



GROSS UP

EMPLOYEE'S TAX AND BENEFIT WORKSHOP

GROSS UP

DEFINITION:

When you gross up an employee's wages, you increase the payment to account for taxes and other deductions. As a result, you can give the employee a specific net pay.

Gross up is an **additional amount of money** added to your salary to **cover the taxes** that are owed on a specific amount.

GROSS UP: SIMPLE EXAMPLE

	CASH ALLOWANCE:	NO GROSS UP:	TAX ADDED:	GROSS-UP:
Cash Earnings	R 1,000.00	R 1,000.00	R 1,000.00	R 1,000.00
Gross Up			R 180.00	R 220.00
Total Earnings	R 1,000.00	R 1,180.00	R 1,220.00	R 1,220.00
Tax @ 18%	R 180.00	R 212.00	R 220.00	R 220.00
Net Pay	R 820.00	R 968.00	R 1,000.00	R 1,000.00



Additional Cost to the Company to gross up.

GROSS UP - EXAMPLE

NORMAL PAYSリップ

Payslip Example:			
	<i>Divide by 12</i>		
EARNINGS	MONTHLY	ANNUAL	TAXABLE EARNINGS
Cash Salary	R8,333	R100,000	R100,000
Total Earnings	R8,333	R100,000	R100,000
Deductions			
PAYE	-R131	-R1,575	
UIF	-R83	-R1,000	
Estimated Net Pay	R8,199	R97,425	
Total Annual Taxable			R100,000

NORMAL PAYSリップ WITH BONUS

Payslip Example:			
	<i>Divide by 12</i>		
EARNINGS	MONTHLY	ANNUAL	TAXABLE EARNINGS
Cash Salary	R8,333	R100,000	R100,000
Bonus	R1,000	R1,000	R1,000
Total Earnings	R9,333	R101,000	R101,000
Deductions			
PAYE	-R311	-R1,395	
UIF	-R83	-R1,000	
Estimated Net Pay	R8,939	R98,605	
Total Annual Taxable			R101,000

PAYSリップ WITH GROSS-UP

Payslip Example:			
	<i>Divide by 12</i>		
EARNINGS	MONTHLY	ANNUAL	TAXABLE EARNINGS
Cash Salary	R8,333	R100,000	R100,000
Bonus	R1,000	R1,000	R1,000
Gross Up	R220	R220	R220
Total Earnings	R9,553	R101,220	R101,220
Deductions			
PAYE	-R351	-R1,795	
UIF	-R83	-R1,000	
Estimated Net Pay	R9,119	R98,425	
Total Annual Taxable			R101,000

Net Pay is up by R1,000