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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 Administrative Agency (GPAA) implemented a directive from the South African Revenue Service (SARS) that provided for a revised rate of tax to be deducted from your 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. Unfortunately, it would appear that some pensioners did not receive 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 i.e., 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 your pension. You can complete the attached template and send it to:

- paye@gpaa.gov.za or
- Post it to Private Bag X63, Pretoria, 0001 or
- Hand deliver it to any of the GEPF walk-in centres/branches.

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

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

Yours sincerely
The Government Employees Pension Fund

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