

THE PLUMBING GATHERING

EMPLOYEE TAX INCENTIVE

The ETI is an incentive aimed at encouraging employers to hire young work seekers between the ages of 18 and 29. ETI reduces the employer's cost of hiring young people through a cost-sharing mechanism with government, by allowing you to reduce the amount of Pay-As-You-Earn (PAYE). Young work seekers are paid while leaving the wage received by the employee unaffected. As a South African employer, you now have a great opportunity to boost the employment of young work seekers.

Basically - claiming ETI allows you, as an employer, to get a tax cut of around R1,500 on your PAYE for anyone you employ between the ages of 18 and 29.

EMPLOYER CHECKLIST

You can claim ETI if your business:

- Is registered for Employees' Tax (PAYE), or are eligible to register for PAYE
- Is not a government, public or municipal entity

EMPLOYEE CHECKLIST

You can claim ETI if your employee / your apprentice:

- Has a South African ID
- Is 18 to 29 years old
- Is not a "connected person" to the employer (i.e. not your family member)
- Is paid between R2,000 and R6,000

Let's look at some examples:

- If you pay an apprentice R3,500 per month, you can get R1,500 off your PAYE for the first year - meaning you are essentially only having to pay R2,000
- If you pay an apprentice R4,500, you can get R1,500 off your PAYE for the first year - meaning you are essentially only having to pay R3,000
- If you pay an apprentice R5,000, you can get $1500 - (0.5 \times 5000 - 4500) = 1500 - 250 =$ R1,250 off your PAYE for the first year - meaning you are essentially paying only R3,750



YOU CAN CLAIM ETI FOR 24 MONTHS FOR ANY YOUNG PERSON YOU EMPLOY THAT MEETS THE CRITERIA

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