

Consolidated Staff Loans

Disclaimer:

The Knowledge Base is our platform to share information with our customers and provide you with a 'help me, help myself' environment. The guides and documents provide step by step solutions to assist you with your queries based on the acquisition of solutions from previous enquiries.



Important Note

- The information contained in these articles should be treated as guidelines.
- Some articles are version and build specific.
- Articles may not be applicable to all environments.
- If the proposed solution is not successful, please post your comments below or contact the Sage Pastel Payroll and HR Department directly on (011) 304 4300 or support.pastelpayroll@sage.com.

FAQ

Question:

How do I setup a loan?

Solution:

If the loan is a consolidated staff loan:

1. Go to **Edit...Employee Masterfile**
2. Select the **Loans/Savings** tab and then select the **Loans** tab

3. On the Loans Tab, select on **Add**
4. In the **Setup Loans** screen, enter the **Description** of the loan, the **Issue date**, **Start date** and **End date**

5. In the **Payment** section, enter the loan amount next to **Total Amount Due**, enter the **Default Repayment Amount** and select the type of **Interest** and enter the **Amount** or **Percentage**

6. Click on **Save**

7. Save the Masterfile

Note: A taxable fringe benefit arises when a loan (of greater than R3000 at any point in time) has been granted to an employee:

- Either by an employer or by arrangement by the employer or,
- With interest being payable by the employee, or with interest at a lower rate than the official rate of interest.

The Benefit value is the amount of interest determined by calculating the interest at the official rate of interest, and deducting the interest actually paid, and may be applied on a regular basis, or at the end of the tax year. The official rate of interest is equal to the repurchase rate plus 1%.

8. Calculate the low/free interest loan fringe benefit

Low/free interest loan fringe benefit = Loan x (Official interest rate – interest rate charged)

Taking the above example into account; this is: Low/free interest loan fringe benefit = 5000 (8% - 5%) = R150

9. Go to **Process...Payslips**

10. Select the applicable employee

11. Go to the **Deductions** tab and you will see that **Transaction code 8171 – Staff Loans – Consolidated** will be there with the repayment amount in the Period amount column:

Tran Code	Transaction Description	Quantity	Rate	Period Amount	Balance	Override	MTD Amount	YTD Amount	Reference
8001	PAYE tax			4,112.30		<input type="checkbox"/>	4,112.30	4,112.30	
8045	UIF - Employee (Actual Pay)			148.72		<input type="checkbox"/>	148.72	148.72	
8171	Staff Loans - Consolidated			2,500.00		<input type="checkbox"/>	2,500.00	2,500.00	
						<input type="checkbox"/>			
						<input type="checkbox"/>			

PAYE tax

Total Gross Income	25,000.00	Total Deductions	6,761.02	Total Nett Pay	18,238.98
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12. Go to the **Benefits** tab and insert **Transaction code 6120 - Low / Free interest loan** into the **TranCode** column in the next available line

