

## Please add benefit transaction 6412.



How do I add transaction code 6412 to the payslip in Pastel Payroll?

### Legislative Changes

#### Application of the R350 000 Annual Monetary Cap Amount

An employee is allowed a tax deduction on the total contribution amount (employee contribution and deemed employee contribution) towards a retirement fund limited to the lesser of:

- 27.5% of remuneration (excluding retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit), or
- R350 000 per annum

#### **From 1 March 2018**

The legislation forces the annual R350 000 cap amount to be spread across the tax year using a cumulative calculation. The allowable tax deduction amount may not exceed the pro-rata amount (calculated according to the ratio of days in service in comparison with the total number of days in a tax year).

The cumulative calculation of the R350 000 monetary cap amount only applies for employees' tax purposes, and any unused portion will be taken into account on assessment.

#### **Incident:**

How do I correct the exception Pension Fund, Provident Fund and/or Retirement Annuity Totals Contribution exceeds R350 000.00 per annum or 27.5% of Remuneration? Please add benefit transaction 6412?

#### **Solution:**

**Note:** As from 1 March 2018, the monetary cap will automatically be applied each period.

- Go to Process Payslip, select the relevant employee with the exception report and add transaction code 6412 - Retirement Fund Monetary cap amount to the default tab.
- Once saved the exception should be cleared off.