

# Republic of South Sudan (RSS)

## MINISTRY OF FINANCE & PLANNING (MOFP)

Directorate of National Taxation

Director General Office

Date: Tuesday, May 8<sup>th</sup>, 2018

To: Kind Attention of Country Director

Juba, South Sudan

Dear Sir/Madam

Ref: National Social Insurance Fund (NSIF) Contributions in accordance to South Sudan Tax Laws

The reference is made to your letter dated May 7, 2018 to Director General of Taxation office seeking for advices concerning the above matter in accordance to the Tax laws and its' regulations in the Republic of South Sudan.

The administration of the National Revenue Authority (NRA) former Directorate of National taxation is appreciating your good confidence and encouraging compliance with the Tax laws by asking the position of National Social Insurance Fund (NSIF) Contributions deducted from employees' Salaries in accordance to South Sudan Tax Laws.

In this regard NRA administration is very pleased to confirm that (NSIF) Contributions paid after retirement period are **taxable** in accordance to the provisions of section 58 subsection (1) (d) of the Taxation Act, 2009 as amended 2016 with knowledge that the contributions of an amount up to eight percent 8% of gross wages paid by employees to funded pension schemes approved by the Republic of South Sudan are exempted at the time of calculation of the tax liability according to section 58 (3) of the Act in addition to employer contribution of 17%.

Your usual cooperation is highly appreciated.

Regards,

  
Albino Chor Thim,  
Acting Commissioner of Domestic Taxes Revenue  
National Revenue Authority  
MoF&P – Juba, RSS



Cc: file



## **Section 58. Gross Income from Wages Defined**

- (1) Gross income from wages includes, but not limited to:
  - (a) salaries paid by or on behalf of an employer;
  - (b) bonuses, commissions, allowances, and other forms of compensation in cash or in kind that an employer pays to employees in addition to salary;
  - (c) income earned under contracts for temporary work;
  - (d) pensions income;
  - (e) insurance premiums and any other in-kind benefit that an employer pays for or to an employee, that exceeds a de minimus amount as provided in the regulations;
  - (f) forgiveness of an employee's debt or obligation to the employer; and,
  - (g) payment of an employee's personal expenses.
- (2) Gross income from wages shall not include:
  - (a) contributions by the employer to funded pension schemes authorized by the Republic of South Sudan;
  - (b) reimbursement of actual business travel expenses as provided in the regulations;
  - (c) reimbursement or compensation for work accidents or medical treatment and expenses, including hospitalisation and medication, other than wages paid during the period of absence from work due to sickness or injury.
- (3) There shall be allowed as a deduction from gross income contributions in an amount up to eight percent (8%) of gross wages paid by employees to funded pension schemes approved by the Republic of South Sudan.

## **Section 59. Income from Entrepreneurial Activities**

- (1) Gross income from entrepreneurial activities means gross receipts including barter transactions generated from such activities.
- (2) There shall be allowed as a deduction from gross income from entrepreneurial activities:
  - (a) expenses incurred during the tax period wholly and exclusively in connection with such activities;
  - (b) representation costs up to a maximum amount of two percent (2%) of total income from entrepreneurial activity;
  - (c) bad debts, provided that the amount corresponds to the debt that has previously been included in the income;
  - (d) expenses for travel, meals, lodging, and moving expenses under the circumstances provided in administrative rules; and,
  - (e) contributions in an amount up to fifteen percent (15%) of gross income paid to funded pension schemes approved by the Republic of South Sudan.
- (3) Amounts paid to a related person shall be deductible in an amount equal to the fair market value of the goods or service.





**REPUBLIC OF SOUTH SUDAN**  
**Ministry Of Labour, Public Service**  
**& Human Resource Development**

RSS/MLPS&HRD/J/37-A-1 Vol 27

10<sup>th</sup> May, 2018

MARGARET WASUK LUGAR  
ADVOCATE/LEGAL CONSULTANT  
SOUTH SUDAN  
JUBA.

**Subject: Clarification on Gratuity and Allowances**

We hereby refer to your letter dated 10<sup>th</sup> May, 2018 seeking clarification on gratuity as embodied in the Labour Act 2017. As provided for under Section 81, gratuity is due for payment as described in para (1) (a) to (c) and shall be calculated on the basis of the last month gross salary. Technically, gratuity is paid in "gratitude" for services offered by the worker to the employer and is usually paid to the worker at end of service. But situational grievance may oblige the employer to pay the worker gratuity while retaining the service. This is strictly upon the desecration of both parties to opt for such an arrangement and agreement.

Please note that allowances that are duly incorporated in the salary and constitutes gross pay is taxed as Personnel Income Tax (PIT) at 10% for wages ranging from 601-5000/month and 15% for wages ranging from 5001 and above. This is as stipulated in the Financial Act 2017. It is worth mentioning here that in conformity with Section 97 of the Social Insurance Act 1990 as amended 2004/2008, expressly exempts any tax being levied on Social Insurance benefits. This is quite explicit in its content and must be complied with.

With hope the explanation above is exhaustive and answers your queries.

Thank you.

Sincerely,

Nyengwi Livio Fulli  
For/Undersecretary for Labour & Industrial Relations  
Ministry of Labour, Public Service and Human Resource Development



Cc. Hon. Minister, MLPS&RD  
Cc. Hon. Deputy Minister, MLPS&HRD  
Cc. Undersecretary for Labour and Industrial Relations



# Republic of South Sudan (RSS) file.

## MINISTRY OF FINANCE & PLANNING (MOFP)

Directorate of National Taxation

Director General Office

17.05.2018

TO. CHAIRMAN NATIONAL STAFF REPRESENTATIVE – JUBA

COORDINATOR NRS –FIELD LOCATION

SUBJECT: ENQUIRY ON TAX LEVIED ON NATIONAL SOCIAL INSURANCE BENEFITS.

Reference is made to your letter dated 10<sup>th</sup> may 2018 in regards to your complains on tax levied on social benefits

To clarify on this tax on social benefits.

- Section 58(d) of taxation Act 2009 amended 2011/2012 stated clearly that pension incomes are subjected to tax except pension incomes of retired employees paid by the government of The Republic of South Sudan Section 57(F) of Taxation Act/ 2009.
- It has to be made clear to you that tax administration is responsible for all laws concern with revenue collection in the Republic of South Sudan and its revenue collection or taxation is based on taxation Act, so the argument about illegal taxation is not right.
- If taxing social insurance benefits is illegal according to The Ministry of Labour verbal advice to you, then national staff has a right to seek justice.
- Your request for help from us to achieve your right is not possible because the taxation Act2009 amended in 2011,2012 and 2017/2018 is to be applied throughout the Republic of South Sudan in all matters of revenue collection with no exception.

Regards.

  
Albino Chol Thik  
Act/Commissioner  
Domestic tax  
NRA

