B.14 SUBSISTENCE ALLOWANCE POLICY AND PROCEDURE

1. INTRODUCTION AND PURPOSE

1.1 The Income Tax Act, directives and guidelines from the Minister of Finance prescribe the conditions and rates that can be used for the payment of a subsistence allowance to employees.

1.2 The purpose of this policy is to define the University framework regarding the payment of a subsistence allowance to employees to compensate them for expenses incurred in the performance of their work, while away from their usual place of residence, either locally or abroad.

2. POLICY STATEMENT

2.1 The University will always pay a subsistence amount to compensate employees for incidental expenses incurred by the employee on University business while away from their usual place of residence.

2.2 A subsistence allowance is intended for abnormal circumstances and therefore, an allowance of this nature cannot form part of the remuneration package of an employee.

2.3 The Income Tax Act defines such an allowance as any allowance given to an employee or holder of any office for expenses incurred or to be incurred in respect of personal subsistence and incidental costs.

2.4 The University will always pay a subsistence amount equal to the amounts set by SARS as published in a Government Gazette from time to time or the amount that has been agreed to through collective bargaining.
3. **SCOPE OF APPLICATION**

3.1 This policy applies to all employees who, on instructions from a duly authorized official, performs duty outside his/her normal place of work.

3.2 This policy will enable them to be adequately accommodated and to obtain meals and to pay for other incidental costs, while away from home on University business.

3.3 Where an employee needs to expend more than the allowance he is entitled to, he/she must obtain the approval of his/her authorized supervisor/manager to do so, before he/she incurs this expenditure.

4. **ACCOUNTABILITY**

4.1 The Finance Department in conjunction with Line Management is responsible for administering and paying subsistence allowances according to this policy.

4.2 The Finance Department which pays subsistence allowances is responsible for the correct taxation and recording of such allowances.

5. **FORMS**

A claim for subsistence allowance, transport and incidental expenses must be filled in and approved by direct head (Minimum Director level) for submission to Finance for processing.
6. PROCEDURES AND GUIDELINES

6.1 General Notes

6.1.1 The University prefers that staff accommodation, transport hire and food for training courses, workshops or other group activities be arranged through central purchasing department who will ensure the best possible rates.

6.1.2 An employee who attends any workshop, training course or other individual or group related activity for which the University made the booking inclusive of three meals & accommodation, is not entitled to any subsistence allowance.

6.1.3 Applications for subsistence allowance require prior approval; the University reserves the right to turn down request which did not get prior approval.

6.1.4 Subsistence payments are only payable via payroll, no cheque payments will be made for such allowances.

6.2 Amounts Payable

6.2.1 A Subsistence Allowance as negotiated from time to time (currently R150 per day) is payable, or the SARS provided amount, on the following conditions, considered together:

(a) Duties of at least 8 hours (including travelling time) required from an employee outside a radius of 50km.

(b) Duties required from an employee which will be at least 8 hours (including travelling time) and it will require a sleepover.

(c) No pro-rata payments will be applicable.
This payment is for inconvenience and reasonable incidental cost.

The allowance is fully taxable if no sleepover occurred and the amount exceeds the SARS rate (Currently R80 per day for incidental expenses or R260 all inclusive if sleepover is applicable).

6.2.2 A sleep-over allowance as negotiated from time to time is payable on the following conditions considered together:

(a) Duties required from an employee which will be at least 8 hours and it will require a sleepover.

(b) The employee did not make arrangements via central purchasing or stayed in private accommodation.

(c) Such payment will be tax free provided the amount is below the SARS rate.

6.2.3 Refund for sleepover in Hotel or Guesthouse when an employee was forced through circumstances to pay for accommodation not arranged through central purchasing.

(a) A maximum amount published by the University annually, will be payable.

(b) Proof of such payment is required.

(c) The refund is not taxable.

6.2.4 Outside the Republic of South Africa:
(a) Where the accommodation to which the allowance relates is in outside the Republic, an amount equal to the SARS allowance applicable for the destination country.

(b) This amount is deemed is deemed to be expended for each day or part of a day in the period during which the employee is away from his/her usual place of residence. This applies only to ordinary residents of the Republic and should not exceed six weeks.

(c) Where above-mentioned amounts and/or periods are exceeded, employees’ tax must not be deducted but the TOTAL allowance paid must be declared in FULL on the IRP 5 certificate under Code 3704. The implication is that these amounts are then taxed on assessment.

(d) Amounts and periods not exceeding the prescribed are not taxable but the amount must be declared in FULL on the IRP 5 certificate under Code 3705.

6.3 Submission of Claim for Subsistence

6.3.1 Subsistence allowances must be lodged at Finance on a Subsistence and Transport Claim, form.
6.3.2 Subsistence allowance must be authorised by the relevant manager. In the case of subsistence reimbursements, vouchers of expenditure incurred must be attached to the claim form.

6.3.3 Claims must be submitted on or before the fourth day following the month in which the expenses were incurred.

7. **EFFECT OF NON-COMPLIANCE**

Any non-compliance with this policy must be dealt with in terms of the normal institutional governance and management processes, including possible disciplinary action where appropriate.