would not be automatically updated if a new license key with a different employer type was entered. This bug only affected employers who converted their software from a *Home* (or domestic) version to a *Professional* (or commercial) version.

Fixed a bug where the rounding of cents on statutory deductions could sometimes cause the EMP501 reconciliation totals to differ from the EMP201 totals by 1 Rand.

Fixed a bug that would sometimes cause the employer's fax number field to be displayed on the payslip header, even if no fax number was supplied.

**End of Release Notes**

If you have any questions regarding the features included in this release, or if you have any trouble installing the upgrade, please contact the Intercode support desk on 0861 113523 for assistance.

Thank you for your continued support.

Intercode Business Solutions