

21 April 2020

Dear valued member

HOW TO DEAL WITH TAX OF TERS BENEFITS

We have received numerous queries with regards to the tax implications of TERS benefits and are aware of the uncertainty relating thereto.

We hope this short newsflash will provide the necessary clarity.

It is important to note that the employee is the beneficiary of a TERS claim. The employer merely administers the claims process and payment on behalf of the Unemployment Insurance Fund (UIF). A TERS payment from the employer to the employee **does not** therefore constitute remuneration and is subsequently exempt from income tax.

Employers should not reflect TERS payments on payslips or withhold any monies for pay-as-you-earn (PAYE). Employers should also not include TERS payments for PAYE reporting purposes to SARS. TERS payments should similarly not be taken into account when calculating other benefits such as Provident Fund contributions.

In summary please ensure you communicate TERS payments separately to employees and do not include these on employee payslips.