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PAYROLL | HR | OUTSOURCING

“Let us take care of your people,
while you take care of your business.”



Authorised Reseller of

SmartFunder

Many employers relate to the struggle of keeping their employees happy. Let's face it – in the end, money talks louder than the occasional free lunch!

Unfortunately, massive employee bonuses and increases are often reserved for the real big players in the industry. We get that. We're thrilled to share with you a simple (yet life-changing) way of helping your employees save tax and earn more in their pockets. *We're talking bursaries and scholarships.*

'Bursaries' and 'scholarships' don't exactly scream savings, so let's explain. Certain bursaries and scholarships, called *bona fide* bursaries/scholarships, are exempt from tax. In simple terms, it means giving an employee financial assistance to make it possible for them (or for one of their relatives) to study at a recognised educational institution.

As expected, certain conditions should apply for this bursary or scholarship to qualify for the exemption. Most importantly, the employee should be required to reimburse the employer for the bursary or scholarship, if they don't complete their studies.

“The employee should be liable to pay back the bursary if they fail to complete their studies.”

Background on Study Assistance Tax Exemption

When the bursary is for one of your employee's children, additional conditions should be met:

EMPLOYEE EARNS
< R600K A YEAR

TERTIARY
EDUCATION:
R60K CAP PER
YEAR

SCHOLARSHIPS:
R20K CAP PER
YEAR

Note that the cap on the bursaries applies **per relative, per year** which is great news.

In practice, this means structuring your employee's salary smarter. Their gross salary would include a basic salary and a non-taxable bursary or scholarship. The portion for the bursary is reflected under the IRP5 fringe benefit code **3815**. The specific bursary amount may include tuition fees, books and accommodation. It will be up to you to decide how the amounts will be included in your employee's salary. Will you include the amount on their payslip once-off, or will you spread it over a few months?

Let's look at an example. Peter works at a company called Best Employer Ever. His gross annual salary is R520,000. Peter has a son in his first year of studies at UJ. Best Employer Ever decides to grant Peter a scholarship of R60,000 per year to help pay for his son's education.

	Not structured	Structured
Basic salary - taxable	520 000.00	460 000.00
Bursary - Exempt		60 000.00
Gross salary	520 000.00	520 000.00
Total employee tax	121 008.00	99 408.00
Total savings		21 600.00

QPS SmartFunder Partnership



After we came across their very interesting and innovative employee benefit which we thought was too good to be true initially. The SmartFunder product allows employees to move the school-fees (School and University) from a post-tax to a pre-tax expense through a payroll deduction administered by SmartFunder & QPS. As a result, your employees get to pay for the education of their relatives and get their tax back. The explainer video can be viewed by opening the attached [video](#).

They have prominent companies as clients including Investec, Sasol, Sanlam, Discovery, MMI, Capitec, Cell C, Impala Platinum, Dimension Data, Cape Union Mart, to mention a few and they roll this out in such a fashion that they are a completely outsourced service taking care of all of the admin behalf of the company - and best yet, it does not cost you the employer/company anything!

QPS Executive Management met with the owners of the company and promised them that we would spread the word and as such, QuickPay Solutions (QPS) have now officially partnered with SmartFunder (PTY) Ltd.; as we are known for putting employees first.

Please send an email to: smartfunder@qpssa.africa for more information on how our Partnership can add to your Employee Value Proposition (EVP) to assist employees to increase their take-home pay. We have copied Francois Liebenberg from SmartFunder into this email - we believe that a 30-minute meeting between you (or with the applicable representative in your company) would be very advantageous.



TAX-EXEMPT **STUDY ASSISTANCE** FOR EMPLOYEES

National Treasury and SARS recently made changes to the tax act to address the skills shortage and high unemployment rate in South Africa, by reducing educational expenses through an innovative form of tax relief aimed at employees.

SmartFunder is a product that enables employers to utilise this section of the tax act, enabling them to move their employees' educational spend (school and tertiary) from a post-tax expense to a pre-tax expense. This is done by offering a benefit to employees through the SmartFunder platform, without the employer incurring any cost. Employees and their relatives can benefit from this amazing incentive.

SmartFunder is on a mission to make better education a reality for all South Africans, assisting thousands of Corporates, SME's and Small Businesses to offer their employees a better Employee Value Proposition (EVP) without Employers incurring any additional costs or admin burdens.



SmartFunder

The smarter way to pay school fees

What is the SmartFunder Benefit

If you currently pay school or study fees for your children or relatives, we can help you save every month by moving your qualifying educational expenses from a **post-tax to a pre-tax expense**.

Please watch this 90 second video for more information: <https://www.smartfunder.co.za/about>

Savings Example

Thabo has three kids, two in high school (R20 000 bursary each) and one enrolled at university (R60 000 bursary). Thabo earns R550 000 per annum. Assume he has no other tax deductible expenses. Thabo can save up to R36 000 per annum (R3 000 per month).

Thabo	Without SmartFunder	With SmartFunder
Total Gross Salary	R550 000	R550 000
Bursary and scholarship benefit	R0	R100 000 (2xR20 000 + 1xR60 000)
Taxable income	R550 000	R450 000
Effective tax rate	24.0%	21.3%
Tax	R131 808	R95 808
Potential saving		R36 000

Qualifying criteria

- Was your total remuneration less than R600 000 from March 2019 to February 2020?
 - Are you paying school or study fees for any of your relatives at **ANY** registered Educational Institution?
- If you answer YES to these questions, you can save!

Qualifying Amounts

- Up to **R20 000 per relative per year** for grade R - 12 or an NQF level 1 - 4 qualification.
- Up to **R60 000 per relative per year** for a tertiary NQF level 5 - 10 qualification.

If your educational expenses are more than the above-mentioned monetary thresholds, you can still process the full amount via the SmartFunder platform, which will be paid directly to the educational institution, receiving the tax benefit on only the qualifying amounts.

Tax Savings Matrix

The following tax savings matrix illustrates the potential annual tax saving according to your taxable income on the y-axis and your number of relatives on the x-axis utilising the maximum bursary amounts. Please note that these are indicative values and may vary per individual case.

Potential Annual Tax Savings Matrix									
Taxable income	1 Relative		2 Relatives			3 Relatives			
	1 School	1 University	2 School	1 University	2 University	3 School	1 University	2 University	3 University
100 000	3 186	3 366	2 952	2 952	2 952	2 538	2 538	2 538	2 538
150 000	2 910	10 110	5 820	11 400	11 400	8 730	10 710	10 710	10 710
200 000	2 966	10 166	5 600	12 800	20 000	8 234	15 434	19 214	19 214
250 000	3 958	13 890	7 916	16 248	23 448	11 406	18 606	25 806	31 386
300 000	3 820	14 220	7 640	18 040	27 172	11 460	21 860	29 392	36 592
350 000	4 682	16 290	9 364	19 972	30 372	13 254	23 654	34 054	42 386
400 000	4 544	16 944	9 088	21 488	32 596	13 632	25 740	36 140	46 540
450 000	5 406	18 142	10 148	22 548	34 948	14 554	26 954	39 354	49 961
500 000	5 268	19 668	10 536	24 772	37 172	15 804	29 040	41 440	53 840
550 000	5 130	19 530	10 260	24 660	39 060	15 390	29 790	43 526	55 926
600 000	5 730	20 862	11 460	25 992	40 392	16 722	31 122	45 522	59 758

Get in touch with smartfunder@qpssa.africa or +27 87 012 5228 for more information on how we can add to your Employee Value Proposition (EVP) to assist employees to increase their take-home pay.

The smarter way to pay school fees!



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