



ENTERPRISE  
PERFORMANCE  
SOLUTIONS

## **PARTNERING WITH WOW TO COMPLY WITH SARS**

# **FRINGE BENEFIT REGULATIONS**

***All rewards that employees receive are taxable as 'Fringe Benefits' according to SARS rules and are therefore all subject to normal statutory deductions.***

### ***What options can WOW offer you?***

#### **OPTION 1: YOUR PAYROLL HANDLES TAX INTERNALLY**

WOW provides a monthly report in excel spreadsheet format.

The report contains the names and ID numbers of all participants rewarded in the month and the combined monetary value of those rewards.

Tax is deducted via the company payroll and reflected on employee payslips.

NOTE: some clients have chosen to absorb the tax on behalf of their employees by paying them an equivalent extra amount and reflecting this as both payment and deduction on the payslip. The employer then pays this amount over to SARS.

#### **OPTION 2: WOW HANDLES THE TAX PROCESS FROM END TO END**

Each participant on your programme is taken onto WOW's payroll as a 'non-standard' employee.

WOW withholds tax on all rewards that are paid out.

**OPTIONAL:** WOW issues a payslip to each employee on a monthly basis, detailing their rewards earnings and deductions.

WOW issues an IRP5 document to each employee during the annual tax season.

### ***Tax Rates***

Determining the tax rate is at the discretion of the client. Ideally an average rate such as 25% or 30% is decided on by the client upfront and all rewards are taxed at the relevant rate. Upon receiving their IRP5s, participants will be able to claim the difference from SARS if they have been overtaxed.

### ***Communication***

To avoid damaging the programme reputation from the outset, WOW recommends that cash reward values are communicated to employees in their after-tax format. E.g. if you would like your participants to earn R100 for meeting their monthly targets, WOW will reflect R100 + PAYE on the budget. When the programme launches, the R100 reward is communicated to participants, never the pre-tax amount.