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FOR PSA MEMBERS: **GENERAL 24/2022**

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Update: GEPF implementation of revised tax rate despite some pensioners opting to remain with normal PAYE tax

Members will recall that the PSA drafted a letter to the Government Employees Pension Fund (GEPF) expressing disappointment with the manner in which the GEPF dealt with new tax directives from the South African Revenue Service (SARS) in deducting huge amounts of tax from pensioners, which places an additional burden on already cash-strapped pensioners.

The PSA is aware of the *Tax Act* and subsequent directives from the SARS that provide for a revised rate of tax to be deducted from monthly pension payments. It is important to note that this revised tax rate is only applicable on those pensioners who receive more than one source of income in addition to their GEPF pension.

Certain pensioners did opt out of the revised tax rate provided by SARS and chose to stay with normal PAYE deductions, which is also allowed by the directive. The PSA has proof that many of its pensioners did send their choice forms to the GEPF, but the GEPF still acted unilaterally and deducted the revised tax rate. The PSA addressed a letter to the Chief Executive Officers of GEPF and SARS to immediately rectify this problem and refund these pensioners without delay. The PSA received feedback from the GEPF in which it noted the concerns raised by the PSA and indicated that an engagement program has been implemented via the Government Pension Administration Agency. The assurance has been given that corrective measures are being put in place and the tax of those pensioners who have opted out of the revised tax rate will be rectified.

Pensioners requiring assistance must contact their nearest PSA Provincial Office or the PSA Pensioner Branch.

GENERAL MANAGER