

## INTERCODE PAYROLL V3.10 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

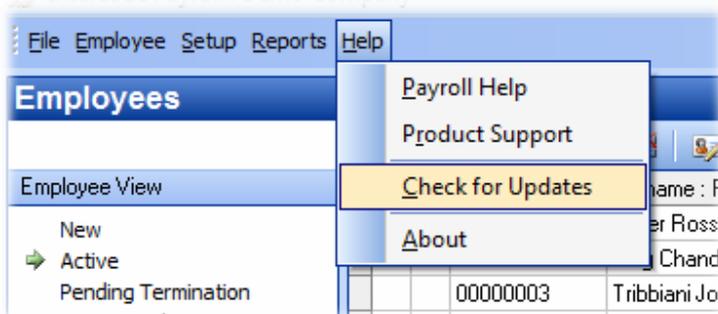
There is no need to uninstall your current version of Intercode Payroll before installing a newer version of the software. Whenever a newer version of Intercode Payroll is installed on your computer, the newer version will automatically replace the current version as part of the installation process.

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 (Recommended)

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

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

### SARS Easy-File

Various changes have been made to the electronic tax certificate export in order to cater for the new requirements introduced by SARS for the 2013 year of assessment. These changes include support for the new medical aid tax credits (Code 4116), new tax certificate validation rules various other changes that will ensure that your mid-year submission of your tax certificate information to SARS goes as smoothly as possible.

SARS released a new version of the SARS Easy-File software (V6.1.0) on 01 September 2012. You must use the latest version (V6.1.0) of the SARS Easy-File software to submit your employee tax certificate information for the mid-year (August 2012) submission.

### **UIF Earnings Limit Increase**

The expected increase to the UIF earnings limit has been issued in Government Gazette No. 35550. The UIF earnings limit will be increased from R 12,478 per month to R 14,872 per month. The increase will come into effect as of 01 October 2012.

Intercode Payroll V3.10.1 already includes this increase to the UIF earnings limit, so no action is required on your part. The payslips for any pay period that falls before 01 October 2012 will still make use of the current UIF earnings limit, and the payslips for any pay period that falls on or after 01 October 2012 will automatically make use of the new UIF earnings limit.

### **New ACB Payment Interfaces : BDB ELITE and NETCASH**

New ACB payment interfaces have been added in order to process batch payments via BDB ELITE and/or NETCASH. If you use either BDB ELITE or NETCASH to process batch payment files, you can activate the relevant ACB payment interface by selecting Setup --> Options from the Intercode Payroll main menu, and then selecting the Payment Options tab. Refer to the Intercode Payroll help file (Help --> Payroll Help) for more specific information on setting up each of these payment interfaces.

### **Taxation of Personal Service Providers (Companies and Trusts)**

In the past, personal service providers were taxed separately by SARS depending on whether the personal service provider was providing a personal service on behalf of a company (personal service company) or on behalf of a trust (personal service trust). As of the 2013 tax year however, personal service providers are no longer taxed separately by SARS, but are taxed at the same rate as companies (28%), regardless of whether the personal service is being provided on behalf of a company or a trust. In Intercode Payroll V3.10.1, the "Personal Service Company" and "Personal Service Trust" employee types have been combined into a single employee type called "Personal Service Provider", and the tax rate has been updated to the new rate required by SARS (28%).

### **Automatic Checks for Updates**

In Intercode Payroll V3.9.1 we introduced a new feature where you could choose whether or not you want Intercode Payroll to automatically check for new updates when the program was first opened. In Intercode Payroll V3.10.1 this feature has now been further enhanced to give you the ability to choose whether you want Intercode Payroll to check for any available updates, or for important updates only.

## Taxation of Independent Contractors

According to SARS guidelines, independent contractors can be divided into two distinct groups - independent contractors who are deemed to be fully independent, and independent contractors who are deemed to be employees for the purposes of PAYE.

**Note:** The actual method used for determining whether or not an independent contractor is fully independent or not is beyond the scope of this document, and will not be discussed here. Refer to the "Classification of Employees" section of the SARS-PAYE-GEN-01 document (available from the SARS web site) for a full explanation of when an independent contractor is deemed to be fully independent, or is deemed to be an employee for the purposes of PAYE.

In the past, Intercode Payroll did not make a distinction between these two types of independent contractors. It was assumed that any employee whose Employee Type was set to "Independent Contractor as defined by SARS" referred to a fully independent contractor. As such, the income of an independent contractor on Intercode Payroll was never subject to the deduction of PAYE.

As of Intercode Payroll V3.10.1 however, this has been changed. When an independent contractor is now first loaded onto the payroll, it will be assumed that the independent contractor is deemed to be an employee for the purposes of PAYE, and that the contractor's income will therefore be subject to the deduction of PAYE. If this is not the case for the employee being loaded (i.e. if the contractor is fully independent) you will need to indicate this by setting the employee's Tax Calculation Rate to "Exempt", and then setting the Reason for Exemption to "Independent Contractor" on the Tax Calculation page of the Employee Setup Wizard.

### Tax Calculation

Specify the employee's tax details using the relevant fields below. Note that employees whose earnings are below the tax threshold are NOT automatically exempt from employee's tax.

Tax Reference No.	<input type="text" value="0123456789"/>
Tax Calculation Rate	<input type="text" value="Exempt"/>
Reason for Exemption	<input type="text" value="Independent Contractor"/>

If you currently have any existing employees on your payroll whose Employee Types are currently set to "Independent Contractor as Defined by SARS", the Tax Calculation Rate and Reason for Exemption fields of those employees will be automatically be updated (as shown above) as part of the upgrade process. This will ensure that Intercode Payroll continues to deduct no tax in respect of those employees' income, as has always been the case. Keep in mind however that for new independent contractors who

are loaded onto your payroll from now on, tax will be deducted from the employee's income by default, unless the employee's Tax Calculation Rate is specifically set to "Exempt", as is shown above.

### **Employee Take-On Form : Marital Status**

The employee take-on form (the printed form on which new employees can complete their personal details, contact details etc.) has been enhanced to allow married employees to indicate whether they are married in community or out of community of property.

This information is required by SARS when registering an employee for income tax purposes, so having this information on hand should simplify the registration process for employers.

### **Leave Encashment Liability Report : Exclude Terminated Employees**

When printing the Leave Encashment Liability report in the Monthly Totals section, you now have the option to choose whether or not terminated employees should be included in the report.

Even though terminated employees should in theory not have an outstanding leave balance, situations do arise where employers (for whichever reason) do not pay out an employee's leave on termination. If that is the case, the employer can now choose to exclude those employees when printing the report.

### **Normal Employees, Independent Contractors and Labour Brokers Limited to Natural Persons**

When loading a new employee onto your payroll, the first field that needs to be completed on the Employee Setup Wizard is the *Employee Type*.

The employee type tells Intercode Payroll which SARS income codes are valid for the relevant employee (e.g. 3601, 3615, 3616 etc.), and also which statutory deduction (e.g. Employee Tax, UIF and SDL) apply to the relevant employee.

The second field that needs to be completed is the *Employee Tax Nature*. The employee's tax nature tells Intercode Payroll at which rate the employee's income should be taxed (amongst other things), and also determines the SARS Nature of Person (e.g. A, B, C etc.) indicated on the employee's IRP5.

Payroll Number	<input type="text" value="00000001"/>
Employee Type	<input type="text" value="Normal Employee"/>
Employee Tax Nature	<input type="text" value="Individual with an Identity or Passport Number"/>
ID Number	<input type="text"/>

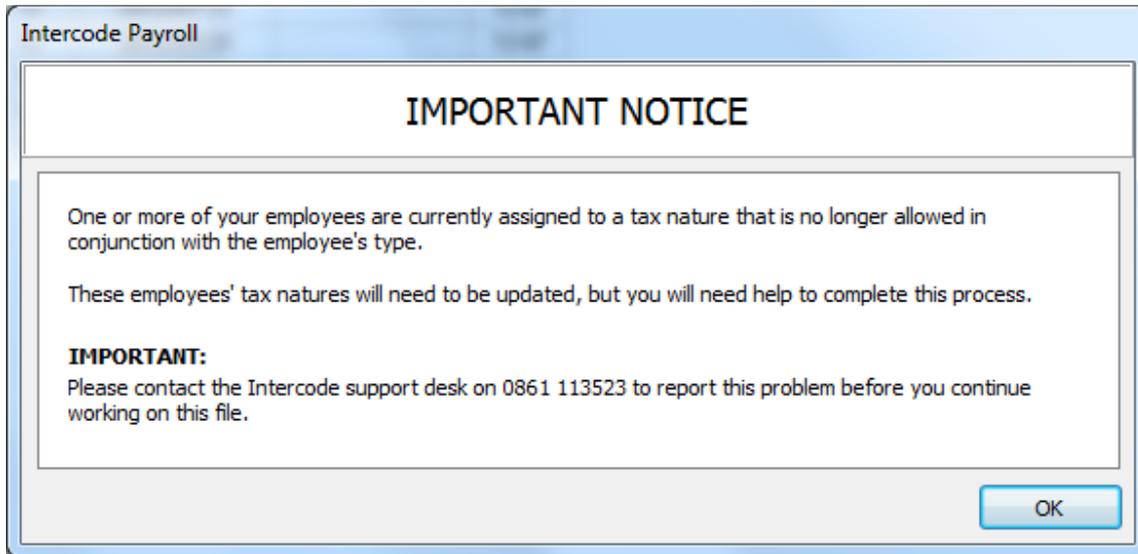
When assigning an employee's type and tax nature, there are certain rules that apply. For example, an independent contractor (for employees tax purposes) can only be a natural person - an independent contractor cannot be a partnership, company or a trust. Similarly, a labour broker (for employees tax purposes) can also only be a natural person.

In the past, Intercode Payroll did not enforce these rules automatically, but since many employers seemed to be having trouble understanding the relationship between an employee's type and tax nature, these rules will now be strictly enforced as of V3.10.1.

The following table list the available employee types (as of Intercode Payroll V3.10.1) and the corresponding tax natures that are valid in conjunction with each of the employee types:

<b>EMPLOYEE TYPE</b>	<b>VALID TAX NATURES</b>
Director of Company or Member of CC	C: Director of Company of Member of CC
Normal Employee	A: Individual with an ID or Passport B: Individual without an ID or Passport
Normal Employee in Non-Standard Employment	A: Individual with an ID or Passport B: Individual without an ID or Passport
Independent Contractor	A: Individual with an ID or Passport B: Individual without an ID or Passport
Independent Contractor (Exempt)	A: Individual with an ID or Passport B: Individual without an ID or Passport
Labour Broker	A: Individual with an ID or Passport B: Individual without an ID or Passport
Labour Broker (IRP30)	A: Individual with an ID or Passport B: Individual without an ID or Passport
Personal Service Provider	H: Personal Service Provider

If any of the existing employees on your payroll were using tax natures that were not valid in conjunction with the employee's type, these employees' tax natures will automatically be corrected as part of the upgrade process. However, in certain instances (e.g. where a "Normal Employee" was assigned to a tax nature that represents a non-natural entity such as a company) it will not be possible for Intercode Payroll to correct the employee's tax nature automatically. If this is the case, the following window will be displayed once the upgrade process has been completed:



If you *do not* see this message, it means that all your employees' tax natures were already set up correctly, and you can continue working on your payroll as normal.

If you *do see this message* however, it means that one or more of your employees' tax natures have been set up incorrectly, and you should contact the Intercode Support desk for assistance.

#### **Removed Employee Type : Seasonal Worker**

In previous version of Intercode Payroll, one of the options available when assigning an employee's Employee Type was "Seasonal Worker". This option used to be necessary in the past because seasonal workers used to be exempt from contributing to UIF. The exclusion of seasonal workers from the UIF legislation fell away some years ago however, so there is no longer any reason to specifically identify seasonal workers on the payroll, so as of V3.10.1 this employee type has been removed.

If any of the existing employees on your payroll are currently assigned to the "Seasonal Worker" employee type, the Employee Type of those employees will automatically be changed to "Normal Employee" as part of the upgrade process.

#### **Removed Employee Type : Learner in terms of The Skills Development Act**

In previous version of Intercode Payroll, one of the options available when assigning an employee's Employee Type was "Learner in terms of the Skills Development Act". This employee type served no real purpose aside from exempting the employee from contributing to UIF, but since it is possible to exclude an employee from contributing to UIF manually anyway, this employee type has now been removed.

If any of the existing employees on your payroll are currently assigned to the "Learner in terms of the Skills Development Act" employee type, the Employee Type of those employees will automatically be changed to "Normal Employee" as part of the upgrade process.

### **New Non-Deduction Reason for SDL: Learner in Terms of the Skills Development Act**

When a certain employee is not required to contribute to a statutory deduction (such as Employee Tax, UIF or SDL), a reason for non-contribution must be specified. In the past, the only valid reason for not contributing to SDL was "Labour Broker with Exemption Certificate". However, any income paid to a learner in terms of the Skills Development Act is also not subject to SDL, but no non-contribution reason was available to indicate this in the past. For this reason, a new reason for non-contribution to SDL has been added. If any of the employees on your payroll are learners in terms of the Skills Development Act, the income paid to those employees can now be exempted from being subject to SDL by changing both the employer and employee contribution types on the SDL deduction to "None", and then setting the reason for non-contribution to "Learner in terms of the Skills Development Act".

### **User-Definable MIBCO Commission Limit (MIBCO Clients Only)**

When calculating the contributions towards MIBCO pension and provident funds, the contributions are calculated according to a percentage of what is known as the employee's Pensionable Income. An employee's pensionable income is defined as the employee's basic salary, plus commission up to a specified limit. This limit is changed by MIBCO from time to time, but in the past it was not possible for the user to manually edit the limit up to which commission should be taken into account. As of V3.10.1 however, it is now possible to edit the commission limit manually.

To edit the maximum amount of commission to be taken into account for MIBCO pension or provident fund contributions:

- Select *Setup* --> *Industrial Councils* from the Intercode Payroll main menu.
- Click *Next* until you reach the *MIBCO Deductions* page.
- In the *Monthly Commission Limit* field, specify the maximum monthly commission that should be taken into account for pension and provident fund calculations.
- Click *Finish*.

### **Manual Editing of Tax Certificate Numbers**

When exporting electronic tax certificates from Intercode Payroll to the SARS Easy-File program, Intercode Payroll automatically assigns a unique tax certificate number to each of the tax certificates for the relevant tax year. By default, these tax certificate numbers start at number 1 (00000001) and are then incremented by 1 for each consecutive tax certificate that is created.

For various reasons, some employers prefer to split the employer file (the database file) of a specific employer into more than one employer file, even though all the files contain employee's associated with a single company. The result is that the tax certificates of each of these employer files all start at certificate number 1, which then results in duplicate certificate numbers when the tax certificates are exported from the various employer files and are imported and consolidated in Easy-File.

Intercode Payroll has always had a feature where the employer can specify different certificate number ranges for different employer files, however, many employers are unaware of this feature or simply forget to set the appropriate number ranges, and then find that once the incorrect duplicate numbers have been allocated, they are unable to change them manually.

To overcome this problem, Intercode Payroll V3.10.1 now allows you to edit the tax certificate numbers that have been automatically allocated to your tax certificates, and replace them with any certificate number of your choice.

To manually edit a tax certificate number:

- Go to the *Payroll* section.
- Select *Tax Year Totals* in the navigation pane to the left of the window.
- Select the relevant tax year in the navigation pane to the left of the window.
- Double-click on the relevant tax certificate to open the *Tax Certificate Item* window.
- In the *Tax Certificate Item* window, click *Edit Certificate No.* to open the *Tax Certificate Number* window.
- In the *Tax Certificate Number* window, enter the new tax certificate number you want to allocate to the relevant tax certificate.
- Click *OK* to close the *Tax Certificate Number* window.
- Click *OK* again to close the *Tax Certificate Item* window.

**IMPORTANT:** Tax certificate numbers can only be edited **before** the relevant tax certificates have been exported to Easy-File. **Do not edit tax certificate numbers after the tax certificates have already been exported to Easy-File.**

## **BUG FIXES**

Under certain circumstances, an employee's net pay could sometimes be doubled if a paid leave record was added to the income items on an employee's payslip and was then immediately deleted again. This situation only applied if the paid leave record was the last income item on the employee's payslip, and was deleted immediately after it was added. This issue has now been resolved.

In the past, Intercode Payroll would not allow an employee to be loaded onto the payroll if the employee's date of birth indicated that the employee was younger than 15 years of age. This restriction has now been removed in order to allow for children in the film and advertising industries (who could theoretically be of any age) to be loaded onto the payroll as employees.

When printing the Leave Encashment Liability report, a situation sometimes arose where an employee's leave balance was reflected as "0.00" on the report, but there was still a cash value reflected in respect of the leave balance. This was caused by the fact that the leave balances reflected on the report were rounded to two decimal places, but the encashment value of the leave was calculated based on the actual (un-rounded) balance in the database. For example, if an employee's actual leave balance was 0.003 days, the balance would be reflected as "0.00" on the report due to rounding, but the encashment value reflected on the report would be greater than zero, since that would have been calculated on the actual (0.003) days. This issue has now been resolved. In future, if an employee's rounded leave balance comes to zero, the encashment liability in respect of that leave will also be zero, and the employee will not be reflected on the Leave Encashment Liability report.

## **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.