Reimbursive Travel Allowances

How do I process Reimbursive Travel Allowances in Pastel Payroll?

**Before March 2018**
When an employee used a privately-owned vehicle for business purposes and the employer compensated the employee for business travel by paying the employee an amount/rate per business kilometre travelled, the travel reimbursements were not included in remuneration and were not subject to employees’ tax (PAYE) but may have been subject to tax on assessment.

**From March 2018**
To simplify the calculation and administration of employees’ tax, the definition of remuneration includes 100% of the portion of the reimbursive travel allowance that exceeds the prescribed rate per kilometre (rate per kilometre for the simplified method, fixed by the Minister of Finance by notice in the Gazette), and is subject to PAYE, UIF and SDL irrespective of the total business kilometres travelled and reimbursed for the tax year.

**Incident:**
How do I Process Reimbursive Travel Allowance?

**Solution:**
**Note:** R3.61 is the prescribed rate for 2018/2019

- Go to Process Payslip, select the relevant employee that you would like to process the Travel Allowance for and select the default tab.
- Add Transaction code 5520 – Reimb Travel-Tax on assessment on the payslip, in the rate column enter in the rate per kilometre that the employee will be paid at. E.g. R3.61
- Go to the income tab of the payslip and add in the number of kilometres that the employees need to be reimbursed for under the quantity column.
- Transaction code 5521 - Reimb Travel Remun will automatically populate on the payslip. This transaction will only calculate a value for the kilometres that exceeds the prescribed SARS rate and add it to the Remuneration. This will apply to the PAYE, SDL and UIF calculations.

**Note:** Transaction code 5521 – Reimb Travel Remun does not affect the payslip and will not increase your income, the employee will only get paid the amount displaying on code 5520. Transaction code 5521 will also not print on the Payslip and is only there for tax purposes.