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Connect. Partner. Succeed.



Make a difference and increase your revenue

Presenter: Marisa du Plessis

Education Tax Bursary – What you didn't know



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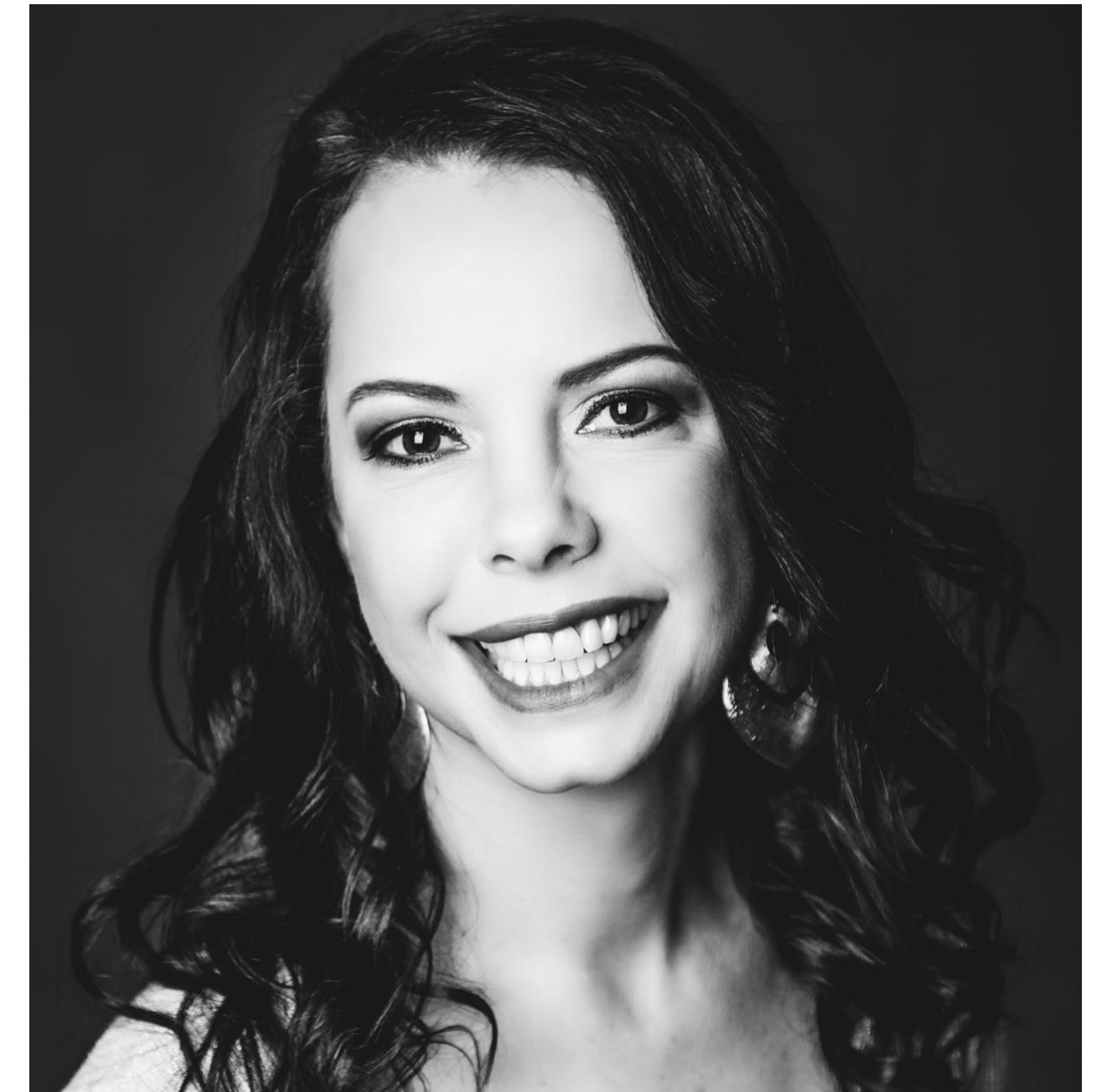
Reward Partners



Presenter

Marisa du Plessis **Director – EdNVest**

A logical and analytic problem solver, who enjoys working both within and across relatively complex systems who can coordinate the activities of several business units in an organization. Marisa holds a Bachelor of Science Degree in Information Technology and has over 20 years' experience in management. She is one of the directors for EdNVest and is delighted to be hosting a webinar for SAAA.



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Quote

There are two types of people who will tell you that you cannot make a difference in this world: those who are afraid to try and those who are afraid you will succeed.

- Ray Goforth

Course Outline

Table of Content

Modules (Major sections)

Module 1: Introduction

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Module 7: Why become and EdNVest Agent?

Module 8: How to sign up as an EdNVest Agent...

Module 9: Signing a New Customer

Module 1 Introduction

Module 1:

Module 1: Introduction

A breakdown of the Education Tax Benefit and its value to varying stakeholders

Learning Outcomes:

In this module you will learn:

The basics of the Education Tax Benefit

Introduction

A Problem for Employers

- Rewarding employees and creating loyalty remains a costly exercise for employers; while
- Employers are faced with the daunting task of finding creative initiatives to successfully implement employee benefits

A Problem for Employees

- The cost of living increases exponentially every year
- The cost of educating our youth is one of the larger portions of those costs and can be a major burden on many parents

The Solution

Employers and employees can benefit from the lesser known and underutilised tax deductible education benefit for the relatives of employees, as offered by SARS, which can significantly impact the lives of its employees financially.

Introduction

- Section 10(1)(q) of the Income Tax Act 1962 changes this dilemma
- A bona fide bursary granted to **assist a relative** of an employee to study can be **tax exempt**
- It has never been easier to **reward and create loyal** employees without it costing the employer a cent
- Incentivised employees **are loyal employees**
- EdNVest have designed **an online platform** which allows eligible employees to effortlessly capitalise from the benefit;
- Without the **administrative and onerous burden** on the employer and employee

Module 2 The Law & its Requirements

Module 2:

Module 2: The Law & its Requirements

Topics:

The following sections are dealt with here:

- SARS Sec 10(1)(q) & the Bursary Requirements
- Remuneration Proxy
- Disability
- A Bona Fide Bursary
- Qualifying Criteria for a Relative

Learning Outcomes:

In this module you will learn:

The qualifying criteria and compliance requirements for the tax benefit

SARS Sec 10(1)(q) & Bursary Requirements

During 2012 SARS announced that **employers** are allowed to provide their **employees** with an **education bursary** for their **relatives** to study of which a portion could be **tax free**. Refer to Section 10(1)(q)

- **Basic Education**

(Grade R / 0 to Grade Twelve)

- **Tertiary Education**

(A qualification to which an NQF level from 5 up to and including 10)

- **Conditions for the bursary**

- Employees **remuneration proxy** must be R600 000 or less
- Studies must be done at a **recognised learning institution**
- There must be a **bona fide bursary**
- The purpose of the studies must be to **gain knowledge**

Remuneration Proxy

An employee's remuneration proxy in a particular year of assessment means the remuneration, as defined by the Income Tax Act, derived by an employee from an employer during the year of assessment immediately preceding that year of assessment excluding the value of a taxable benefit derived from the occupation of residential accommodation.

The definition provides that:

- In circumstances where an employee was **not employed by the employer** or an associated institution for the **full period** of the preceding year of assessment the remuneration of the employee for the period of the preceding year of assessment during which the employee was employed is **grossed up to an annual figure**; and
- In circumstances where an employee **was not employed by the employer** or an associated institution **at all during** the preceding year of assessment the remuneration proxy is calculated by **annualising the remuneration earned** by the employee in the **first month** of employment.

The definition of '**remuneration**' in the Fourth Schedule to the Act as is referred to in the definition of 'remuneration proxy' is wide and **includes inter alia** the value of any fringe benefits as calculated in terms of the Seventh Schedule to the Act



Remuneration proxy must R600 000 or less for the employee to qualify for the bursary



PRIOR TAX YEAR

March 2018

Feb 2019

Remuneration in the current tax year does not affect the eligibility of the benefit



Qualifying Criteria for a Relative

A **Relative** is any of the following persons in relation to an Employee:

Spouse

Children

Spouse's children

Legally adopted children

Any person in the Employee's **immediate family** - who is not further than 3 generations (an example: The Employee is a grandmother, and is paying for his/her grandchild's education - the grandchild is The Employee's Relative)



Education: Basic vs. Tertiary

- **Basic Education** (Grade R / 0 to Grade Twelve)
 - Limited to R20 000 per annum per relative
 - Limited to R30 000 per annum per disabled relative
- **Tertiary Education** (A qualification to which an NQF level from 5 up to and including 10)
 - Limited to R60 000 per annum per relative
 - Limited to R90 000 per annum per disabled relative
- **Conditions for the bursary**
 - Employees **remuneration proxy** must be R600 000 or less
 - Studies must be done at a **recognised learning institution**
 - There must be a **bona fide bursary**
 - The purpose of the studies must be to **gain knowledge**

Disability

‘Disability’ means a **moderate to severe limitation** of any person’s ability to function or perform daily activities as a result of a physical, sensory, communication, intellectual or mental impairment, if the limitation –

- Has **lasted** or has a **prognosis** of lasting more **than a year**; and
- Is diagnosed by a **duly registered medical practitioner** in accordance with criteria prescribed by the Commissioner;

A Bona Fide Bursary

For the Employee's relative:

- It must be made to **enable the grantee** to pursue a course of study for the purpose of **gaining** or expanding knowledge, aptitude or skill and may include **financial assistance** in respect of: tuition fees, registration fees, examination fees, books, equipment, accommodation (other than the person's home), meals or meal vouchers and transport (between residence and campus);
- It must not be a reimbursement of a person's study expenses **after completion of studies** as such assistance does not enable or assist the grantee to study;
- The amount must **NOT** be advanced by way of a loan;

SARS Sec 10(1)(q) & Bursary Requirements

The Bursary can include the cost of:

- Tuition fees
- Registration fees
- Examination fees
- Books
- Equipment and school uniforms
- Accommodation
- Meals / Meal Vouchers
- Transport



Module 3 Benefits for Employers

Module 3:

Module III: Benefit for Employers

Topics:

The following sections are dealt with here:

Incentive for Employers

Compliance Requirements of Employers

Learning Outcomes:

In this module you will learn:

Why the benefit makes sense for employers and their requirements

Benefit for Employers

- It **costs** the Employer nothing
- **Rewards** Employees and their families
- Enhances staff **retention**
- Encourages employee **loyalty**
- Removes **barriers** to education

Compliance Requirements for Employers

- Bursary Requirements
- Policy
- Expenses paid by Employee

Module 4 Benefits for Employees

Module 4:

Module IV: Incentive for Employee

Topics:

The following sections are dealt with here:

Benefit for Employees

A Practical Example

Learning Outcomes:

In this module you will learn:

The importance of the benefit for employees

How to calculate the potential PAYE saving after the bursary is applied

A Practical Example

- Mr. Thompson works for ZA Supplies
- His daughter is in **Primary** School
- His sister, is in **University**
- He earns **R 40 000** per month
- His **remuneration proxy** was R 400 000



Mr. Thompson will spend the following on **education** during the current tax year:

For **his daughter**:

- R 20 000 for school fees
- R 2 000 for equipment

Total = R 22 000

For **his sister**:

- R 45 000 for tuition fees
- R 15 000 for accommodation

Total = R 60 000

The Tax Calculation

MR THOMPSON	WITHOUT	WITH
Tax Calculation	Education benefit	Education benefit
Salary Per Month:	R 40 000	R 40 000
Salary Per Annum:	R 480 000	R 480 000
Education Benefit	R -	R 80 000
Taxable Income:	R 480 000	R 400 000
Find tax bracket:	R -	R -
Minus Lower Bracket:	R 423 300	R 305 850
Taxable Income:	R 56 700	R 94 150
Find tax percentage:	36%	31%
Taxable income multiplied by tax %:	R 20 412	R 29 186.50
Plus fixed amount:	R 100 263	R 63 853
Tax payable for year	R 120 675	R 93 039.50
Minus primary rebate	R 14 220	R 14 220
Annual tax payable	R 106 455	R 78 819.50

R 27 635.50 Saving in PAYE

Benefit for Employees

- Increases Take Home Pay
- Easy access to benefit
- Effortless process
- Compliance with SARS
- Rewards entire family

Module 5 Why EdNVest?

Module 5:

Module V: Why EdNVest?

Topics:

The following sections are dealt with here:

Benefits of Partnering with EdNVest

Digitally Transforming the Benefit Process

EdNVest Service Offering

Learning Outcomes:

In this module you will learn:

Why you should partner with EdNVest, its Online Platform and Service Offering

Why EdNVest?

The EdNVest solution:

- Ensures **compliance** with SARS
- Provides **payroll** assistance
- Supplies relevant **supporting** documentation
- Costs the company **nothing**
- Provides access to the EdNVest online **platform**
- Specialists in this **niche** offering

Digital Process Management

- Calculates the **tax exemption** and estimated **PAYE saving** for each bursary
- Provides **monthly reports**
- **Eliminates** the **administrative burden** for employers and employees
- **One Time Pin** Activations
- **Expense Tracking** and Allocation

EdNVest Service Offering

- EdNVest will **load** the company onto our **platform**
- **Training material** for **qualifying employees** will be provided
- Qualifying employees will receive an **email notification** with their login details
- The employee will be able to activate their online profile and will be able to
 - ❖ **Verify** their personal details online
 - ❖ Add their **relatives** on the platform
 - ❖ Apply for their **relative's benefit**
 - ❖ **Digitally sign** and **activate** compliant benefits
- The company & agent will receive **monthly detailed reports** of the active bursaries and how they should **be implemented** on the payroll system.

Module 6 The EdNVest Platform

Module 6:

Module VI: Introduction

Topics:

The following sections are dealt with here:

The EdNVest Platform

Learning Outcomes:

In this module you will learn:

About the scalability, and ease of use of the EdNVest Platform

The EdNVest Platform

Sophisticated system that:

- Can handle **high volumes**
- Has **rapid scale** capabilities
- Takes into account most **potential anomalies**
- Requires **minimum** engagement
- Has a **high accuracy** environment
- Designed for **ease of use**
- Allows employees **access** to **create** new bursaries
- Has integrated **expense tracker** for employees to upload proof of expenses for each bursary

The EdNVest Platform

The screenshot displays the EdNVest platform interface. On the left is a dark sidebar with the EdNVest logo at the top. Below the logo is a circular profile icon containing the letters 'CA' and the text 'Company Admin'. The sidebar menu includes the following items: 'Employees' (highlighted in red), 'Benefits', 'Toolkit', and 'Employee Menu' with a right-pointing arrow.

The main content area is a light gray dashboard. At the top left of this area is a search bar with the placeholder text 'Search' and a magnifying glass icon. To the right of the search bar are two red buttons: 'IMPORT' and 'CREATE AN EMPLOYEE'. Below these elements is a table with a red header row. The table columns are: Title, First Name, Last Name, Gender, Employee Code, Company Name, Annual Basic Salary, Edit, and View. Below the table, there is a pagination control showing 'Items per page: 10' with a dropdown arrow, '0 of 0', and navigation arrows.

Module 7 Why become an EdNVest Agent?

Module 7:

Module VII: Why become an EdNVest Agent

Topics:

The following sections are dealt with here:

Benefits of becoming and EdNVest Agent

EdNVest Role

Agent Role

Learning Outcomes:

In this module you will learn:

Why partnering with EdNVest can increase your customer value and your service offering

Benefits for EdNVest Agents

- **Grow** your **existing revenue** stream
- EdNVest will provide the **necessary marketing** and **training material** for you to market the product to your existing customer base
- The EdNVest **platform** takes care of all the administration
- Increase your **value proposition** to your customers
- Maximise your own moola by earning **20%** of all fees earned by EdNVest through the customers and employees you have on-boarded
- EdNVest provides **full support** to all agents

Agent Role

- Introduce the EdNVest Product to your **existing customer base**
- **Sign** Customer Up
- **On-board** the customer onto the EdNVest Platform
- Obtain a list **of qualifying employees**
- **On-board** the qualifying employees onto the Platform
- Provide **Training** and Material to Employees
- Along with EdNVest, provide **first tier support** to Customer and Employee
- Actively **promote** the EdNVest Product & Services on an on-going basis

EdNVest Role

Provide Agent with

- **Training** Module
- Relevant **legislative** and compliance information
- Access to **on-line platform** with own Admin profile
- **Marketing** material
- Service & Software Use **Agreement**
- **Training** Material for **Customer's Payroll Team** and Employees
- First tier **support** to all Customers and Employees
- Provide Agent with a **monthly sales report** on Agent's sales and active benefits

Module 8 How to Register as an EdNVest Agent?

Module 8:

Module VIII: How to Register as an EdNVest Agent

Topics:

Register as EdNVest Agent

Agent Starter Pack

Activate On-Line Profile

Learning Outcomes:

In this module you will learn:

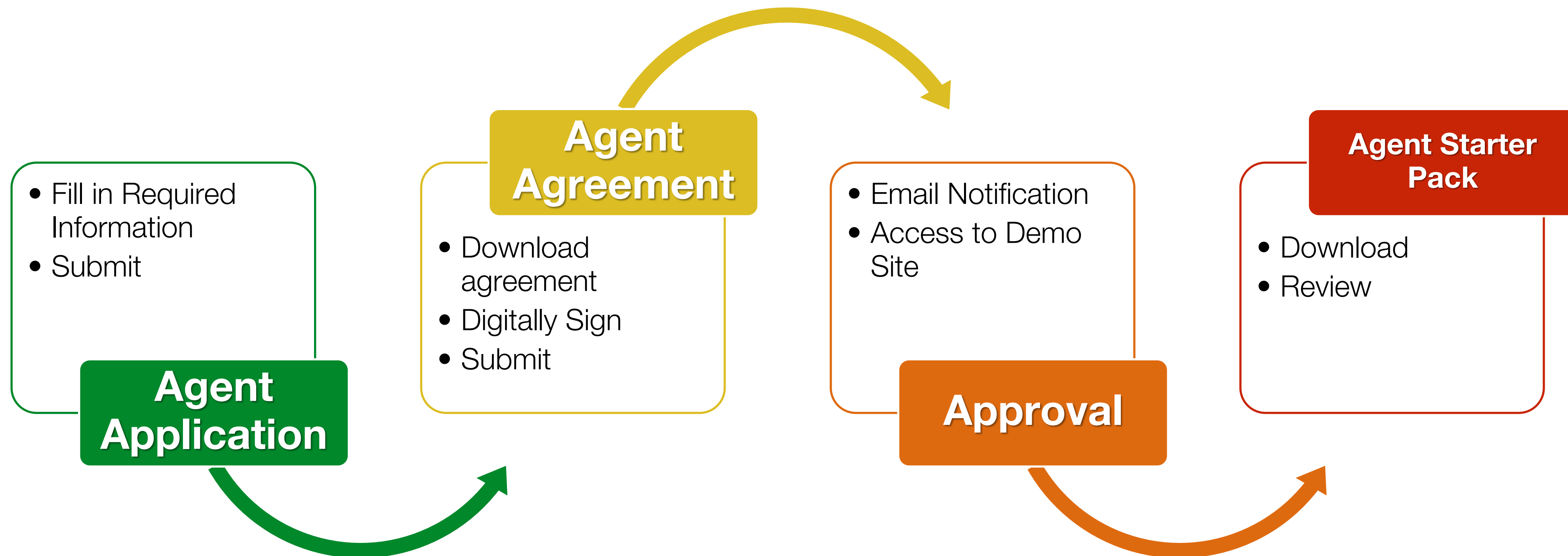
How to effortlessly register as an EdNVest Agent

Where to download the Agent Starter Pack

How to activate your On-Line Profile



Register as EdNVest Agent



Activate On-Line Profile

**Agent On Line Profile created
within 24hrs from receipt of the
“Agent On-Board Schedule”**

- Contains details about your company and your chosen Multi Company Admin

**Activate your Agent On Line
Profile:**

- You will receive an email and SMS from EdNVest with instructions on how to activate your online profile
- Click on the link contained in the email and use “password” as your temporary password to log into the platform
- Read and accept the Privacy Policy
- Insert the OTP which has been sent to your mobile
- Create a new unique password to activate your profile

Agent Starter Pack

Once you have activated your online profile, EdNVest will send you the following documentation

- Employer One Pager Introduction
- Employee One Pager Introduction
- EdNVest Presentation for new Customers
- Brochure
- Testimonials
- FAQs

Guidelines for the distribution of the documents are included

Module 9 Signing a New Customer

Module 9:

Module IX: Signing a New Customer

Topics:

Signing a new Customer

On-Board Customer

EdNVest Support

Learning Outcomes:

In this module you will learn:

The simple process of signing and on-boarding a new customer

Where to find help



Signing a new Customer

EdNVest Services & Software Use Agreement

Company On-Boarding

Employee On-Boarding

Introduction and Training to Employees

Payroll Submission

Month End

On-Boarding new Customer

**Create Company
Admin**

Create Company

**Import Qualifying
Employees**

FAQs

Top FAQs

What if I cannot find the school / institution on the EdNVest Platform where the Employee's Relative studies?

EdNVest Support team –will assist to find out if the school / institution is correctly registered as per the SARS regulations. If the School / Institution is not correctly registered as per the SARS Requirements, then the Benefit will not be compliant.

Can the Employee include expenses for Sport Equipment, Tours and Excursions?

No. The expenses which can be claimed for, has to enable / assist the relative to study

FAQs

How should the Employee calculate the benefit amount for his/her Relative?

The Employee must calculate what the actual cost is going to be for the Relative's studies for the Tax Year. As an example :

The Employee should must add all the costs for the Relative's Education Expenses for the period 1 March 2019 up to 28 February 2020

What if the Employee's actual expenses for the Relative's education for Basic Education exceeds the maximum amount of R20 000 for the year?

If the Employee's total expenses for the relative's costs for Basic Education is going to be R45 000, the Employee can still only apply for a benefit up to the maximum allowable amount of R20 000.

EdNVest Support

We are here to help!

Support@ednvest.co.za



Call us at 012 364 2409

Contact

It has never been easier to **grow** your
existing Revenue Stream!

Contact us today to become an EdNVest Agent

Email: agents@ednvest.co.za

Telephone: 012 – 364 2409

Visit our website at www.ednvest.co.za



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participation**

Q&A

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