

## **MEDIA STATEMENT**

**Date: 04 October 2022**

**For Immediate Release**

### **Clarity on increased tax deductions on pension payments**

The Government Employees Pension Fund (GEPF) has noted the concern raised by some pensioners with respect to a reduction in their pension this month.

As required by the Income Tax Act, the Government Pensions Administration Agency (GPAA) implemented a directive from the South African Revenue Service (SARS) that provided for a revised rate of tax to be deducted from pensioners' monthly pension payment.

Prior to implementing the revised rate of tax, the GPAA wrote to all affected pensioners using the contact details that GPAA has, informing them of the choices they have. Some pensioners might have not received the correspondence or did not fully understand the choices/options they had.

The impact on the tax paid by pensioners is as a result of changes to the revised tax rate (PAYE) as notified by SARS. It is important to note that this only applies to pensioners who receive more than one source of taxable income in addition to their GEPF pension, that is the income sources as reflected on the SARS tax system.

The GEPF reiterates that pensioners have the option to opt out of the revised tax rate provided by SARS and revert to the normal PAYE rate applicable to their pension.

It is important to note that this choice will result in the GEPF continuing to deduct tax as in previous months and NOT in the more accurate effective tax rate as provided by SARS. This may result in pensioners having to settle a tax debt with SARS at the end of the tax year. Choice forms will be sent to affected pensioners and will also be available at GEPF offices.

For further information please contact the GEPF Contact Centre on 0800 117 669.

/Ends.

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Issued by the Government Employees Pension Fund.

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