

# INTERCODE PAYROLL V6.0.0 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.

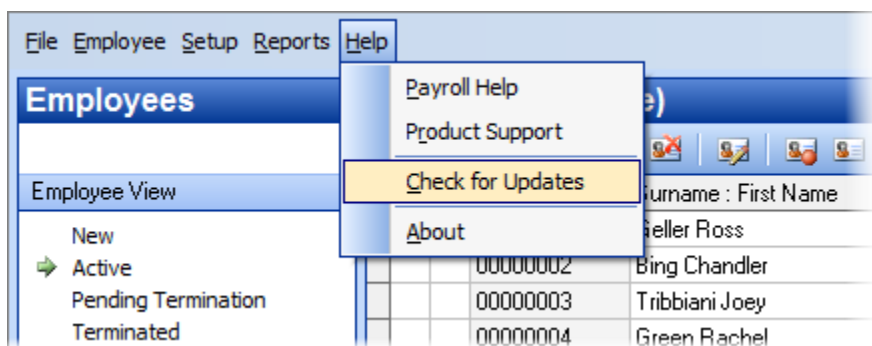
## HOW TO INSTALL THE LATEST VERSION OF INTERCODE PAYROLL

There is no need to uninstall your current version of Intercode Payroll before installing a newer version of the software.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:

### 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 *Download* page on the Intercode web site (<http://www.intercode.co.za/download>) and click the button 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 *Downloads* 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 *Downloads* folder, 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, open Intercode Payroll and open your employer file. If you see a message stating that your employer file is being updated, wait for this process to finish, following which the employer file will be opened.

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

## WHAT'S NEW

### 2024-2025 Tax Tables

Intercode Payroll V6.0.0 includes the 2023-2024 tax tables as announced in the National Budget speech on Wednesday 21 February 2024. As soon as this update has been installed, you will be able to do a payroll run into March 2024. Apart from updating the fund member category factors linked to your retirement fund deductions (see instructions later in this document) there is no need for any special year-end processing. You can just do a normal payroll run as you would for any other pay period.

To view the tax tables, tax rebates, tax thresholds and other relevant information for the 2024-2025 tax year, select *Setup* → *Tax Year Setup* from the Intercode Payroll main menu.

Note: The tax table information for the 2025 tax year will be identical to that of the 2024 tax year. This is not a mistake – there were no changes made to the tax tables, tax rebates, or medical aid tax credits in the latest budget.

## New National Minimum Wages

As per Government Gazette 50073 published on 02 February 2024, the new national minimum wages in terms of the National Minimum Wage Act of 2018 are:

- R27.58 per hour (in general).
- R27.58 per hours for farm workers.
- R27.58 per hour for domestic workers.
- R15.16 per hour for employees engaged in expanded public works programs.

These new national minimum wages will come into effect on 01 March 2024 and will be updated on Intercode Payroll automatically as part of this update. There is no need for you to edit the wage rates associated with the four pre-defined National Minimum Wage profiles on Intercode Payroll manually.

## Fixed Rate per Kilometre for Reimbursive Travel Allowances

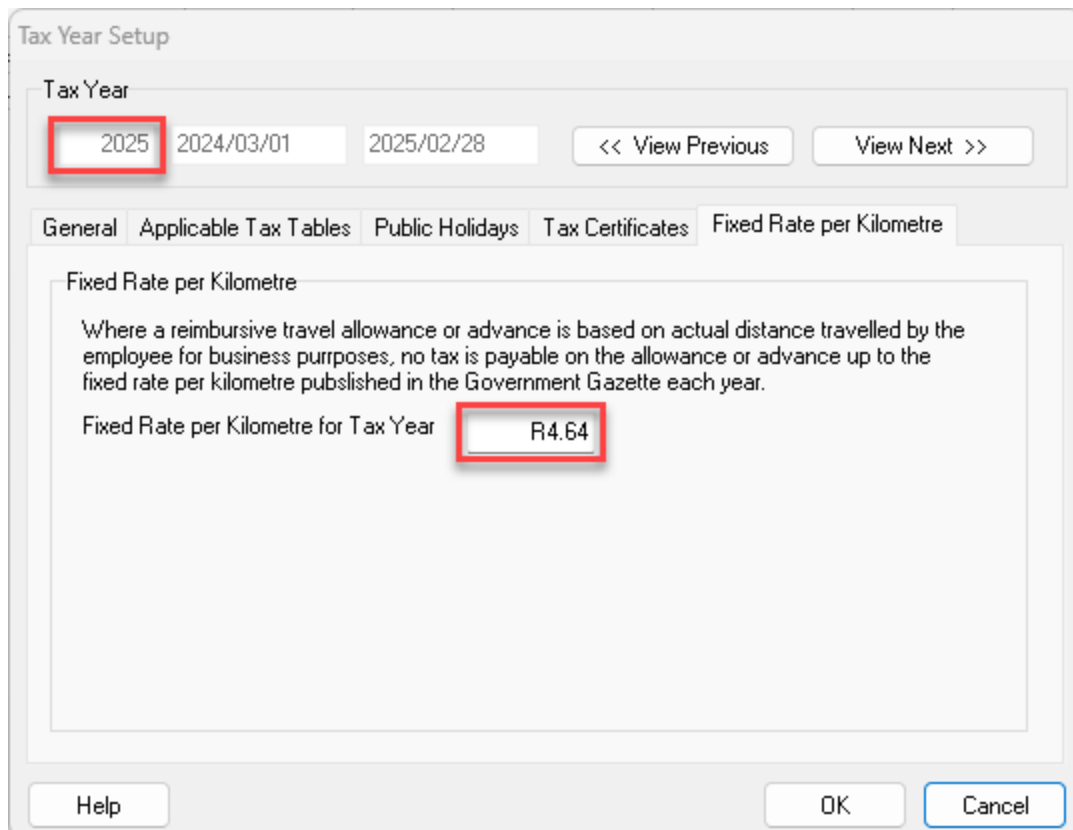
Where a reimbursive travel allowance or advance is paid to an employee based on the actual distance travelled by the employee for business purposes and no other form of travel compensation or allowance is received, no tax is payable on the allowance or advance up to the fixed rate per kilometre published by the Minister of Finance in the Government Gazette each year. The problem for payroll software providers is that the applicable fixed rate per kilometre for each new year is often only published in the Government Gazette in the first or second week of March, but employers who have weekly paid or fortnightly paid staff members need to be able to advance their payrolls into March as soon as possible following the announcement of the new tax tables at the end of February. If Intercode were to wait for the new fixed rate per kilometre to be published before releasing our tax table update, we would only be able to release in the first or second week of March, which would be too late for these employers.

To try and accommodate employers who have weekly paid or fortnightly paid staff on their payrolls and therefore need to do payroll runs into March as soon as possible, Intercode Payroll V6.0.0 will allow you to do a payroll run into March, but if any of the employees on your payroll have reimbursive travel allowances under SARS codes 3702 (Reimbursive Travel Exceeding Limits) or 3703 (Reimbursive Travel Not Exceeding Limits), the **2024** fixed rate per kilometre of **R 4.64** will be used to determine the limit for the non-taxable portion of those allowances. The net effect of using the previous year's rate per kilometre will be that employees who receive reimbursive allowances at a rate of **more** than R 4.64 per kilometre will only receive a tax exemption for the first R 4.64 per kilometre, when in the exemption might otherwise have been slightly higher had the new rate been used. Employees who receive no reimbursive travel allowances, or employees who receive reimbursive travel allowances at a rate of not more than R 4.64 per kilometre will not be affected in any way.

Once the new fixed rate per kilometre for the 2025 tax year has been published in the Government Gazette, employers who have employees on their payrolls who receive reimbursive travel allowances of **more** than R 4.64 per kilometre will then need to update the new official rate per kilometre for the 2025 tax year manually.

To update the official fixed rate per kilometre for the 2025 tax year manually:

- Select *Setup* → *Tax Year Setup* from the Intercode Payroll main menu.
- Select the *Fixed Rate per Kilometre* tab.
- Change the Fixed Rate per Kilometre to the official rate for the 2025 tax year as published in the Government Gazette by the Minister of Finance.



The screenshot shows a dialog box titled "Tax Year Setup". At the top, there is a "Tax Year" section with three input fields: "2025" (highlighted with a red box), "2024/03/01", and "2025/02/28". To the right of these fields are two buttons: "<< View Previous" and "View Next >>". Below this is a tabbed interface with five tabs: "General", "Applicable Tax Tables", "Public Holidays", "Tax Certificates", and "Fixed Rate per Kilometre". The "Fixed Rate per Kilometre" tab is selected. Inside this tab, there is a text area containing the following text: "Where a reimbursive travel allowance or advance is based on actual distance travelled by the employee for business purposes, no tax is payable on the allowance or advance up to the fixed rate per kilometre published in the Government Gazette each year." Below this text is a label "Fixed Rate per Kilometre for Tax Year" followed by an input field containing "R4.64" (highlighted with a red box). At the bottom of the dialog box, there are three buttons: "Help", "OK", and "Cancel".

- Click *OK* at the bottom of the window.

**Note:** The next release of Intercode Payroll following V6.0.0 will automatically update the fixed rate per kilometre to the official rate for the 2025 tax year when it is released, regardless of whether the payroll administrator had already updated the rate manually in this window, or not.

**Important:** Also, note that the fixed rate per kilometre is not always changed from one year to the next. There is a chance that the fixed rate per kilometre for the 2025 tax year will remain the same as the rate for the 2024 tax year (i.e.: R 4.64), in which case no changes to Intercode Payroll will be required and the

rate currently being used as the “interim” rate for the 2025 tax year would then in fact turn out to have been correct.

### **Retirement Fund Member Category Factors (Defined Benefit or Hybrid Funds)**

One of the results of the retirement reforms introduced back in the 2016-2017 tax year was the concept of a “fund member category factor” which, in the case of defined benefit or hybrid funds, is used to calculate the value of the fringe benefit in respect of employer contributions to employees’ retirement funds. These fund member category factors can change from one year to the next and must therefore be supplied to the employer by the relevant fund in the form of a contribution certificate at the start of each new year.

If you have any deductions on your payroll in respect of pension, provident or retirement annuity funds you must ensure that you obtain updated contribution certificates in respect of the 2025 tax year from each of the relevant funds so you can update the relevant fund member category factors on your payroll accordingly.

Once you have received the latest contribution certificates from the relevant retirement funds:

- Select *Setup* → *Income and Deduction Types* from the Intercode Payroll main menu.
- Select the *Deduction Types* tab.
- Locate the relevant deduction type and double-click on it to open the *Deduction Type Definition* window.
- In the *Deduction Type Definition* window, select the *Retirement Fund Details* tab.
- Ensure that the *Fund Member Category Factor* field reflects the latest fund member category factor as per the contribution certificate received from the fund.

General Default Contributions Retirement Fund Details

Retirement Fund Details

Fund Arrangement:

Defined Contribution Fund  
 Select this option if the fund consists of defined contribution components only, or if the fund consists of a defined contribution component and a risk component and the risk benefit is provided solely by way of a policy of insurance from an insurance provider.

Defined Benefit or Hybrid Fund  
 Select this option if the fund consists of defined benefit components only, or if the fund consists of a mixture of defined benefit, defined contribution, underpin and risk components.

Fund Member Category Factor as per Contribution Certificate: 14.60 %

Use the drop-down below to indicate if this deduction type represents current contributions, arrear contributions, additional voluntary contributions or buy-backs in terms of the rules of the fund.

Retirement Fund Contribution Classification: Current Contributions (Default)

- Once the fund member category factor has been verified, click *OK* to close the window.

Repeat this process for each of the retirement fund deduction types (i.e.: codes 4001, 4003 and 4006) that have been defined on your payroll.

NB: This process only needs to be completed for Defined Benefit or Hybrid funds. Defined Contribution funds do not require a fund member category factor to determine the fringe benefit value.

**IMPORTANT:** The fund member category factors linked to the deductions on your payroll should only be updated once all your employees' payslips for February have already been approved and closed, but before you do a payroll run into March.

### Treatment of Tax-Deductible Limits for Retirement Funds

When an employee contributes to a pension, provident or retirement annuity fund, the employee is entitled to a deduction from taxable income in terms of section 11F of the Income Tax Act. The value of

the tax deduction is equal to the value of the contributions paid (or deemed to have been paid) by the employee but limited to the lesser of 27.5% of the employee's taxable income or R350 000, per year.

In the past, when determining the value of the tax deduction allowed in respect of retirement fund contributions in any one pay period, Intercode Payroll would take the maximum possible tax deduction into account in each pay period from the start of the tax year until the relevant limit had been reached. Once the limit had been reached, Intercode Payroll would then not take any further tax deductions into account in any of the pay periods remaining in the tax year. For employees who contribute more than 27.5% of their taxable income to retirement funds, this could result in the employees' tax deducted in earlier pay periods of the year being lower (due to the tax deduction) than the employees' tax deducted in later pay periods (when the tax deduction had been exhausted), resulting in queries from employees.

NB: Note that this behaviour affects only employees who contribute more than 27.5% of their taxable income to retirement funds.

To address this issue, Intercode Payroll will now no longer take the maximum possible tax deduction in respect of retirement fund contributions into account from the first pay period in a tax year but will rather spread the allowable deduction over all the pay periods in the relevant year. Going forward, the allowable tax deduction in respect of retirement fund contributions that will be taken into account at any point during the tax year will be limited to the lesser of 27.5% of the employee's taxable income for the year to date, or R350 000 divided by the number of pay periods in the year and then multiplied by the number of completed pay periods worked for the year to date. In simple terms, this effectively limits the tax deduction that can be taken into account in any given month to R29 166.67 ( $R350\,000 / 12$ ), which will ensure that the employees' tax deductions of employees who contribute large amounts to retirement funds remains constant throughout the tax year.

Note: If for any reason you want to re-enable the previous behaviour, you can do so on a per-employee basis by going to the *Payroll* section, selecting *Tax Year Totals* at the top left of the window, selecting the relevant tax year and then double-clicking on the relevant employee's tax certificate. There you will find a checkbox marked *Use Maximum Section 11F Tax Deduction from Start*. Tick this option to re-enable the previous behaviour (for the selected employee only) where the maximum possible value of the section 11F tax deduction in respect of retirement fund contributions will be taken into account from the start of the tax year, until it is exhausted.

### **Payment of Public Holidays for Directors**

In the past, if a pay period contained one or more public holidays, the income of directors would be split into two portions (as is the case for all employees), with the first portion representing the remuneration paid in respect of normal working days and the second representing the remuneration paid in respect of public holidays. In the case of normal employees this is necessary to comply with the requirements of the Basic Conditions of Employment Act which in certain cases requires that the remuneration paid in respect of public holidays is paid at a different rate, or at an increased quantity (e.g.: paying employees

for more hours or at double the normal rate if they work on a public holiday). For directors however, these public holiday provisions generally don't apply.

Splitting the remuneration of directors into Director's Remuneration and Public Holiday Pay respectively causes problems when drawing management reports at the end of a month however, as it is then often difficult to isolate the actual value of Director's Remuneration because a portion of their remuneration is reflected as Public Holiday Pay, lumped together with the Pub Holiday Pay of all the other employees, so it's impossible to tell which is which.

For this reason, as of Intercode Payroll V6.0.0, the remuneration of directors will no longer be split into two portions if the relevant pay period contains one or more public holidays. The full value of the director's remuneration, including any remuneration paid in respect of public holidays, will be reflected under the Director's Remuneration income type, making it easier to identify and isolate the total value of Director's Remuneration on management reports.

### **New License Manager Window**

As you might be aware, Intercode Payroll will be transitioning to a new licensing system over the course of the next year. Instead of issuing a separate license key in respect of each individual employer file that is created and registered on your payroll we will now be issuing only one license key per customer which will then be used to activate Intercode Payroll on each of the computers on which it is installed. This will eliminate the need to re-enter all your license keys each time your annual license is renewed.

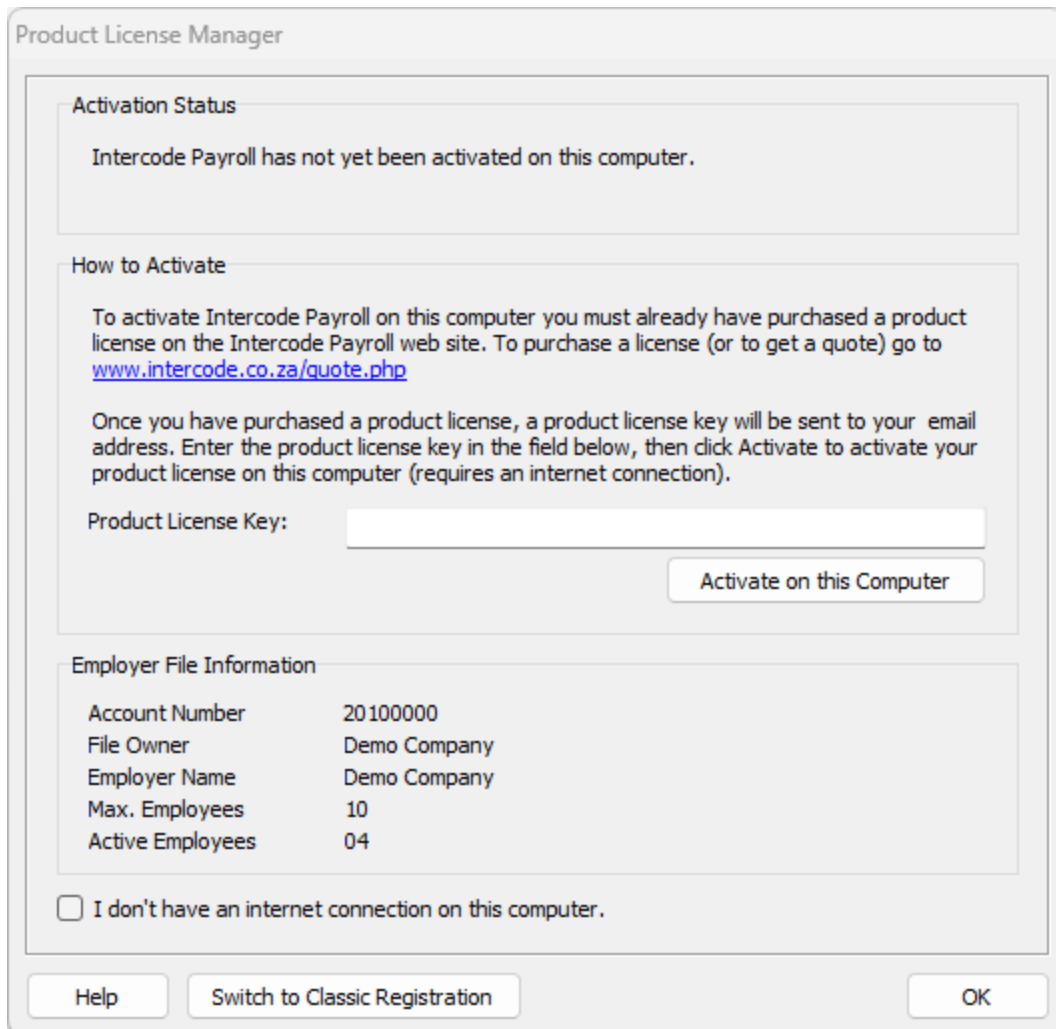
Please refer to our [recent blog post](#) for more information about how the new licensing policy will work.

The new licensing system will be phased in over the next year, as customers' current licenses expire. The next time your license is renewed you will receive just one license key from Intercode, which you then need to enter and activate on each of the computers on which Intercode Payroll is installed. To facilitate this process, a new Product License Manager window has been added to the software.

To open the new Product License Manager window, select *Help* → *License Manager* from the Intercode Payroll main menu.

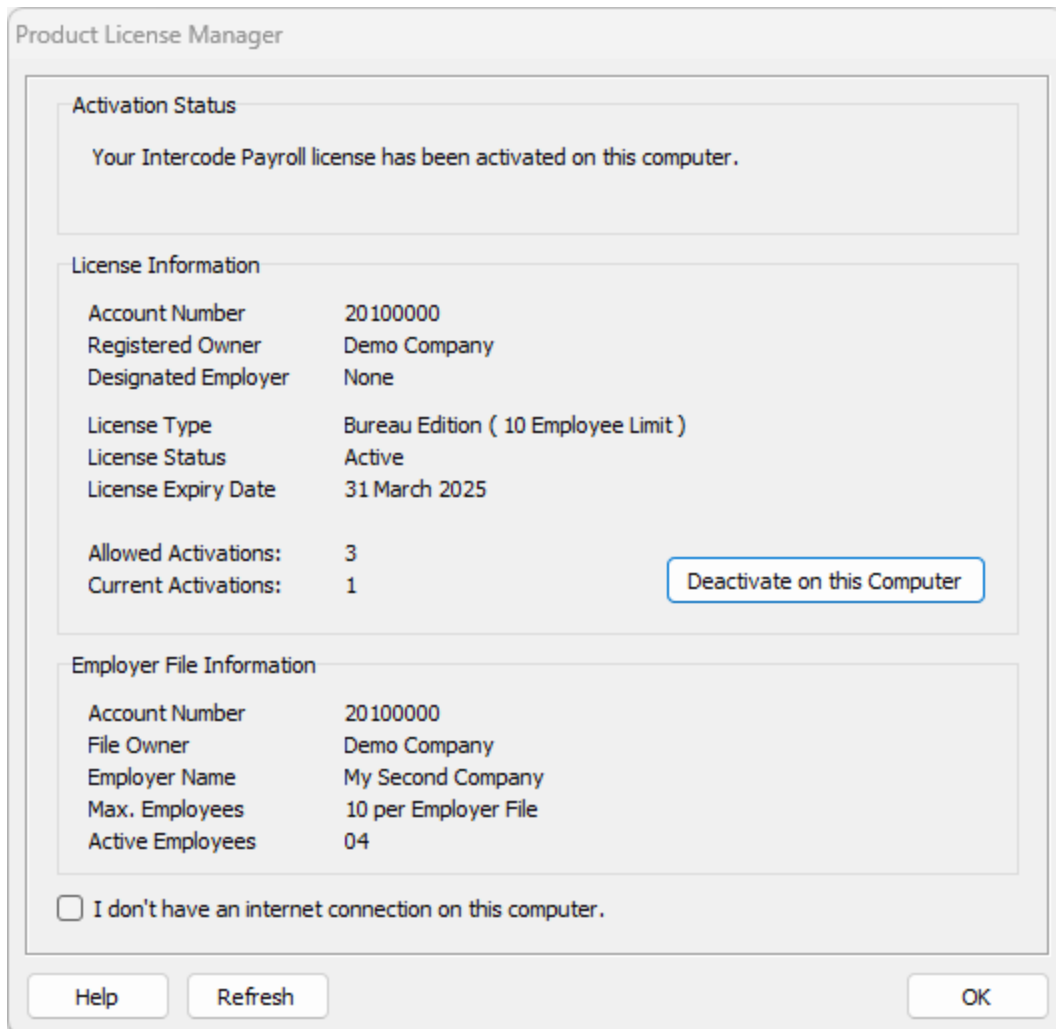
The following window will be displayed:





Enter the license key that was sent to you, then click *Activate on this Computer* to activate the license on your computer. After a second or two you should see a message indicating that your license has been activated successfully.

Once the license has been activated you will be able to see all the information relating to your license in this window.



The top half of the window shows the information associated with your license. Here you can find the customer account number and name of the registered owner of the license, the designated employer name (for single-employer licenses only) to which the license is tied, the license type and per-company employee limit, the license expiry date, and finally the maximum allowed activations and how many of those activations have already been used.

The bottom half of the window shows information relating to the current employer file (if one is open). Here you can find the customer account number and name of the owner of the file (which might be different from the owner of the license), the name of the employer whose payroll is contained in the file, the employee limit for that file, and finally the number of active employees in the file.

You will only need to access this window once your current product license has expired, and you have received a new-format product license key from Intercode. This information is only included in the release notes now for informational purposes.

For a more detailed description of how to use the new license manager window to activate or deactivate new-format license keys on Intercode Payroll, please consult the relevant topic in the Help file.

**BUG FIXES**

Fixed a minor issue where the income of directors was not reflected correctly in the W.As.8 Breakdown report, even though they were reflected correctly in the main W.As.8 Return of Earnings. This was due to a cosmetic issue in the report itself and has now been fixed.

**End of Release Notes**

If you have any questions regarding the features included in this release or if you have any trouble installing the update, please contact the Intercode support desk on 012 802 4200 for assistance.