

## **Deduct PAYE and maids trigger PAYE**

Generally, the Income Tax Act requires employers to withhold tax i.e., PAYE, on remuneration paid to employees and remit to it BURS. Accordingly, every employer, whether a corporate or an individual, is required to comply with the tax laws and withhold the said tax on remuneration paid to their employees. In this regard, it is critical to understand that any person who employs any individual as a personal aid, house maid or security is basically required to comply with tax laws and deduct PAYE on remuneration paid to the same.

It is key that everyone understands and take note of the income tax fundamentals which considers anyone who is entitled to receive remuneration as an employee. Accordingly, an employment relationship is basically that which resemble that of master and servant between an employer and employee. In other words, the employee works under the direct control and specific conditions stipulated by the employer. Consequently, the relationship between a personal aid, maid or security personnel and his or her master is by no means different from that of an individual formally employed by a company. Secondly, the tax laws regard any payment and benefits in connection with employment services as remuneration on which PAYE must be withheld by the employer. Therefore, remuneration paid to an employee that is subject to tax includes both monetary and non-monetary rewards i.e., salaries, airtime, bus fares, food and accommodation. In essence, salaries and benefits paid to security personnel, maids and domestic workers is equally assessable for PAYE as that of salaries and benefits paid to individuals under formal employment.

However, PAYE is required to be withheld by the master i.e., employer who pays his or her employee monthly remuneration that exceeds the tax-free threshold of P4,000. Therefore, such employers should register with BURS and comply with all statutory requirements including submitting monthly PAYE returns. Conversely, employers who pay their personal or domestic employees salaries including benefits of less that the said threshold are not required to withhold and register for PAYE.

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