

05 February 2021

**INDUSTRY CIRCULAR**  
**PAYMENT OF THE HOLIDAY PAY BONUS**

1. Subsequent to the circular that was issued on 24 December 2020 regarding payment for holiday bonus in full for those employees who were working during the lockdown period and 40% for those who were not working during the lockdown period. This applies only in respect of employees for whom contributions were not received by NBCRFLI for a specific period during the lockdown.

In this regard, two scenarios were proposed:

Scenario 1 - Employers were requested to pay the portion of the bonus to be topped up to employees and then submit a claim for a refund from the NBCRFLI, where they were in a position to do so.

Scenario 2 - Where employers were not in a position to pay the portion of the bonus to be topped up to employees, NBCRFLI undertook to pay the affected employees directly once necessary documents received by NBCRFLI.

2. The employers who were able to pay the top-up amounts and claim a refund from NBCRFLI were advised to withhold PAYE on the payments made to their respective employees whilst NBCRFLI was still engaging SARS.
3. Therefore, the purpose of this follow up circular is to provide an update to the industry on the engagements with SARS in relation to various taxation issues relating to the top-up payments.
4. In this regard, SARS has since advised NBCRFLI to submit a request for an opinion on the tax implications relating to top-up payments. The request was

submitted to SARS on the 26 January 2021 and we are awaiting feedback which could take around 20 days.

5. In the meantime, top up payments to be made directly to employees by NBCRFLI will be subject to withholding of PAYE liability at 20% and 80% of the amount that is due will be paid to eligible employees pending the opinion that will come through from SARS. The withheld amount will be released to employees once SARS has responded favourably on the requested opinion.

We trust you find the above in order and should you require clarity, please contact your local agent.

Yours Faithfully

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Musa Ndlovu

National Secretary

**(This document has been sent electronically and is therefore not signed)**