HR Quarterly

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A quarterly journal published by PwC South Africa providing informed commentary on current developments in the Reward arena both locally and internationally.

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Leadership, the challenge of our times

The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint to keep from meddling with them while they do it.
Theodore Roosevelt

The world's business leaders are facing market conditions which are as challenging as many can recall; only one in five CEOs believes that the global economy will improve over the coming year and 70% are committed to cutting costs. The division between markets has become more pronounced, and CEOs find themselves navigating a multispeed global marketplace where matching talent supply and demand has become a constant headache.

As if these challenges weren't enough, CEOs must also work in an environment where trust in the world's businesses (and their leaders) has hit an all-time low.

There is a need to rebuild trust through engagement to, in turn, attract and retain the best talent. When set alongside the need to reduce costs still further, this creates a powerful dilemma for leaders. Actions to reduce or shift headcount often run counter to efforts to build enduring trust and create growth. It can be done, of course, but it requires extraordinary leadership.

We wish you, your staff and your leadership a very blessed and safe festive season. May 2014 be the year that is marked by great leadership in challenging times.

The PwC Reward Team

PwC Human Resource Services news

We are pleased to announce that Cheryl Rabashwa has been appointed as a Senior Manager in the Botswana office effective 1 November 2013.

Cheryl will be dedicated to servicing our Botswana clients and growing the REMchannel® on line salary survey in Botswana. She will be working closely with the South African team to establish a credible source of data for both local and South African clients.

We wish Cheryl great success in her new career with PwC and should you wish to discuss remuneration surveys in Botswana please contact her at cheryl.rabashwa@bw.pwc.com.

Highlights and trends in the SA mining industry

The 2013 financial year was marred by labour unrest leading up to and following the Marikana tragedy. In addition, local cost pressures, lower production and international demand weakness resulted in shrinking margins and wide-ranging impairment provisions.

The significant decrease in profitability of the industry resulted in a substantial contraction in market capitalisation of South African mining stocks. This decrease is in line with global mining counterparts, who are also struggling with higher costs and lower prices. A weakening rand over the period somewhat shielded the South African mining industry from the decline, with rand prices remaining relatively flat. Unfortunately, flat prices will not support the **industry's significantly increased cost base.**

Generally, balance sheets remained strong, with stable liquidity. However, increased gearing was needed for companies to fund sustaining capital expenditure and, in some cases, operating losses. The R25 billion impairment provisions highlight the difficulty of making long-term decisions in volatile markets. The mining industry still adds significant value to the South African economy with regard to GDP contribution, employment, and tax and export revenues. The importance of this contribution was recognised by the willingness of government, labour and business to sign a framework agreement to support the sustainability of the industry.

Leadership will be required from all stakeholders to ensure long-term optimisation of the industry as opposed to the threat of instant gratification claims by stakeholders. It is imperative that mining companies rethink risk and the risk landscape in which they operate – gone are the days when risks for mining companies were limited to health and safety matters. Mining companies now need to integrate risk and performance management, and evolve risk management to be more predictive in order to anticipate and plan for potential negative events. Safety statistics underline the long-term focus on safety and the resulting improvements achieved. To download a copy of the full report, please visit the PwC website: http://www.pwc.co.za/en/publications/index.jhtml.

Leave pay – the potential time bomb on your balance sheet

In the third edition of the HR Quarterly ***we published an article indicating the costs of benefits for South African organisations. One of the biggest costs reflected on the balance sheets of organisations remains the leave provision. In the 2013 South African Employee Benefits survey, organisations reported leave ranging from 15 to 45 days per annum. The minimum, average and maximum leave granted by employee level is indicated in the table below.***

	Number of working days per annum		
Employee level	**Minimum**	**Average**	**Maximum**
Top management / executives	15	23	35
Senior management	15	23	45
Professionally qualified and experienced specialists	15	21	30
Skilled technical and academically qualified employees	15	20	28
Semi-skilled and discretionary decision making	15	19	33
Unskilled and defined decision making	15	19	25
Expatriates	15	22	36
Contractual staff	15	17	25

An extract from the REMchannel® online salary survey database indicates that certain industry sectors have historically been far more generous in terms of the annual leave entitlement benefit. In addition, employees were allowed to accumulate leave, which means that the organisation must make provision for the leave payouts. This is then indicated on the balance sheet as a liability. Companies are trying to limit and reduce their liability in terms of the accumulated leave and have put additional controls in place to manage this balance sheet liability. Restrictions have been placed on how long the accumulated leave may be carried over as well as the automatic payout of any leave days over and above a specified maximum.

This being said, the reported accumulation of leave days in the 2013 South African Employee Benefits guide ranges between 50 and 180 days. The latter was reported in government and quasi-government sectors, which means that the liability for the state at any given time is massive.

On average, the mining industry sector grants 26 days' leave per annum at all employee levels. Based on the average remuneration data and a sample of 337 000 employees, the average cost for the mining industry sector on the balance sheet is approximately R8.5 billion per annum. This cost does not factor in historical leave which may have been accumulated during the period of employment. Paterson A, B and C bands account for 70% of the liability, while Paterson D and E bands account for 29% of the liability. Paterson F bands account for only 1% of the liability.

To obtain a copy of the 2013 Employee Benefits Guide, please contact Margie Manners at margie.manners@za.pwc.com. Please note that terms and conditions apply and that a copy of the survey will only be available to organisations that commit to participating in the next scheduled survey.

South Africa’s true Gini co-efficient

With an increased focus on pay gap discussions locally and globally, and the perceived widening of the gap between the high-income and low-income earners within society, the Gini co-efficient is receiving an increasing amount of attention. But what is South Africa’s true Gini co-efficient?

"In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of." – Confucius

The Gini co-efficient is a highly controversial number. As a measure of statistical dispersion which is intended to represent the income distribution of a nation’s residents, it is unsurprising that this is so. This is particularly so in a country such as South Africa, which is widely believed to be the nation with the highest Gini co-efficient, earning it the label of the most unequal society in the world.

The Gini co-efficient ranges from a scale of 0, representing perfect income distribution, to 1, representing extreme earnings inequality. Calculations of South Africa’s actual Gini co-efficient vary from 0.63 (World Bank) to 0.72 (Statistics SA). In comparison, the UK has a Gini co-efficient of around 0.48 and the USA of around 0.49.

It is generally accepted without question that the cause of the high Gini co-efficient within South Africa is a high level of earnings inequality, or the pay gap between the highest and lowest earners within the country. However, is this perception accurate?

While it is widely acknowledged that South Africa has a uniquely high level of unemployment, the effect of this level of unemployment on concepts such as national earnings inequality is often not documented. While the pay gap is expressed as the difference in earnings between the highest paid earner and the lowest paid earner, the Gini co-efficient takes into account a high percentage of South Africans who are not earning at all.

Emerging research supports the notion that the Gini co-efficient may not be as accurate a measure of income inequality as previously thought. A number of studies undertaken have shown a negative causal relationship between levels

To analyse the effects of South Africa's high unemployment rate on the Gini co-efficient, we used a sample from PwC REMchannel®[1], and took into account South Africa's unemployment rate of 37%. Based on this, our estimate of the Gini co-efficient is 0.65, assuming that the unemployed receive no income.

of unemployment and income inequality, with a study on the relationship between unemployment and earnings inequality in South Africa[1] showing that increases /decreases in the unemployment rate accounted for about 72% of corresponding increases / decreases in income inequality over the studied period.

In order to analyse th**e effects of South Africa's high unemployment rate on** the Gini co-efficient, we used a sample from PwC REMchannel®[2], and took **into account South Africa's unemployment rate of 37%. Based on this, our** estimate of the Gini co-efficient is 0.65, assuming that the unemployed receive no income. If we assume that all the unemployed receive a social grant, then the Gini co-efficient falls to 0.63.

However, if South Africa could reduce its unemployment to the equivalent level of a country such as the USA (which has an effective level of unemployment of around 10%), then our calculation of the Gini co-efficient on the same basis reveals a drop to 0.54. This new Gini co-efficient is not far from the Gini co-efficient of developed countries such as the UK and USA.

The **calculations of South Africa's Gini co**-efficient in the instance of a lower, more normal unemployment rate reveal that it may not be the earnings inequality between the highest- and lowest-paid earners which is the root of **South Africa's high Gini co**-efficient, but the gap between the wages of the employed and the zero earnings of the unemployed. Ultimately, this means that it is not reducing executive pay, but reducing the level of unemployment which is critical to reducing earnings inequality within South Africa.

For more information, please contact Martin Hopkins at +27 (0) 82 459 4168 or email Leila Ebrahimi at leila.ebrahimi@za.pwc.com.

[1]Tregenna, Fiona (2009), The Relationship Between Unemployment and Earnings Inequality in South Africa, Cambridge Working Papers in Economics, Faculty of Economics, University of Cambridge.

[2]The largest available database of actual salary information within South Africa.

Does your reward strategy promote pay equity?

Pay equity can be a complex concept. The government, your employees, and your Remuneration Committee may have different views on what pay equity is and whether your organisation has attained it or not.

As one example, the Employment Equity Act requires employers to submit a wage differential report to the Department of Labour (DoL). This report has of late come under the spotlight, with many organisations undergoing intense audits relating to their wage differentials. Often, companies struggle to explain their pay differentials to the DoL.

As another example, the Remuneration Committee is mandated with ensuring fair and reasonable remuneration across the organisation. Are you able to provide the type of analysis to the Remuneration Committee that will show how your organisation stacks up when it comes to pay equity?

PwC is able to assist you with a diagnostic process that will unpack each employee's pay in relation to your reward strategy. This diagnostic will tell you whether the differentials are based on defendable criteria or not. With this information at your disposal, you will be able to deal with DoL audits and give your Remuneration Committee the assurance that the strategy and reality are aligned.

If you need to establish whether your reward strategy promotes pay equity, please contact Kirk Kruger at kirk.kruger@za.pwc.com.

Adequacy of retirement benefits as measured by the Net Replacement Ratio

Recently there has been a lot of discussion and debate around Government's retirement reform proposals. The focus of these proposals is on ways to increase saving levels, improve preservation of benefits and reduce costs, thereby improving value for money for members of retirement funds.

To plan for retirement, one needs to understand at what rate you are saving. Further, you want to understand what level of income is needed at retirement to maintain your current standard of living.

A generally accepted way to measure is Net Replacement Ratio ("NRR"), which measures post-retirement income as a percentage of pre-retirement income. An accurate measure will take account of benefits accrued in preservation vehicles as well as other savings available to supplement your income.

Historically, an NRR of between 70% to 75% was acceptable, as your expected cost of living after retirement is less than before retirement. Once you reach retirement age, you tend to scale down to a smaller house, children no longer need caring for, cost of commuting to work is no longer required, bonds and other debts are repaid, additional non-retirement savings become available and one no longer needs to save for retirement.

However, recent studies have revealed that post-retirement consumption is not necessarily 25% to 30% less than pre-retirement consumption due to increases in the cost of healthcare, inflation and outstanding debt repayment following retirement in general. Another matter for concern is that pensionable earnings are often less than total income and hence the NRR would be diluted even further. To obtain an NRR of 75% in a defined contribution ("DC") plan after about 40 years' service, a contribution rate of some 20% towards retirement benefits will be needed. For most DC funds the actual level of contribution towards retirement benefits (total of employer and employee) is some 10% to 15% of pensionable salaries, such that most members retire with an inadequate NRR and hence inadequate retirement income. Further, if one does not preserve all accumulated contributions when you change employment, the contribution needed will increase further.

"The question is not at what age to retire, but at what income."
– George Forman

Early retirement further reduces the NRR, as employees have less time to save towards retirement while pension payments will need to be made over a longer period. It is common to use a theoretical NRR over a full career of an individual. However, not all individuals would achieve a full working life, due to interrupted careers. Consideration should also be given to the impact that a dependant's pension would have on the NRR.

A change in tax legislation has a significant impact on the NRR, as the NRR compares after-tax post-retirement income with after-tax pre-retirement income. Any change in legislation impacting the level of tax incentives through approved schemes will also impact the net level of contribution towards retirement benefits and the accrual thereof through investment earnings. Currently, no tax is paid on investment earnings in approved retirement schemes; however, annuity income while in retirement is taxed. The net contribution towards retirement, and hence NRR, is also impacted by the level and cost of risk benefits and expenses in a fund. Large funds will benefit from economies of scale, with the average cost per member being less than that of a smaller fund, and large funds should therefore be able to negotiate better rates for risk benefits.

The type of annuity product bought at retirement will also impact the level of post-retirement income, each of which comes with its own unique risks.

Conventional annuity[3]: The purchaser is exposed to the lack of capital guarantee on death as remaining capital will revert to the life office, while the life office is exposed to poor investment returns and longevity risk.

Living annuity[4]: The purchaser is exposed to investment risk, longevity risk and excessive drawdown.

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[3]Conventional annuity: provide an income for life, guaranteed by an insurance company or a pension fund, regardless of how long the purchaser lives.

Historically, yields were much higher, such that less capital was needed to purchase the same level of pension. With market movements resulting in a reduction in yields, the level of pension one can purchase with the same level of capital is much reduced.

What can be done to improve the NRR?

- Retirement savings can be channeled through approved pension arrangements to benefit from tax incentives.
- Flexible contribution structures can be created in funds whereby members can increase their contribution level towards retirement as their salary increases and cost of living reduces.
- Employer incentives can be initiated whereby the employer matches the member contributions.
- Additional voluntary contributions can be made by members in approved schemes.
- Investment strategies should be age-specific, targeting higher risk and higher expected returns at younger ages and de-risking as a member nears retirement to preserve capital. Should a fund offer individuals an investment choice, care should be taken in the decisions exercised by individuals.
- Individuals should live within their means before retirement and should ensure that debt is repaid such that retirement savings are not applied towards debt repayment.

What can employers do to assist employees to achieve sustainable income in retirement?

- Analyse the likely NRR to be achieved by an average member, based on a mix of NRR and investment.
- Encourage savings via financial wellness programmes.

To obtain more information about the NRR, please contact either Gerald Seegers on +27 (0) 11 797 4560, or email: gerald.seegers@za.pwc.com or Nanie Rothman on +27 (0) 21 529 2419, or email nanie.rothman@za.pwc.com.

[4]Living annuity/Phased withdrawal product: similar to a bank account – purchasers bear the risk of the underlying assets and the risk that they will outlive their assets. These products must pay an income of between 2.5% and 17.5% of the account value to the policyholder each year.

Millennials, mobility and flexibility

By the year 2020, 50% of the workforce will be made up of millennials. This generation, born between 1980 and 2000, are changing the way we work.

Their use of technology is not the only thing that sets them apart; they place much more emphasis on their personal needs over those of the organisation, they are uncomfortable with rigid corporate structures, they expect rapid progression and constant feedback and, very importantly, they want a flexible approach to work.

Seventy-one per cent of millennials globally would like to work outside their home country during their career. When we look specifically at Africa, this number increases to 93%, according to PwC's Millennials at Work Survey. Unfortunately for African businesses, the most popular destinations are the USA, UK and Australia, in that order. While exceptional talent is being tempted by opportunities in the Western World, businesses in Africa are struggling to attract employees into less desirable locations. When questioned further on this, over half of the respondents in PwC's survey said they would be willing to move to a less developed country in order to gain experience and to further their career, a clear demonstration of their keen ambitions to succeed quickly.

In recent years there has been a shift in how companies view mobility. Preliminary results from the PwC Global Mobility survey in Africa indicate that the importance of global mobility has increased for almost 90% of businesses surveyed in the past three years. Companies that offer exciting international experiences early in an

individual's career have been able to attract top talent from a pool of ambitious candidates. The ability to deliver on these promises requires a company to have a Global Mobility strategy that is closely aligned to their Talent Management Strategies, ensuring that mobility is aligned to the career progression of future leaders.

Millennials are not the only ones driving change in mobility. The number of female expatriates is on the increase, and it is expected that by the year 2020 less than 25% of expatriates globally will be from their company's headquartered location, meaning a vast variety in cultural values and backgrounds. A company's approach to mobility can no longer be uniform; it should take into consideration the contrasting needs of individuals in the workforce today.

Flexible policies, also known as assignee choice policies, can be structured in a way that evolves with the changing demographics of expatriates. Assignee choice is exactly as it sounds – it is a method that allows individuals to choose their benefits.

In an attempt to address these challenges, some companies are beginning to adopt more flexible global mobility policies and programmes. Flexible policies, also known as assignee choice policies, can be structured in a way that evolves with the changing demographics of expatriates. Assignee choice is exactly as it sounds – it is a method that allows individuals to choose their benefits. In most cases a company will select the benefits within their policy that are not essential but may be desirable or valuable to an individual.

This flexible approach holds many benefits for both the business and the individual. The first is that it can create a differentiation in the market between companies who listen to what their employees want and those who dictate what they want. There can also be a cost benefit to this approach, as in most cases companies would experience cost neutrality or a saving. The flexibility of this approach also reduces the number of requests from individuals based on their expectations of the policy, reducing the overall administration of a global mobility programme. It makes individuals accountable and responsible for the choices they make in relation to their assignment. And from an individual perspective it is of very high value, as individuals can select the entitlements that suit their personal circumstances best.

Of the companies surveyed for our Global Mobility Survey Africa so far, only 10% have adopted flexible policies. A further 20% of companies are considering adopting flexible policies for their long- and short-term assignments. There is a perception that flexibility must lead to additional administration and cost. This is not necessarily true. Structured correctly, assignee choice can reduce administration and the costs of running a global mobility programme.

The full results of our Global Mobility Survey, Africa will be available for purchase from February 2014. Please contact Danae Bentley, danae.x.bentley@za.pwc.com for further details or if you wish to discuss the above topics.

Salary increases for 2014 – is the past a prediction of the future?

Salary increases over the past 12 months ranged between 5.8% and 7.6%, with an average of 6.8% in the South African national all industries sector as at October 2013. Globally, increases remained low and ranged between 2% and 3%. Global predictions for 2014 remain conservative, with very little change when compared to the actual increases granted in 2013.

The Bureau for Economic Research has also indicated that the outlook for the South African economy has deteriorated. Weaker than expected GDP growth in 2013 and unresolved domestic labour issues coupled with new global concerns have clouded prospects for 2014. The rand exchange rate lost further ground against all the major currencies in the second and third quarters of 2013 and remains at R10 to the USD at the time of this report.

The question is, how will the South African and global economy affect increases during 2014? Will the trends of the past 12 months be a prediction of the future? Judging by the anticipated increments as reported in the September 2013 Salary and Wage Movements Survey, the predictions remain fairly conservative. But of course potential industrial action and labour disputes are not factored into these budgeted predictions for 2014.

Anticipated total package increments for the next twelve-month period

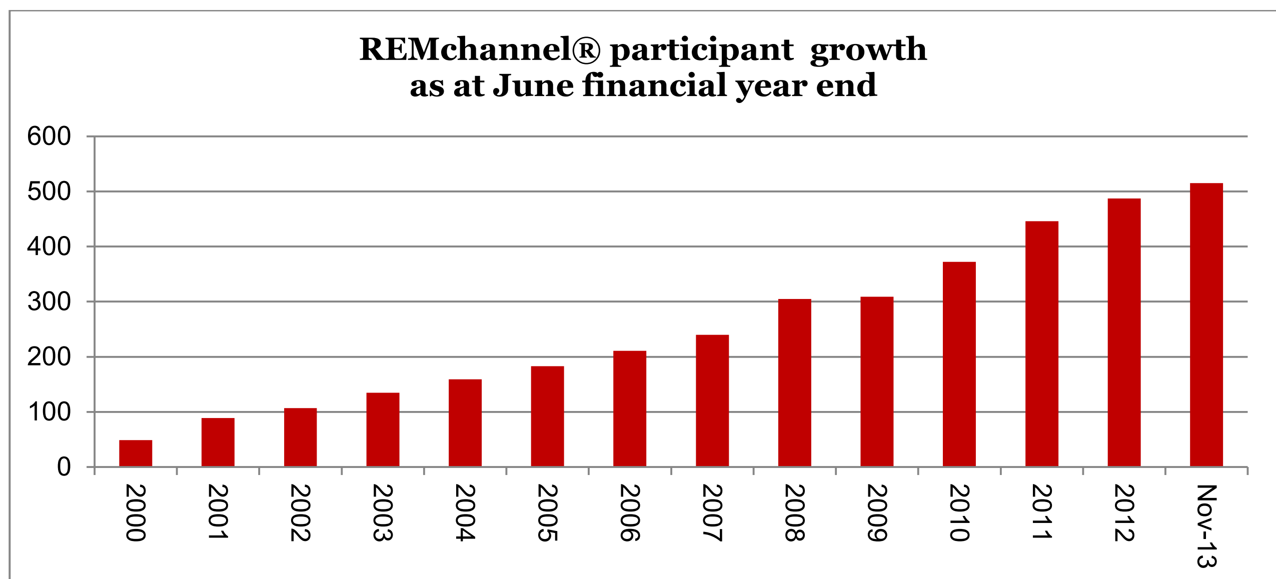
Employee category	25th percentile	50th percentile	75th percentile	Average
Executives	5.3%	6.0%	7.0%	6.2%
Management	6.0%	6.0%	7.0%	6.4%
General staff	6.0%	6.5%	7.0%	6.4%
Key specialists	6.0%	6.4%	7.0%	6.4%
Unionised staff	5.5%	7.0%	7.0%	6.5%
Total lift to payroll	**6.0%**	**6.0%**	**7.0%**	**6.3%**

The March 2014 Salary and Wage Movements Survey will provide some fresh insight into the anticipated increases. Should you wish to participate, please contact Norma Mayimela at norma.mayimela@za.pwc.com.

PwC's REMchannel® growth

PwC continues to strive to provide our clients with the highest quality information which forms a crucial element in the reward decision-making process.

At this time of year it is important to reflect on the past. We have been truly blessed over the past 13 years, and we would like to thank all our clients for the continued opportunity to provide information which is seen as the cornerstone of your decision-making process.



The South African REMchannel® online Internet-based salary survey now has more than 500 participants covering all job families and more than 1 700 jobs. The national all industry sector includes participants from all the major industry sectors represented in South Africa with more than 800 000 data points. For a full participant list, please contact Margie Manners at margie.manners@za.pwc.com.

South Africa's research and development tax incentives in a nutshell

South Africa recognises the benefit and value of encouraging its citizens to become more innovative and globally advanced in the research and development ('R&D') arena. The economic, financial and social benefits for South Africa as a country are immense and thus the government introduced a supercharged tax incentive into law on 2 November 2006. Section 11D of the Income Tax Act affords South African taxpayers who undertake any qualifying R&D activity within the borders of South Africa, a supercharged deduction of 150% on all qualifying R&D costs.

The legislation has undergone some strategic refinements and modifications, the most material of which was promulgated in October 2012. The fundamental rationale for the strategic refinement and material overhaul of the provisions was to ensure upfront certainty for taxpayers at the inception of R&D activities and thus to encourage the uptake of this incentive by South African taxpayers. This change evidenced Government's confidence and trust in the opportunity and growth that the country and this incentive can enjoy.

The historical section 11D

Under the old dispensation of section 11D, the South African Revenue Service ('SARS') was the custodian of the legislation and effectively deliberated on the technical and financial disclosures made by taxpayers. During this period, the DST merely captured statistical data and reported same to Parliament and National Treasury on an annual basis.

SARS did not have the requisite skills and experience to consider the technical disclosures contained in the application process. This practical constraint of the legislation created large degrees of uncertainty amongst taxpayers who had participated in the programme. According to SARS, this constraint resulted in abuse of the programme.

The current form of Section 11D

National Treasury therefore reworked material components of the legislation to split the reporting and approval processes and introduced a revised version of section 11D with effect from 1 October 2012. This version was to ensure more certainty for taxpayers at the inception of their R&D project. The new process requires taxpayers who undertake any form of qualifying R&D activity to obtain pre-approval from the DST prior to claiming the additional 50% supercharged tax deduction. A taxpayer is not entitled to claim the full qualifying expenditure without obtaining the pre-approval from the DST.

The DST is tasked to deliberate on whether the technical merits of the project meet the requirements of section 11D, with specific focus on technological uncertainty, and when such project is approved on its technical merits the taxpayer will be entitled to claim the additional 50% deduction from date of submission of application to the DST. Thus, the taxpayer is precluded from claiming the additional 50% until such time as the taxpayer has submitted the pre-approval application to the DST.

Even though the current legislation provides more certainty, other challenges have materialised since the introduction of the revised version of section 11D. The DST has experienced backlogs in the pre-approval process, resulting in taxpayers waiting for over a year to obtain the requisite pre-approvals.

The DST has undertaken to clear the backlog by the end of December 2013.

We also await the promulgation of the Taxation Laws Amendment Bill 39 of 2013, which was published in October this year. The proposed changes to the R&D legislation further serve to clarify certain anomalies in the legislation, such as the interpretation and application of section 11D(6). Section 11D(6) requires that the local person must have the ability to determine or alter the methodology of the research in South Africa. This section has proven to be problematic for the pharmaceutical industry in particular. National Treasury is currently considering this anomaly and has indicated that the pharmaceutical industry will be governed exclusively in the yet-to-be-published guidelines and regulations.

Pilot plants and prototypes are now specifically recognised as an integral part of the R&D process, and as constituting qualifying R&D in certain circumstances.

The absence of clear guidelines and regulations has also proven to be a challenge in the actual implementation and execution of section 11D. The DST has indicated that industry and corporates should expect the guidelines and regulations shortly.

It is, however, important to note that even in the absence of the guidelines and regulations, taxpayers must understand that they are not legally entitled to claim the additional 50% supercharged deduction until an application has been submitted to and approved by the DST. We include below a mock tax computation highlighting the net tax benefit for taxpayers undertaking any qualifying R&D activities.

Claim under section 11(a) only:		**Claiming under section 11D:**	
Revenue	10 000 000		10 000 000
Min: Total **operational expenditure** under s11(a):	**3 400 000**	Min: [2]Total **operational expenditure** under s11(a)	3 400 000
Salaries	2 000 000		
Water and electricity	800 000		
Consumables	600 000		
		[1]**Total taxable income** if not claiming under s11(a)	**6 600 000**
		[3]ADD back total R&D cost:	1 700 000
		[3]Salaries	1 000 000
		[3]Water and electricity	400 000
		[3]Consumables	300 000
		Taxable income prior to s11D deduction	**8 300 000**
		Minus: 100% automatic deduction under s11D	1 700 000
		[4]Minus: **Additional 50%** under s11D	850 000
[1]**Total taxable income**	**6 600 000**	[5]**Total taxable income**	**5 750 000**

[1] **Total tax payable** is R6 600 000 x 28% = **R1 848 000**

[2] Total operational expenditure that would have been claimed if not elected to claim under section 11D.

[3] We have worked on the assumption that 50% of total operational expenditure is attributable to qualifying R&D expenditure. Therefore, 50% assumed R&D expenditure is added back as a taxpayer is precluded from claiming under both section 11(a) and section 11D.

[4] In order to be able to deduct this **additional 50%** under s11D**, pre-approval from the Department of Science and Technology** must be obtained.

[5]Total tax payable if claiming under section 11D is R5 750 000 X 28% = **R1 610 000.**

Therefore, total tax saving is R238 000!

"The hardest thing to understand in the world is the income tax." – Albert Einstein

Current and forthcoming attractions

The following thought leadership and survey publications have been released or will be released in the next few months. Should you wish to download a copy of any thought leadership, please go to our website www.pwc.co.za and select the 'Publications' tab. For enquiries regarding survey publications, please contact Margie Manners at margie.manners@za.pwc.com.

Surveys:

- Employee Benefits Survey (1st Quarter 2014)
- Non-Executive Director Survey (1st Quarter 2014)
- Salary and Wage Movement Survey (1st Quarter 2014)

Thought leadership

- Highlights and trends in the South African mining industry (Published)
- Global Economic Crime Survey (Publication 2014)
- Annual Non-Executive Director Thought Leadership (January 2014)

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