



OFFICE OF THE DIRECTOR: SALARY MANAGEMENT

Steve Vukile Tshwete Complex, Zone 6 Zwelitsha, 5608, Private Bag X0032, Bhisho, 5605 REPUBLIC OF SOUTH AFRICA:
Enquiries: Mr AT Salusalu. Tel: 040 608 4506 . Fax :040 608 4372. Email: ayanda.salusalu@ecdoe.gov.za
Website: www.ecdoe.gov.za

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DATE: 02 JULY 2024

SUBJECT: METHODS TO TAX SERVICE BONUS ON PERSAL

The purpose is to explain how Taxation is implemented on the service bonus of employees as well as the impact on service termination.

The service bonus payable to government employees is taxed in two ways on the Persal system, namely recurring or non-recurring method.

Non-Recurring Tax Method - means that the Tax payable on a service bonus means that the full Tax amount payable on a service bonus is a **once-off** deduction and is only recovered during the month the employee receives the service bonus. There is no impact on service termination when exiting the system.

Recurring Tax Method - means that the Tax payable on a service bonus is **spread** and recovered from the employee on a monthly basis over the Tax year starting in March and ending February. It is added to the normal monthly Tax deduction of an employee.

The impact of recurring Tax method on Service terminations is that when an employee with a recurring tax method on service bonus resigns, deceased and retired during the tax year, and that employee has already received the service bonus, the full tax amount payable



on that service bonus was not recovered since the employee was not in service for the full tax year. ***The full amount due will be deducted from his/her last month's salary.*** Should Persal already have been closed for the last month of service, the amount due will be recovered from the employee Pension or Leave Gratuity benefits, except on transfer to another Department where the new Department will be notified of the tax debt. Should an employee resign before his/her bonus month, any tax deducted in excess will be refunded to him/her by SARS during the annual tax assessment.

Yours in quality education.

Ms NB DODO

DIRECTOR: SALARY MANAGEMENT