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Introduction

Welcome to the first edition of our NewsFlash for 2022. By now we're pretty sure the December holidays are long forgotten and the mountain of work that awaited your return in January has seen a slight dent.

As you settle back into the "now normal" with **Employment Equity reporting deadlines already done and dealt with**, we'd like to remind you that February means it's Budget month with only a few weeks to go before the Minister of Finance, Mr Enoch Godongwana, will deliver his inaugural **National Budget Speech**. The date is set for **Wednesday, 23 February 2022**.

Many business owners, management teams and Payroll & HR professionals are concerned over the potential new surprises and challenges that await the South African legislative landscape in 2022.

2021 has been another tough year for many, holding many new and additional challenges, it brought unrest resulting in looting of many workplaces, and the legislative landscape has been busier than ever, with a somewhat revenue-hungry SARS trying to find the means to make up for budget deficits.

In addition to the Budget Speech, **here's our take on what to look out for in 2022**.

COVID Deadlines

Employers registered for COVID are reminded to **submit their Returns of Earnings** in terms of Section 82 of the COVID Act. Returns are to be filed **no later than 31 March**.

The implication of submitting late or not submitting at all will give rise to penalties and in addition, a recent notice signed by the Commissioner of Compensation, stated that should an employer fail to submit a Return of Earnings (ROE), then in accordance with section 83 of the COVID Act, the Director General is empowered to finalise the employer's assessment by estimating such an employer's earnings for the year.

Interest Rate Changes

The South African Reserve Bank (SARB) governor Lesetja Kganyago has announced a **25 basis points increase in the repo rate on Thursday, 27 January 2022**. This takes the key rate at which it lends to commercial banks, to 4%.

This increase of 0.25% sees the Repo Rate increase to 4.00%, which then also increases the prime lending rate of the commercial banks to 7.50%.

The SARS official rate of interest, as defined in section 1(1) of the Income Tax Act 58 of 1962 (the Act), therefore also changes.

This means that where a loan is granted to an employee by his or her employer and no interest is charged by the employer, or where the interest charged by the employer is less than the official rate of interest, the difference between the amount which would have been payable if the loan was granted at the official rate and the amount paid by the employee, is taxed as a fringe benefit.

The **SARS official rate of interest** is the Repo Rate, plus 100 basis points (1%). This rate will therefore be **adjusted to 5.00%**.

Economists are projecting that the recent interest rate hike may not be the last for 2022.



SARS Submission Process Changes

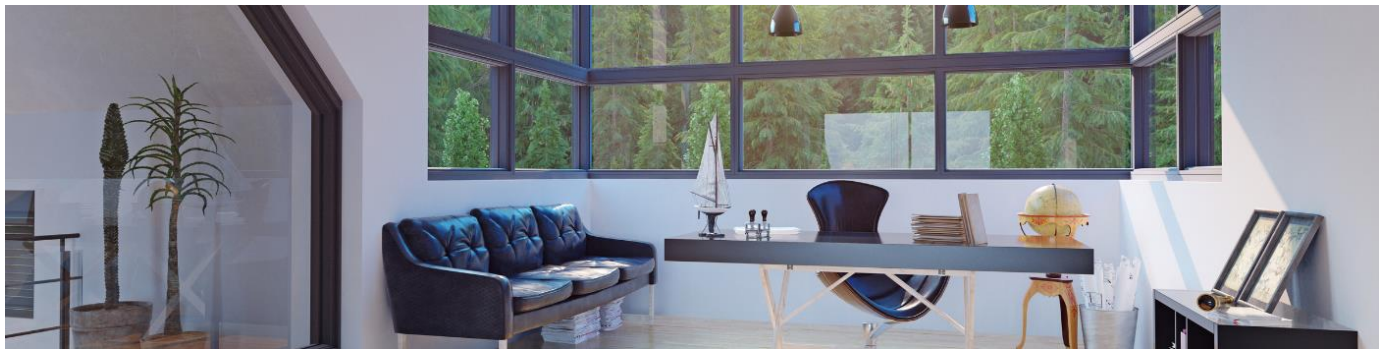
SARS have major plans and a new **data submission strategy** scheduled for 2024. 2022 may just see some of this new strategy come to life and will bring with it new ways of submitting data to SARS.

PIT2024 may have a big impact on the “way of work” in your payroll and finance department and how regularly you are required to submit payroll data to SARS and is said to impact the EMP201/EMP501 process.

The UIF

In 2021, many employers were experiencing **major frustrations with the UIF department**, in some cases, businesses have reached a point of desperation as they were unable to obtain clearance certificates due to unresponsive systems and pages filled with exceptions and errors.

As it stands the frustrations continues with no feedback on when this will be addressed. The dire impact on businesses and their inability to participate in tenders continue for the moment. The PAGSA and SAPA continue to be involved in an attempt to resolve some of the issues.



Home Office Expenses

Are you or any of your employees considering a claim for Home Office Expenses this year? **SARS have rejected roughly 80% of home office expense claims** in 2021. SARS officials physically visited homes in 2021 to ensure that home office claims are supported by the appropriate and legally required infrastructure.

2021 has seen a massive increase in taxpayers claiming for home office expenses, a trend that is likely to continue in 2022. Ensure that you and your employees are suitably prepared for a visit from a SARS official and brush up on the requirements for a valid claim.

Tax Year End

Time certainly flies! With the 28th of February 2022 just around the corner, it's time to get all payroll affairs in order as this marks the end of the 2021/2022 tax year. Payroll systems need to be geared for the new tax year and if you run a weekly payroll this doesn't leave a lot of time.

In 2021, Employer Filing Season opened on 1 April 2021 and closed on 31 May 2021. SARS was strict on not granting extensions and have indicated that they will levy a penalty of 1% of the annual PAYE total for any late submissions, a rather expensive repercussion for non-compliance.

SARS Business Requirements Specification (BRS)

Rumours were heard that SARS are working on their updated Business Requirements Specification (BRS) yet again and this is **likely to impact your 2021/2022 tax certificates** and Employer Reconciliation.

As soon as the changes are made public, we'll communicate the details.



Employment Equity

Employment Equity reports were due on 15 January 2022 but that's not the end of your Employment Equity demands for the year. According to BusinessTech, the Employment Equity landscape is seeing some new developments. **Parliament's National Assembly passed the Employment Equity Amendment Bill in November 2021** and has sent the draft law to the National Council of Provinces for concurrence.

The bill will allow the Employment and Labour minister Thulas Nxesi to set Employment Equity targets for different business sectors. The minister can set targets for different occupational levels, sub-sectors or regions.

It also aims to reduce the regulatory burden on small businesses and add rules for doing business with the government.

The Department of Employment and Labour has previously indicated that it plans to introduce the new sector-specific equity rules in 2022.

The expected introduction of five-year sector targets is seen to be marking the beginning of a "clean slate".

There's a catch and some additional work for the Payroll & HR teams: All existing Employment Equity **plans will fall away on 22 September 2022**, and new plans will **have to be aligned with the five-year targets**.

Conclusion

As you can gather from the above, 2022 holds many new legislative surprises with a rather busy year planned by SARS. The many other statutory bodies that govern your payroll and employment-related legislation in South Africa have several new matters on the cards.

Join us at our Payroll Managers Tax Year-End Seminar where we will uncover all these changes in detail. We will not only be covering the legislative changes surrounding the **2022 Budget Speech**, but we will also be highlighting several amendments that were made during 2021 and the new data submission developments at SARS that will impact all businesses.

Attending this seminar will ensure that you are prepared for everything the legislative landscape sends your way and **managing your payroll in 2022 can be a breeze if you are prepared**.

Book your seat here: <http://www.payrollseminars.co.za>

2022 is your fresh start, your opportunity to embrace new ways of thinking and doing things differently to ensure this is the most successful year of your life...well, at least for your Payroll and HR department.

This new year allows you to put the uncertainty and major challenges of the last two years behind you and to have a fresh look at refining Payroll and HR processes that will drive success in your Payroll and HR teams.

Rob Nowicki and Team