

Tax on the Weekly Payroll in the first few weeks of a new year

Every Tax Year starts on 1 March, and the [first weekly wages payroll spans both tax years](#). All payrolls have to annualize their tax calculations on a year-to-date basis, and this all work basically the same way. This initial part of this year has had a bigger than usual effect on the tax calculations.

Where the [pay hours are entered in total once a week](#), and the payroll for example closes on Wed 2 March to pay the Friday, and the full week from 25 February last tax year to 2 March the new tax year is [entered](#) as 40 or 45 [hours in one total](#), the tax is calculated on the earnings as if it was earned in 1 – 2 March. When this is annualized in the [standard SARS approved calculation](#) it looks like they have earned the week's money in two days, which have the effect to 2.5x the earnings in the calculation.

All [Payroll Admins](#) have to do is [switch off the tax calc for each weekly employee, \(bottom right of screen\) for the first few weeks](#) for those earning above the R75000 per annum (+-R1450pw) threshold. For those earning above the minimum income tax threshold, please use the average tax amount the person has been paying in the past (for the first 4-5 weeks only).

Where there is an issue with the payroll from the last week, set the one [deduction field as an Advance](#) (Reports / Label) and [enter the previous net amount](#) in there, then [switch off the tax calculation, zero the tax amount and click the update tick](#). Follow this by paying the new nett amount, which will equal the previous PAYE amount. Alternatively, use the [average amount deducted for tax](#) and pay this same amount as an [advance](#) out to all employees below the threshold, then deduct this amount in the payroll of week 4 or 5, when the tax calc is switched back on again.

Regards,

Willie

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