

**CREW / CPA WORKING CONDITIONS ADDENDUM STANDARDISED RATES – NOVEMBER 2017**

1. **PER DIEMS / SUBSISTENCE ALLOWANCE:** R200.00 per day or part thereof

The below includes dinners, lunches and daily refreshments.

**Local Subsistence allowance**

- 1.1 If only local incidental costs then **R200.00** per day, if meals and incidental costs then **R275.00** per day. This is an allowance paid to compensate crew for personal and incidental costs when they are residing away from their normal place of residence for work/away shoots.
  - 1.1.1 Being away from your normal place of residence means being more than 150 km away from your home
  - 1.1.2 No PAYE is deducted and this amount must be disclosed on the IRP5
  - 1.1.3 If the payment for incidental costs exceeds R122 or of the payment for meals and incidental costs exceeds R397 then the per diem must be included on the IRP5 under code 3704. This will mean the recipient would pay tax on that per diem when they submit their tax return but they can keep slips of costs incurred and claim those back against the taxable allowance,
  - 1.1.4 For any payment under R122 for incidental costs or R397 for meals and incidental costs, these are placed on the IRP5 under code 3705 and are a non-taxable allowance.

**Foreign Subsistence Allowance**

- 1.2 If the employee or contractor spends time outside of the common monetary area of South Africa, the foreign subsistence allowance costs can be based on the attached annexure per country rate (Annexure B) plus all accommodation costs.
  - 1.2.1 If the amount is less than the amounts noted in clause 1.2, no PAYE is deducted and this amount must be disclosed on the IRP5 under code 3716. This means it is not taxable when the person submits their return.
  - 1.2.2 If the amount is more than the amounts noted in clause 1.2, no PAYE is deducted and this amount must be disclosed on the IRP5 under code 3715. This means it will be considered taxable income when the person submits their return and they would need to keep track of their expenditure to claim against the taxable allowance.

## 2. REIMBURSEMENT OF ACTUAL TRAVEL

- 2.1 A person can receive a reimbursement for travel costs, if the amount is reimbursed at less than R3 .30 (which includes fuel costs) and they travel for less than 8 000 kilometers, no PAYE is deducted and the amount is coded as 3703. That person cannot receive any other travel allowance (coded 3701 or 3702).
- 2.2 If the person is reimbursed at a rate higher than R3.55 per kilometers or they travel for more than 12 000 kilometers or they receive any other form of travel allowance then no PAYE is deducted and the amount appears on the IRP5 under code 3702.

### 3. **SEDAN CAR HIRE / COMPUTER HIRE:** Rate as per CPA recommended crew expenses unless pre negotiated

- 3.1 The hire of private assets (computers, lap tops etc.) do not require PAYE to be deducted but must be included on the IRP5 under code 3714 (other non-taxable allowance).
- 3.2 The hire of private vehicles (sedans, not specialized trucks or vans) is a little unclear. SARS require that the hiring of a vehicle from an employee requires the payment to be a deemed travel allowance. The grey area is whether the crew would be considered an employee as the Act seems to refer to labour law employees and not independent contractors. We therefore recommend to rather be cautious and treat the hiring of private vehicles as a travel allowance which means 80% of the payment would be subject to PAYE. The full amount would appear on the IRP5 under code 3701 (travel allowance).

Please note that this is a different category to Equipment Hire. A panel van or bakkie is regarded as Equipment – see Equipment Hire below.

### 4. **EQUIPMENT HIRE:** Rate as per CPA recommended crew expenses unless pre negotiated

- 4.1 If crew members hire productive assets, such hire must be done by way of a hire contract and no PAYE need be deducted. The crew member must disclose all income received by way of the hire contract when they submit their tax return, where they can deduct any expenses including wear and tear incurred in securing the hire income.

Caution needs to be exercised were crew inflate their equipment hire and reduce their day rates by the same amount, if this is detected then PAYE should be deducted on the full amount.

- 4.2 It is not required to be reflected on the IRP5 as it is not considered remuneration. If you would like to include it though it could be included under one of the following:

3602 - Non taxable income

3714 - Non taxable allowance

If employees tax is deducted, for whatever reason, the equipment income should be coded under the same code as their day rate (3616 usually)

## **5. TELEPHONE / CELL PHONE ALLOWANCE**

**R 85.00** per day for Art Directors

**R 85.00** per day for Scouts

**R 85.00** per day for Chaperones

**R 65.00** per day other any qualifying crew (who have been approved by production)

This allowance is taxable and PAYE should be deducted and the amount declared on the IRP5 under code 3616. This would be the case even for recharge vouchers.

Reimbursement for cell phone or telephone calls using itemised billing does not require PAYE to be deducted, but the gross amount must be declared on the IRP5 under code 3714.

## **6. BANK CHARGES**

Bank charges are not standard and must be pre-negotiated with the Production Company.

## **7. PAYE DEDUCTIONS**

7.1 It is recommended that PAYE be deducted according to income tax tables or valid tax directives in respect of all labour charges.

7.2 As per the SARS ruling, the Production Company is deemed to be the employer. Therefore, it is at the discretion of the Production Company to deduct PAYE from the Crew Agent's invoice and make direct payment to SARS, or take the risk that the Crew Agent will deduct and pay the correct PAYE amount to SARS on behalf of the Production Company.

7.3 28% PAYE is to be deducted from any Personal Service Company, which includes Close Corporations. The employee will be deemed to be a Personal Service Company if any of the following scenarios apply:

- the person rendering the service would be regarded as an employee of the client had such service been performed directly to the client; and
- the person rendering the service is subject to the control and supervision of the client as to the manner in which the duties are performed or as to the hours of work; or
- the amounts paid or payable for the person's services consist of or include earnings of any description which are payable on regular daily, weekly; monthly or other intervals; or
- where more than 80% of the income of the company is derived during the year of assessment from one client.

The above does not apply where the Personal Service Company has more than three full time employees who are not related to the members or shareholders