

Paragraph 2(2B) of the fourth schedule to the Income Tax Act

12 March 2024

The annual tax rates have been received from SARS for annuitants who earn income from more than one source. From Monday, 11 March 2024, you will be able to view these rates on Glacier's Intermediary Web, and conveniently indicate your clients' tax rate selections online.

Alternative tax rates for annuitants with more than one source of income

Since 2022, **SARS** has been providing annuity administrators with tax rates for those annuitants who earn income from more than one source.

The intention was to provide a more accurate PAYE deduction amount so that annuitants are unlikely to be faced with an unexpected tax bill at the end of the tax year.

Annuitants may opt out of the rate provided by SARS

A client may ask Glacier to deduct PAYE at a rate higher than the rate provided by SARS, or to apply the normal PAYE deduction rate. In other words, they may **opt out** of having the SARS rate applied to their income.

Glacier will make the new rates received from SARS for the 2025 tax year available online from Monday 11 March 2024. These rates will be applicable from 1 April 2024.

The **paragraph 2(2B) rates will apply** per affected annuitant, **unless**:

- The annuitant has a **valid opt-out instruction** loaded from 2023, in which case the new 2(2B) fixed rate will not be applied, but the PAYE rate (or a voluntary higher rate on record) will be applied; **or**
- The annuitant provides us with a **new** instruction now to **opt out** of the 2(2B) fixed rates of the directive.

Conveniently opt out online

Clients may conveniently **opt out online**, on the Client Web, and intermediaries may also do so on behalf of clients on the Glacier Intermediary Web. **Please see the guide** to find out how.

Glacier platform

During the week of 11 March 2024, a letter will be sent to affected clients. This letter will inform them of the rate and remind them of their options, including the option to opt out of the rate provided by SARS (in other words for the PAYE rate based on income received at Glacier only, to apply) or to opt in to the rate provided by SARS, if they opted out previously.

Affected annuitants can opt in or out online via the Client Web, or you may do so on their behalf on the Intermediary Web. (Alternatively, clients may respond in writing, or via email.)

In the absence of a response or a valid opt-out instruction loaded from 2023, Glacier will apply the paragraph 2(2B) rates from **1 April 2024**.

[View the guide here.](#)

Sanlam Life

Sanlam Life will communicate with intermediaries who have affected clients, and provide a list of these clients, as was done last year.

During the week of 11 March 2024 a letter will be sent to affected clients. This letter will inform them of the rate and remind them of their options, including the option to opt out of the rate provided by SARS if they have not done so in the previous tax year (in other words for the PAYE

rate based on income received at Sanlam Life only, to apply) or to opt in to the rate provided by SARS, if they opted out previously.

To opt in or opt out, the client must complete and sign the “SARS PAYE Deduction Percentage” form, or send an instruction by email to instalments.tax@sanlam.co.za. In the absence of a response or a valid opt-out instruction loaded from 2023, Sanlam Life will apply the paragraph 2(2B) rates from 1 April 2024.

Glacier Financial Solutions (Pty) Ltd is a licensed financial services provider.

Sanlam Life Insurance Ltd is a Licensed Life Insurer, Financial Services and Registered Credit Provider (NCRCP43).

This document is intended for use by clients, alongside their financial intermediaries. The information in this document is provided for information purposes only and should not be construed as the rendering of advice to clients. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of, or reliance in any manner on the information provided in this document. For professional advice, please speak to your financial intermediary.

Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group

Private Bag X5 | Tyger Valley 7536 | Email client.services@glacier.co.za | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web www.glacier.co.za | Reg No 1999/025360/07

Licensed Financial Services Provider | Glacier Financial Solutions (Pty) Ltd. is also a Licensed Discretionary Financial Services Provider FSP 770, trading as Glacier Invest | Sanlam Multi-Manager International (Pty) Ltd. | A member of the Sanlam Group

Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web www.smmi.com *|*Reg No 2002/030939/07

Licensed Discretionary Financial Services Provider, acting as Juristic Representative under the Glacier Financial Solutions FSP 770

Glacier International is a division of Sanlam Life Insurance Limited

Sanlam Life Insurance Ltd. | Email life@sanlam.co.za | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440

Reg No 1998/021121/06 | Licensed Financial Services Provider