

# ENDUMENI MUNICIPALITY



## MOTOR VEHICLE ALLOWANCE

Policy Number		Policy owner	FINANCE
Approval date	28 May 2021	Revision date	JANUARY 2021

REVIEW HISTORY	
COUNCIL RESOLUTION	NEXT REVIEW DATE
C03/31/05/2018 – 05/06/2018	January 2022
C01/31/05/19 – 31/05/2019	
C07/26/06/20 – 26/06/2020	

## **1. POLICY STATEMENT**

The policy deals with the payment of a re-imbursive vehicle allowance to employees of the Municipality who are required to utilize private transport in the execution of their official duties.

## **2. DEFINITIONS**

- “MOTOR VEHICLE ALLOWANCE” means an allowance granted to an employee who has been authorised to utilise private transport on a regular basis in the execution of his/her duties.
- “FIXED COSTS” means the tariff in cents per kilometre as per the AA tariffs currently applicable in terms of the collective agreement between SALA and the Unions to a maximum of the purchase price.
- “PURCHASE PRICE” means the actual amount paid for the motor vehicle, inclusive of any compulsory maintenance contract, if any, including any extras and taxes or the employee’s salary whichever is the lower.
- “PRIVATE TRANSPORT” means the motor vehicle registered and licensed in the name of the employee for which the fixed costs and running costs are calculated and paid to the employee.
- “RUNNING COSTS” means the tariff in cents per kilometre against the engine capacity of a vehicle as per the AA tariffs currently applicable in terms of the collective agreement between SALGA and the unions to a maximum of an engine capacity of 2500cc.
- SALGA – South African Local Government Association
- SALGBC – South African Local Government Bargaining Council

## **3. SCOPE**

This policy applies to all permanent employees who qualifies for travel allowance.

## **4. WHO QUALIFIES IN TERMS OF THIS POLICY**

4.1 All employees on salary levels 1-3. (Task grades 15-17)

Council Resolution B02/22/09/08-1 applies:

“Circular 2/1990 of the Bargaining Council for Local Authorities applicable to the erstwhile, Dundee Council in respect of travelling allowance for the following salary scales be made applicable to officials of Endumeni Council as follows:

Salary level 1 – 850km  
Salary level 2 – 750km  
Salary level 3 – 650km”

4.2 All other employees for whom Council decide to re-imburse with a travel allowance.

4.3 This policy does not include Traffic Officers to whom another vehicle allowances policy applies.

## **5. CALCULATION OF THE MOTOR VEHICLE ALLOWANCE**

5.1 The vehicle allowance will be calculated as per the AA tariffs currently applicable in terms of the collective agreement between the SALGBC and the Unions. The fixed costs to a maximum purchase price of R400 000.00, or the basic salary of the incumbent, whichever is the lower and the running costs to a maximum engine capacity of 2500cc, multiplied by the kilometres allocated to the employee's Task or Salary grade. (Tariffs attached as Annexure “A”)

5.2 For the calculation of the travel allowance, the following documents need to be submitted to the pay roll section:

- Tax Invoice – the tax invoice of when the vehicle was purchased, must be in the employee's name. (Please note that if the vehicle is not new and already paid off and the employee cannot provide a tax invoice, the book value of the vehicle will also be accepted.)
- Agreement – If the vehicle was financed by a registered financed company, the agreement must be in the name of the employee.
- Proof of ownership – The employee must be able to prove that he is liable for the annual renewal of the vehicle's licence

5.3 Employees will only be allowed to purchase a new vehicle every 3 years. Should he/she wish to purchase a vehicle before the cycle of 3 years is complete, his/her allowance will only be re-calculated after the completion of the initial 3-year cycle.

5.4 Employees who bought their vehicles before 01 July 2016 and are receiving vehicle allowances in excess of the limitations specified in paragraph 5.1 above will continue to receive their existing benefits until such time that the current vehicle upon which the allowance is based is replaced, where after the aforementioned limitations will apply.

- 5.5 If an employee takes delivery of his/her vehicle before the 15<sup>th</sup> of a month, his/her vehicle allowance will be implemented for that specific month. If delivery takes place after the 15<sup>th</sup> of a month, his/her travel allowance will only be implemented the following month, subject thereto that the employee has submitted all the required documentation to the payroll section, failing which, the travel allowance will only be implemented once all the required documents have been submitted irrespective the date of purchase or receipt of delivery of the vehicle.

## **6. TYPE OF VEHICLE**

The choice of vehicle is optional but must be suitable for the type of work the employee is required to perform in the normal course of his/her duties.

The choice of colour of the vehicle is optional.

## **7. REPAIRS, MAINTENANCE, INSURANCE AND OTHER INCIDENTAL EXPENSES**

- 7.1 It is the sole responsibility of the employee to pay for repairs, maintenance, insurance and other incidental expenses that may arise for the vehicle;
- 7.2 The employee is responsible for providing alternate means of transport for official usage when the subsidized vehicle is out of action due to maintenance and/or repairs.
- 7.3 The employee is also solely responsible for any costs in providing alternate means of transport for official usage when the subsidized vehicle is out of action due to maintenance and/or repairs.
- 7.4 The employee cannot hold Council responsible for any liability or damage that may occur whilst travelling in his/her vehicle.

## **8. MAJOR ACCIDENTS**

- 8.1 Should your vehicle be involved in a major accident, the onus is on the employee to inform the employer, as soon as possible, on the details of the accident and what interim arrangements have been made.
- 8.2 The employer reserves the right to withdraw the vehicle allowance benefit, despite the fact that the vehicle might still be registered in the employers name, should after 3 months of accident date, the status of the vehicle remains unresolved/unknown.
- 8.3 Should the status of the vehicle remain unsolved/unknown for a period of longer than 3 months after the accident, the employee's vehicle allowance will be adjusted in accordance with the particulars of the alternate means of transport, subject thereto that the allowance paid will be restricted to that

of the book value of the alternate means of transport and the maximum capacity allowed in terms of this policy.

## **9. LOGBOOK**

SARS notification:

The income Tax Act No. 58 of 1962 allows taxpayers who receive a travel allowance to claim a deduction for the use of their private vehicles for business purposes. It is important to note that travel between your home and place of work cannot be claimed and is regarded as private travel.

It is now compulsory to keep a logbook of all your travel in which you record which travel was for business if you want to claim a travel deduction. It is not necessary to record details of private travel. The logbook must contain the following minimum information relating to your business travel:

- Date of travel
- Kilometres travelled
- Travel details (where to and reason for the trip)

Please note that you must retain your logbook for a period of at least five years as you may be required to submit it to SARS for verification of your claim. SARS accepts electronic logbooks as an acceptable record.

## **10. GENERAL**

10.1 The vehicle for which the employee receives a vehicle allowance, must be available for usage during all official working days.

10.2 The employer reserves the right to request documentation to proof ownership at anytime.

10.3 The employer also reserves the right to request to view the vehicle at any time.

## **11. REVIEW**

11.1 This policy must be reviewed every year before the 30<sup>th</sup> of March.

11.2 Upon recommendation of EXCO or MANCO, council may review and amend any clause of this policy at any time before the stipulated date of review.

## ANNEXURE A

VEHICLE OPERATING COSTS		RUNNING COSTS (CENTS/KM)	
Purchase Price VAT Incl.	Fixed Cost Indicated In C/Km (10,000Km)	Engine Capacity	Total Costs
0 000 < 20 000	1.56	0000 < 1349	0.5704
20 001 -- 30 000	1.89	1350 -- 1649	0.5990
30 001 -- 50 000	2.52	1650 -- 1849	0.6734
50 001 -- 70 000	3.14	1850 -- 2049	0.7583
70 001 -- 90 000	3.92	2050 -- 2549	0.8410
90 001 -- 110 000	4.70	2550 -- 3049	0.9370
110 001 -- 130 000	5.47	3050 -- 4049	1.0471
130 001 -- 150 000	6.25	4050 -- -----	1.1669
150 001 -- 170 000	7.03		
170 001 -- 200 000	8.20		
200 001 -- 230 000	9.37		
230 001 -- 260 000	10.54		
260 001 -- 300 000	12.10		
300 001 -- 350 000	14.04		
350 001 -- 400 000	15.99		

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