

# **Fringe benefits – EMPLOYER CONTRIBUTIONS TO INSURANCE POLICIES SCHEMES**

Reference to the Act: Paragraph 2(K) and 12C of the 7th Schedule

Meaning In terms of the amendments to paragraph 2(k) of the Seventh Schedule to the Income Tax Act, Act 58 of 1962, as amended, any direct or indirect contribution by an employer to an insurer in respect of insurance benefits for the benefit of an employee, his spouse, children, dependent or nominee will constitute as a taxable fringe benefit in the employees' hands. The cash equivalent of this taxable benefit is calculated in accordance with the new paragraph 12C of the Seventh Schedule, and is the amount of the expenditure incurred by the employer in respect of any premium payable.

IRP5/IT3(a) detail: The taxable benefit must be indicated under the income code 3801 on the 2013 IRP5/IT3(a) certificates.