

HOW BONUS TAX IS CALCULATED

! EXAMPLE 1

Monthly Basic Salary: R15 000.00
Bonus Amount: R 5000.00

Step 1: Annualize the salary

$R15\,000.00 \times 12 = R180\,000.00$

Step 2: Calculate tax

Note: For the purpose of this exercise the 2010 tax tables are being used and the employee is below the age of 65 years.

$[25\% (180\,000 - 132\,000) + 23760] - 9756 = R26\,004.00$

Step 3: Add the bonus to the annualized basic

$R180\,000 + R5000 = R185\,000.00$

Step 4: Calculate the tax due

$[25\% (185\,000 - 132\,000) + 23760] - 9756 = R27\,254.00$

Step 5: Difference between the two

$R27\,254.00 \text{ (step 4)} - R26\,004.00 \text{ (step 2)} = R1250.00$

The resultant bonus tax which is due is R1250.00

**Figures may vary slightly in Vanilla Payroll depending on the YTD Totals. Vanilla Payroll automatically adjusts the tax due continually.*

! EXAMPLE 2

Monthly Basic Salary: R15 000.00

Travel Allowance: R 4 000.00

Bonus Amount: R 5 000.00

Step 1: Annualize the salary

R15 000.00

R 2 400.00 (R4 000 X 60%) Only 60% of the travel allowance forms part of taxable remuneration)

R17 400.00

R17 400 X 12 = R208 800.00

Step 2: Calculate tax

[25% (208 000 – 132 000) + 23760] – 9756 = R33 004.00

Step 3: Add the bonus to the annualized basic

R208 000 + R5000 = R213 000.00

Step 4: Calculate the tax due

[30% (213 000 – 210 000) + 43260] – 9756 = R34 404.00

Step 5: Difference between the two

R34 404.00 (step 4) – R33 004.00 (step 2) = R1400.00

The resultant bonus tax which is due is R1400.00

**Figures may vary slightly in Vanilla Payroll depending on the YTD Totals. Vanilla Payroll automatically adjusts the tax due continually.*

Here a 13th cheque has been added for December **before** the normal payslip. The bonus tax calculation above cannot take place until the basic salary for that period is known. This is the reason that the tax due below is zero. Once the normal payslip for this period is added, the tax for the bonus and the normal payslip will be deducted from the normal payslip.

Add a Payslip

Period of Payslip
 Payslip for the Month of: April Emp 201 Period: August

Income Source

Code	Description	RFI	Amount
3605	Annual Payment - Taxable	<input type="checkbox"/>	8,000.00

Add
 Edit
 Erase

Gross Remuneration

Gross Annual Payments:	8,000.00
Gross Non-Taxable Income:	0.00
Gross Retirement Funding Income:	0.00
Gross Non-Retirement Funding Income:	8,000.00
Gross Remuneration:	8,000.00

Deductions

Code	Description	Clearance / Ref. No.	Amount
9001	Unemployment Insurance Fund		80.00

*Any RAF deductions (the navy entries in the above list) are tax deductible, but are not deducted from their salary.

Add
 Edit
 Erase

Employees Tax Deductions

Total Employees Tax:	1,440.00
Rounding Adjustment:	0.00
Net Salary:	6,480.00

Save
 Cancel
 Help

If the bonus was setup under the payslip profile tab, then the method of tax calculation is slightly different (see below).

Estimated Tax on Bonus Calculation

The estimated tax on the bonus has been calculated as follows:

Annual Taxable Income = (Salary x Periods in Tax Yr) + Bonus Amount
 = (8000 x 12) + 8000
 = 104000

Marginal Rate of Annual Taxable Income of R104000 is 18%

Estimated Bonus Tax = Bonus Amount x Marginal Rate
 = 8000 x 18%
 = 1440

Bonus Information

Bonus Amount:

Month Bonus Paid:

Estimated Bonus Tax:

Monthly Tax Saving:

Activate Bonus Tax Savings

Savings c/f:

YTD Bonus Savings: 0.00

Bonus Tax Savings

Period To	Amount

Employees	Personal	Payslip Profile	Leave & Overtime	Payslips	Year-To-Date Totals
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Periods Worked
 Period: From: 1/03/2009 To: 30/11/2009 Periods Worked: 10.0000 12 Setup

Income Source

Code	Description	RFI	YTD Amount
3601	Income - Taxable	<input type="checkbox"/>	72,000.00
3605	Annual Payment - Taxable	<input type="checkbox"/>	8,000.00

Gross Remuneration

Gross Annual Payments:	8,000.00
Gross Non-Taxable Income:	0.00
Gross Retirement Funding Income:	0.00
Gross Non-Retirement Funding Income:	80,000.00
Gross Remuneration:	80,000.00

Deductions

Code	Description	Clearance / Ref. No.	YTD Amount
9001	Unemployment Insurance Fund		800.00

*Any RAF deductions (the navy entries in the list above) are tax deductible, but are not deducted from their salary.

Employees Tax Deductions

Total Tax Due:	6,270.00	<input type="button" value="Company Contributions"/>
Less: Tax Paid:	<input type="text" value="7,083.00"/>	(Non - Refundable) Due to
Tax Still Owing:	<input type="text" value="-813.00"/>	Voluntary Over Deduction of Tax.

As you can see above, the year-to-date totals reflects a negative amount of tax still owing. This is due to the fact that the periods have now increased and no income (3601) is yet reflected for that period. Vanilla Payroll will automatically adjust the tax once the normal payslip for December is added.

Vanilla Payroll CC

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