

# Caution: Sars wants its share of your Xmas gift from your employer

By [Yolandi Esterhuizen](#)

11 Dec 2019

It's that time of year when many South African companies give their employees festive season gifts to thank them for their service. Whether it's use of a company flat for the holidays or a shopping voucher - you will probably need to share it with the South African Revenue Service (Sars).



Image source: Getty/Gallo

## An asset as a gift

If your employer gives you something that could be seen as an asset, Sars will treat it as a taxable benefit. The taxable value is generally the market value of the asset but in certain cases it is the cost to the employer. If you receive a nice watch, your employer should tax you for its full value on the payroll. The taxable value of the watch will be the cost thereof to the employer.

If your employer gives you a gift voucher in lieu of cash, Sars will regard it as an asset. There are a few exceptions. For example, if the gift is a long-service or bravery award and the value is not more than R5,000, it will not be treated as a taxable benefit.

## Usage of company accommodation

If your employer lets you stay in a flat the company owns for the holidays, the taxable value will be the value for which the accommodation could be rented out to non-employees. For example, if the employer would be able to rent the flat out for R1,500 per day, then you must be taxed for a R1,500 benefit for each day you stay in the holiday flat.

The taxable benefit will be adjusted if you pay towards your stay in the flat. If it could be let out for R1,500 a day and you pay R500 a day, the taxable benefit will be R1,000 for each day you use the flat. If the employer rents rather than owns the flat it allows you to use, the taxable value will be the cost to the employer.

## Air tickets

Some employers provide their employees with flight tickets instead of bonuses. Sars treats this as a free or cheap service, and the taxable benefit for the employee is the cost to the employer.

## Benefits or gifts to employee's relatives

If your employer directly or indirectly provides a benefit to one of your relatives as a reward for your services, you are deemed to have received the benefit and must be taxed on it.

### ABOUT YOLANDI ESTERHUIZEN

Yolandi Esterhuizen oversees the interpretation and implementation of tax, labour and protection of personal information legislation into Sage's HR and payroll as well as accounting products across Africa and the Middle East. She brings to her role expert knowledge and consulting experience in tax and labour law, including PAYE, Employment Tax Incentive, Employment Equity, Skills Development and Labour Relations.

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