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Delivered by email to the Portfolio Committee on Employment and Labour:

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# TO WHOM IT MAY CONCERN

Set out below are the comments from the Payroll Authors Group of South Africa (PAGSA) on the Employment Equity Amendment Bill (EE Bill).

## Introduction

As a short introduction to the PAGSA, the *Payroll Authors Group of South Africa* is a tax-exempt organisation that represents the computerised payroll industry in South Africa.

In its role as payroll industry representative, the PAGSA’s mandate is to focus on employment-related legislation, and to engage with the statutory bodies whose legislation and operational requirements impact on employers and payroll systems.

A more detailed explanation of who the PAGSA is, and what we do, is included in the Appendix to this document.

It is important to note that the PAGSA focuses on the implementation of legislation requirements into computerised payroll systems, and our comments are restricted to these areas. We do not comment on, nor do we attempt to influence policy matters unless we can see that our advice can assist policy makers to achieve their policy objective more efficiently.

## Comments on the EE Bill

1. The PAGSA fully supports the proposed change to exclude all employers with less than 50 employees by removing the turnover thresholds from the definition of a “designated employer”.

This is a very practical change that will significantly reduce the administration burden for smaller employers, balanced by allowing compliant smaller employers that are not designated to participate in government tenders.

1. The introduction of sectoral numerical targets:

* As a general comment, at the time of writing these comments we are uncertain of the manner in which the sectoral numerical targets must be applied when setting up the equity plan and reports (the Employment Equity Directorate is responding to our queries and has been of great help to us).
* At this stage, our impression is that the addition of sectoral numerical targets into the mix of demographic and regional demographic and numerical targets is complex. It will add to the employer’s administration burden and could possibly result in reduced compliance levels due to misunderstandings and honest mistakes.
* Added to the complexity is that a corporate employer might have branches in different sectors.
* Having pointed out the potential administration issues, we trust that the Employment Equity Directorate will create a comprehensive Guide to assist employers with the new requirements.
* If a Guide is not planned, we would like to request that this be considered as a matter of importance.

We trust that our comments will be of value to you.

Regards,

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Rob Cooper

*Chairman Payroll Authors Group of South Africa*

(signed electronically)

# APPENDIX

## Who is the PAGSA?

The ***Payroll Authors Group of South Africa*** is a tax-exempt organisation that represents the computerised payroll industry in South Africa and was established in 1989 with the active support of SARS who coined the term “*Payroll Author*” for companies that develop, implement, and support computerised payroll systems.

In its role as the payroll industry representative, the PAGSA engages with the statutory bodies whose legislation and operational requirements impact on employers and payroll systems in order to make our payroll systems compliant with the law.

PAGSA member companies provide payroll services and support to virtually all companies in South Africa that are computerised. The payroll systems of our members calculate and administer the payment of all employment taxes for many thousands of employers and in turn for millions of employees, as well as preparing the returns that employers must submit to the various statutory bodies.

## What Does the PAGSA Do?

### Feedback to Statutory Bodies

An important aspect of the PAGSA’s activities is to provide informed and balanced feedback to statutory bodies to help shape future requirements, and to make the statutory authorities aware of the unique problems that employers and payroll systems face.

These discussions have identified and resolved many problems at an early stage and have made it possible for payroll systems and employers to comply with what might otherwise have been impractical requirements placed on them by the legislation.

Over the years, the PAGSA has made a significant contribution to the introduction of SITE, the RDP levy, the design and implementation of the computerised tax certificate system, the solution for Employment Equity reporting requirements, the implementation of the Skills Development levy, the new UIF legislation and its associated monthly Declaration requirements, and the design of ‘e@syFile for Employers’, to name but a few of the bigger projects.

### Communicates with Payroll Suppliers and Employers

An equally important aspect of the PAGSA’s activities is to update our members on a regular basis on the changes to the legal and administrative requirements that impact on payroll systems. It communicates these requirements clearly and effectively by way of Newsflashes and seminars to its members, and the members in turn relay this information to their clients (employers).

Today the PAGSA is acknowledged as an essential partner by all the statutory bodies to whom employers must make returns and pay the various taxes, levies and contributions required by law.

Our input helps to solve current problems as well as to shape future legislation and operational requirements.

More information can be found on our web site at [www.pagsa.org.za](http://www.pagsa.org.za).