



COUNTRY GUIDE: SOUTH-AFRICA

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<https://zapeo.net/south-africa/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

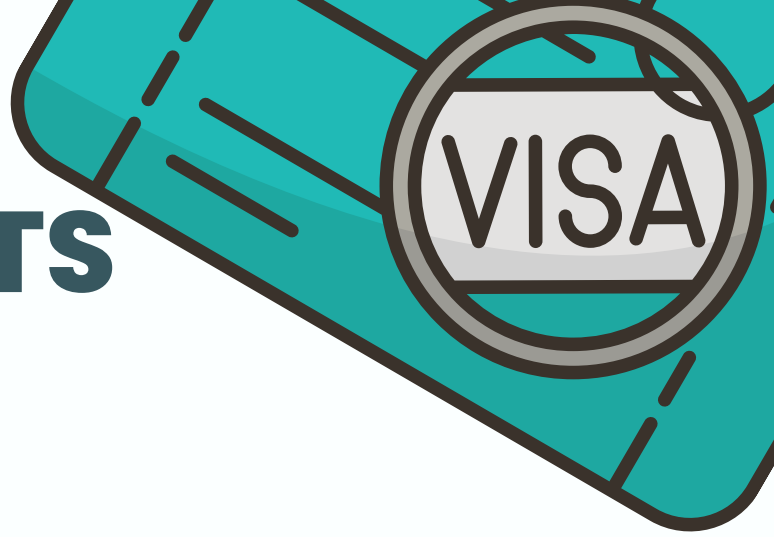
We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



General Work Visa

- An individual with a job offer in South Africa, who fulfills the position's minimal educational and professional criteria are eligible for this type of visa. Businesses must show that they were unable to find a qualified South African citizen or permanent resident to fill the post.

Skilled Work Visa

- For an individual who possess critical skills and qualifications which are in short supply in South Africa. Applicants must meet specific criteria and have their skills assessed by the relevant South African professional body. This visa does not require the applicant to have a job at the time of application.

Intra-company Transfer

- This type of visa is for employees who are being transferred to a South African branch of a international company for a limited period. Any applicant must have worked for at least six months in the company's international office.

EMPLOYMENT CONTRACTS



Probation period

Three months, extendable to six months.

Notice period

- 0 – 6 months of service: 1 week's notice is required
- 6 – 12 months of service: 2 weeks' notice is required
- 12 months – 4 years of service: 4 weeks' notice

Minimum wage

R25.42 per hour General workers, R25.42 per hour Farm workers, R25.42 per hour Domestic workers and R13.97 per hour Workers employed on expanded public works.

Working hours and overtime

40-45 hours a week. Maximum overtime a week is 10 hours. Compensation is 1.5 times the normal salary rate. Sunday and public holiday work is compensated at 2 times the normal salary rate.

Termination

Each reason for dismissal has a distinct procedure which must be followed. The reasons include : misconduct, incapacity and redundancy/retrenchment.

Severance

Retrenchment packages consist of one week's pay for each year of service with the employer.

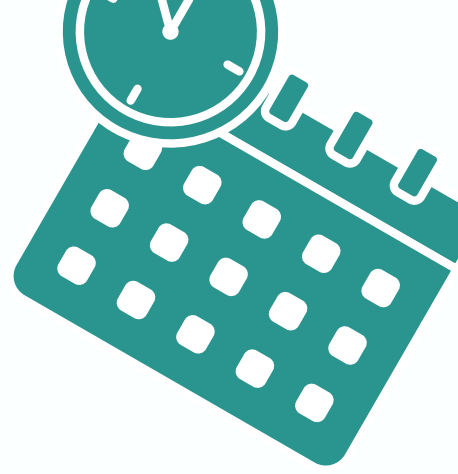
Non-compete clause

This clause is valid and enforceable unless it imposes an unjustified restriction on a person's freedom to trade

Collective bargaining

Collective bargaining does exist in South Africa.

PAID TIME OFF



Annual Vacation

In each annual leave cycle, an employee is entitled to 21 consecutive days of paid annual leave. If an employee works a five-day week, this equates to 15 working days; if an employee works a six-day week, this equates to 18 working days.

Sick

The cycle lasts 36 months and begins when the employee starts working. Employees are entitled to paid sick leave equal to the number of days worked during a six-week period during each sick leave cycle. If an employee works a five-day week from Monday to Friday, over the course of three years, he or she is entitled to 30 days of paid sick leave.

Maternity

Pregnant employees are entitled to four months of unpaid maternity leave. Maternity leave must begin no later than four weeks before the projected due date of the child. The employee may return to work before the six-week period from the date of birth if she is medically fit to return to work.

Paternity

All parents, including dads, adopting parents, and surrogates, are now entitled to ten days of unpaid leave when their children are born under the new legislation.

Family

Employees are entitled to family responsibility leave in addition to sick leave, parental leave, and yearly leave if they match the qualifications. Employees who have worked for the same company for more than four months and at least four weeks per day are entitled to at least three days of paid family responsibility leave throughout each leave cycle.

National Holidays

11 Paid National Holidays. If paid holiday falls on a Sunday, the next available working day becomes a public holiday.

Other Paid Time Off

Election voting days are public holidays.

EMPLOYEE BENEFITS



Statutory

Unemployment

Payment is calculated as a percentage of exit salary.

Maximum exit salary is R 17 712 per month.

Workers compensation

Government run insurance.

Pay-outs will be made to private insurers for a claim

Social Security

No national social security in place.

Retirement

No national retirement fund in place as of yet.

Health

No national health in place as of yet.

Private

Workers compensation

Private workers compensation available only in the construction industry.

Retirement

Private retirement schemes available.

Health

Private health insurance available. Known locally as Medical Aid.

Life

Private life insurance is available.

TAX



Personal Income Tax (PIT)

- **Tax year** : Tax year runs from March 1st to February 28th (29th) of the following year.
- **Tax rate** : The lowest tax rate is 18% whereas the highest is 45%.
- **Tax method** : Tax is calculated on an annual basis but applied each payroll period. SA uses a progressive taxation method.
- **Tax residency requirements** : An individual is considered a South African resident if they are physically present in South Africa for more than 91 days in the relevant tax year and each of the preceding five tax years.
- **Double taxation agreements (DTA's)** : South Africa is signatory to multiple double taxation agreements.

Investment Income Tax

Individual taxpayers are entitled to an annual exemption on all interest income earned in South Africa, which is determined by SARS each year. This interest exemption has stayed fixed for several years, and is set at R23 800 for those under 65 and R34 500 for those 65 and above for the 2022 tax year.

Taxable Income

- Remuneration: salaries, wages, bonuses, overtime pay, benefits, allowances.
- Profits or losses from a business or trade/capital gains
- Income from being a beneficiary of a trust
- Director's fees
- Investment income
- Rental profit or losses
- Income from royalties
- Annuities
- Pension income

PAYROLL



Payroll Elements

- **Income:** Salaries, wages, bonuses, overtime pay, taxable (fringe) benefits, allowances and certain lump sum benefits. Profits or losses from a business or trade. Income or profits arising from an individual being a beneficiary of a trust. Director's fees.
- **Deductions:** Pension fund/retirement fund contributions, provident fund contributions, legal costs, donations, debts (employment related).
- **Benefits in Kind:** Can include accommodation, meals, medical aid schemes, insurance policy schemes etc.
- **Employer contributions:** Unemployment , workers compensation and if applicable pension fund/medical aid contributions.

Payroll Taxes

A Skills Development Levy (SDL) is paid to the South African Revenue Services (SARS) and used to develop and improve skills of employees in the workplace.

The amount is levied at 1% of taxable income.

Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- Labor Relations Act 66 of 1995
- Basic Conditions of Employment Act 75 of 1997
- Employment Equity Act 55 of 1998

STATUTORY BODIES

SARS

- The South African Revenue Service is the revenue service of the South African government. It administers the country's tax system and customs service, and enforces compliance with related legislation.

CCMA

- The Commission for Conciliation, Mediation and Arbitration was formed as a dispute prevention and resolution agency under Section 112 of the Labor Relations Act 1995 (Act No. 66 of 1995) (LRA) as modified.
- Its mission is to promote social justice and fairness in the workplace by providing ethical, qualitative, innovative, and cost-effective dispute resolution and management services, as well as education, training, and development, and efficient administration.



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