

How to set up ETI on paymaster systems

ETI Minimum Wage Rate Per Hour Setup (Component):

If this setup is not done, then ETI will not calculate going forward!

The ETI Setup is required for customers to claim ETI

Setup changes must be made by all customers

A recalculation must be done before EMP201's are submitted

Understand the setup:

The system will compare the pay rate details (Pay rate per hour) to the ETI component to see whether the employee qualifies or not.

- If his pay rate per hour is lower than the ETI component, then they will not qualify as per legislation.

Wage Minimum Requirements/Checks:

Wage regulating measures = Comply or don't qualify:

- Wage regulating measure (Collective agreement, bargaining council agreement, etc).
- National minimum wage (If you don't have the above, then this applies). – depending on sector.

Possible Queries:

Query: Wage regulating measure/minimum wage

Which one applies, they need to find out as there are so many. Its not something where we are in the position to advise – Refrain from finding it for them and advise that we are not allowed to.

Query: Runs

The runs need to be open when the release is out. If any runs are closed then an interim can be done to add the setup.

Bulk Actions Upload:

Specify Group 1 or 2

Employee Number*	Indicator	Start date	End date	Comment	Component	Employeeid	Delete
Monthly 2	group 1					89115719	FALSE

Save document

Upload

ADDITIONAL ETI INFORMATION

How long will it be available?

The ETI came into effect on 1 January 2014, and it will end on 28 February 2029.

What is ETI?

The ETI is an incentive aimed at encouraging employers to hire young work seekers. It was implemented with effect from 1 January 2014.

Why is ETI There?

Millions of young South Africans are excluded from participating in economic activity, and as a result suffer disproportionately from unemployment, discouragement and economic marginalisation. High youth unemployment means young people are not gaining the skills or experience needed to drive the economy forward. This lack of skills can have long-term adverse effects on the economy.

In South Africa the current lack of skills and experience as well as perceptions regarding the restrictiveness of labour regulations make some prospective employers reluctant to hire the youth.

As a South African employer, you now have a great opportunity to boost the employment of young work seekers.

What are the benefits for the employers?

The benefits of the ETI are:

- It will reduce the employers cost of hiring young people through a cost-sharing mechanism with government, by allowing you to reduce the amount of Pay-As-You-Earn (PAYE) you pay while leaving the wage received by the employee unaffected.
 - For example, employers who are registered for PAYE, and who employ a person for the full month of February 2014 and earns R2000, will get R1 000 off their monthly PAYE liability (provided that the employee is a qualifying employee based on all the other remaining requirements). For more information on how the ETI works.
- Employers will be able to claim the incentive for a 24 qualifying month period for all employees who qualify
- The incentive amount differs based on the salary paid to each qualifying employee and whether the qualifying employee was employed after the inception of the ETI programme on 1 October 2013. ETI may only be claimed for a total of 24 qualifying months.
- This incentive will complement existing government programmes with similar objectives e.g. learnership agreements.
- The aim of the ETI is to facilitate the increased employment of young work seekers.

How do I determine who is a qualifying employee?

An individual is a qualifying employee if he or she–

- Has a valid South African ID, Asylum Seeker permit or an ID issued in terms of the Refugee Act
- Is 18 to 29 years old (please note that the age limit is not applicable if the employee **renders services mainly inside** a special economic zone (SEZ) to an employer that **is operating inside the SEZ**.)
- Is not a domestic worker
- Is not a “connected person” to the employer
- Was employed by the employer or an associated person to the employer on or after 1 October 2013 and
- Is paid the minimum wage applicable to that employer or if a minimum wage doesn't apply, is paid the amount contemplated in the Minimum Wage Act and not more than R6 000 remuneration. If there is no prescribed wage regulating measure or not subject to or exempt from the requirements of the National Minimum Wage Act, a wage of at least R2 000 (where the qualifying employee was employed for 160 hours in a month) must be paid.

Important: The value of the ETI the employer may claim depends on the value of the monthly remuneration paid to the qualifying employee. If the employee has worked less than 160 hours in the month, the remuneration amount must be 'grossed up' to 160 hours per month to calculate the value of the ETI. The amount can then be calculated and be 'grossed down' in the same ratio.

How is ETI calculated



EXPANSION OF EMPLOYMENT TAX INCENTIVE

Employment Tax Incentive - First Twelve Months

Monthly Remuneration	Determination	Monthly Calculated ETI Amount
R0 - R2000	75% x Monthly Remuneration	R0 - R1499
R2000 - R4500	Fixed at R1500	R1 500
R4500 - R6500	Formula: $X = A - (B \times (C - D))$ X = monthly calculated ETI amount A = R1500 B = 0.5 C = Monthly Remuneration D = R4500	R1499 - R0

Employment Tax Incentive - Second Twelve Months

Monthly Remuneration	Determination	Monthly Calculated ETI Amount
R0 - R2000	37.5% x Monthly Remuneration	R0 - R749
R2000 - R4500	Fixed at R750	R750
R4500 - R6500	Formula: $X = A - (B \times (C - D))$ X = monthly calculated ETI amount A = R750 B = 0.25 C = Monthly Remuneration D = R4500	R749 - R0