



## Research Support

# Guidelines and Procedures for Post-doctoral Fellows

## 1 Purpose of the Post-doctoral Fellowship

The purpose of the fellowship is to make funding available to attract recently-qualified researchers to the NWU, to enable them to develop their own research skills as an introduction to a full-time academic career.<sup>1</sup> At the same time, the aim is to promote and stimulate research activities, including postgraduate supervision and education within the Entity / Faculty.

This means that a post-doctoral fellow will work under the leadership of a Supervisor within a research entity or Faculty. The post-doctoral fellow will participate fully in the research program of the entity, and will collaborate with researchers working in that entity. Fellows will also interact with postgraduate students in the research entity, and can even in some cases be expected to act as co-supervisors for research masters and doctoral students.

Furthermore, post-doctoral fellows must not simply be selected for their ability to improve the research output of the research entity or faculty. Their main purpose is to stimulate research; they must hence be selected for their ability to contribute in terms of new and stimulating ideas, and their ability to share this within the research entity.

## 2 Fellowship vs Employment

Post-doctoral fellowships are awarded in line with section 10(1)(q) of the Income Tax Act of South Africa (See Appendix A for the Binding Class Ruling issued by SARS). In terms of an agreement with HESA, the following stipulations apply:

- A post-doctoral fellowship is regarded as a bursary, and is hence not taxable;
- A post-doctoral fellow is not an employee of the university, and as such can only be required to perform functions related to research;
- The grant is awarded in order to allow the post-doctoral fellows to expand their research skills, knowledge, intellect and expertise;
- Should they wish to do so, a post-doctoral fellow may voluntarily offer his/her services for a maximum of 12 hours per week for which they can be remunerated. This remuneration will be subject to the Labor Laws of South Africa, and will be subject to employees' tax (PAYE). The fellow will enter into a standard temporary employment contract with the NWU.

## 3 Requirements for Post-doctoral Fellows

- A doctoral degree, obtained within five years before the appointment as a post-doctoral fellow, is mandatory.
- The candidate must have the intention to pursue a full-time academic career.
- Merit drives the allocation of fellowships, and fellowships are awarded in line with the NWU policy on employment equity. Therefore:
  - The post-doctoral fellow must bring new and stimulating ideas to the entity, and therefore preference will be given to candidates who obtained the doctorate at other universities.

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<sup>1</sup> At least two South African universities interpret this statement to mean that the candidates' age must be less than 45. Most others stipulate that the candidate must be "young".

- The post-doctoral fellow should contribute to a noticeable increase in the research outputs of the entity, and hence the publication track record of the candidate should be taken into account when a decision is made about awarding the fellowship.
  - The post-doctoral fellow should contribute towards the postgraduate student program in the entity, and hence the ability to co-supervise students must be considered.
- Post-doctoral fellows will be allowed to work for additional remuneration in the form of a taxable salary, in line with SARS and Department of Home Affairs regulations. This will not exceed 12 hours per week.

#### **4 Duration of the Fellowship**

- Fellowships are awarded for an initial period of 1 year, renewable for a second and third year, subject to the following conditions:
  - Satisfactory progress on the research project(s) as agreed with the fellowship advisor
  - Productive integration into the research group on the campus which is the post-doctoral fellows' full time base
  - Availability of funding
- The intended duration of the fellowship must be clearly stated in the initial application.
- No fellowship for less than 6 months will be considered.

#### **5 Value of the Fellowship**

- The aim of the grant is to fund successful candidates at R192 000 per annum from NWU funding.
- A further maximum amount of R20 000 per annum will be made available for running costs.
- A once off amount to a maximum of R20 000 will be made available for relocation costs.
- It will be expected of the NWU entity/school/faculty to give an undertaking that they will provide the post-doctoral fellow with the necessary infrastructure.
- The post-doctoral fellow will be required to purchase private medical cover unless he/she can show evidence of suitable existing cover. Assistance in this regard could be provided by the International office on the relevant campus.
- If a successful applicant does not hold an external grant, he or she is required to apply to the National Research Foundation (NRF) or Medical Research Council (MRC) for a post-doctoral fellowship.
- If the post-doctoral fellow also holds an external grant, the rules of that grant apply. The maximum of any postdoctoral fellowship is R362 000.

#### **6 Procedures**

##### **6.1 Application:**

- The NWU will on a regular basis invite applications for post-doctoral fellows by advertising in a public forum other than the university intranet.
- Applications may be submitted to the Research Support Department before 31 January or 31 July of the particular year. Urgent applications received at other times during the year will be considered on an ad-hoc basis.
- A primary member of a research entity may submit an application with the signed approval of the director/coordinator of the research entity. This person will act as supervisor for the fellow.
- Applications must be submitted via the relevant Dean to MPE Meintjes/ Research Support Department.
- The awards are made by the member of the Institutional Management responsible for Research on recommendation of the Director of Research Support, and subject to the availability of funding.
- The applications for awards from the Fund for post-doctoral fellows are administered by the Research Support Department.
- An award letter will be issued by the Research Support Department. On receipt of this letter, the post-doctoral fellow must indicate in writing that the grant will be taken up. This, together with other standard documentation as requested in the award letter must be returned to the Department.

##### **6.2 After Arrival at the NWU**

- Since post-doctoral fellows are not employees of the NWU, no Letter of Employment will be issued, and the post-doctoral fellow will not receive an employment contract.
- The post-doctoral fellow will be required to enter into a task agreement with his/her supervisor.

- The amount awarded in respect of the fellowship is exempt from South African Income Tax, and will be paid out to the post-doctoral fellow's university account quarterly, at the end of February, May, August and November in 4 (four) equal amounts by electronic transfer.
- The Research Support Department will issue a request that the award be paid to the fellow through the standard NWU bursary system. After this request is processed by Research Support, the payment of the bursary funding to the fellow is handled entirely by Students Finances. Any queries regarding to the payment of bursaries must be directed towards that office.
- The fellow will be responsible for the arrangement and payment of his/her own accommodation, subsistence and transport costs and the like for the duration of their stay.

### **6.3 Relocation Cost Claims**

A once-off maximum amount of R20 000 can be claimed. This will include the *transportation* of the post-doctoral fellow and his/her belongings. This does not include transportation of family members or the purchase of new furniture, deposits for electricity or telephones etc. Payments will only be made on submission of receipts.

- The fellow will pre-pay all expenses in this regard;
- On arrival at the NWU, receipts for these expenses can be submitted to the Research Support Department.
- Funding will then be transferred to the standard NWU Bursary system, and paid out to the fellow by Financial Support Systems.
- Unfortunately, no payment can be made from the Research Support Department to the bank account of fellows.

### **6.4 Running Cost**

- A maximum amount of R20 000 per year can be claimed.
- These funds are paid into a university cost code and is administered by the entity. The money may be spent in line with the NWU rules for running expenses.
- The money will be paid over to the cost code on receipt of a request to do so, endorsed by the fellow and the supervisor.

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Dear Sirs / Mesdames

## **BINDING CLASS RULING: HIGHER EDUCATION SOUTH AFRICA**

This is a Binding Class Ruling issued in accordance with section 78(2) of the Tax Administration Act, No. 28 of 2011 (TA Act).

### **1 BINDING CLASS RULING**

#### **1.1 Persons to whom this ruling applies**

This ruling letter has been applied for by the Applicant, Higher Education South Africa ("HESA"), with income tax reference number 9031/765/15/0 and the following class members:

- The higher education institutions represented by HESA listed in Annexure A.

#### **1.2 Relevant tax laws**

The ruling has been requested on the interpretation and application of section 10(1)(q) as contained in the Income Tax Act No. 58 of 1962 ("the Act").

#### **1.3 Description of the proposed transaction**

1.3.1 The Applicant is a statutory body, established in terms of section 38(1) of the Higher Education Act, which represents a number of different higher education institutions, including universities and universities of technology.

- 1.3.2 The launch of the Applicant was in part driven by the restructuring of the higher education sector, and the need for a strong, unified body of leadership within the higher education system. The Applicant represents all 26 public universities and universities of technology in South Africa (the Class Members) and is a non-profit company.
- 1.3.3 The Class Members, represented by the Applicant, award PDRFs to post-doctoral research fellows. These PDRFs are awarded to enable the fellows to continue their post-doctoral studies in a particular field of expertise and are, therefore, used to enhance their knowledge, intellect and expertise.
- 1.3.4 The Applicant has adopted a best practice policy pertaining to PDRFs. The PDRF Policy contains the rules and procedures to be followed by the Class Members in respect of the funding and advertising of PDRFs, the requirements and application process for PDRFs, and the process to be followed in awarding, accepting, payment and extension of a PDRF. The Class Members have indicated that they will grant PDRFs based on the PDRF policy at all times.

#### **1.4 Conditions and assumptions**

Section 78(3) of the TA Act provides that a binding class ruling may be made subject to the conditions and assumptions prescribed in the ruling.

This binding class ruling is not made subject to additional conditions and assumptions.

#### **1.5 Ruling**

The ruling made in connection with the proposed transaction is as follows:

- 1.5.1 The bursary awards provided for in the PDRF policy document satisfy all the statutory requirements of a *bona fide* bursary as contemplated in section 10(1)(g) of the Act.

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1.5.2 If a fellow is considered to be an “employee”, as defined, at the time the PDRF is awarded, or if a relative of an employee receive a bursary or scholarship, the PDRF award will only be exempt to the extent of the limitations, as stated in section 10(1)(q)(i) and (ii).

**1.6 Period for which this ruling letter is valid**

This binding class ruling will be valid for a period of 5 (five) years from the date of the ruling.

**2 STANDARD CONDITIONS AND ASSUMPTIONS**

**2.1 Basis of the ruling(s) given in this letter**

This ruling letter and the ruling(s) set forth herein are based upon the following:

2.1.1 The information, documents, representations, facts considered and assumptions presented being true and accurate;

2.1.2 Any legal agreements or contracts entered into (or proposed to be entered into) in connection with the proposed transaction being legally valid and enforceable in accordance with their stated terms, the parties to those agreements timeously satisfying their obligations under those agreements, and those agreements otherwise being carried out in accordance with their terms; and

2.1.3 The interpretation and application of tax laws, regulations, binding general rulings, and case law in effect as of the date of this binding class ruling.

The ruling(s) set forth in this ruling letter only apply to the provisions of the tax laws identified in this binding class ruling in connection with the proposed transaction described herein.

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## 2.2 The understanding of the South African Revenue Service (SARS) of the proposed transaction

This ruling letter and the ruling(s) set forth herein are based upon the understanding of SARS of the proposed transaction as described herein.

*Please note that if you believe that this understanding is incorrect, inaccurate or incomplete, it is your obligation to notify SARS immediately. The failure to rectify a misunderstanding of a material fact may result in the ruling being withdrawn or modified.*

## 2.3 Subsequent changes in tax law

2.3.1 This binding class ruling letter will cease to be effective in any of the following circumstances:

- The provisions of the tax laws that are the subject of this binding class ruling are repealed or amended; or
- A court overturns or modifies an interpretation of the provisions of the tax laws on which the rulings set forth herein are based unless—
  - the decision is on appeal;
  - the decision is fact-specific and the general interpretation upon which the rulings were based is unaffected; or
  - the references in the decision to the interpretation upon which the rulings were based are *obiter dicta*.

2.3.2 In any of these circumstances, the ruling letter will cease to be effective immediately upon—

- the effective date of the repeal or amendment of the provisions in question, or
- the date of the reasons for judgment.

SARS is not obliged to notify the Applicant, or any Co-Applicant(s) if applicable, or any Class Member(s), or to otherwise publish a notice of withdrawal or modification.

## 2.4 Fraud, misrepresentation or non-disclosure

2.4.1 This binding class ruling letter is void *ab initio* in any of the following circumstances:

- The proposed transaction is materially different from the transaction actually carried out;
- There is fraud, misrepresentation or a non-disclosure of a material fact; or
- Any condition or assumption prescribed in this binding class ruling is not satisfied or carried out.

2.4.2 A fact is considered material if it would have resulted in a different ruling had SARS been aware of it when issuing this binding class ruling letter.

## 2.5 Other requirements and limitations

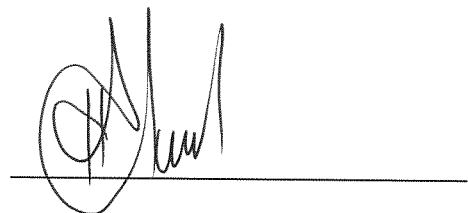
This ruling letter and the ruling(s) set forth herein are also subject to any other requirements and limitations set forth in Chapter 7 of the TA Act, as well as any requirements and limitations set forth in any general binding ruling issued under section 90 of the TA Act.

This ruling letter and the specific ruling(s) set forth in it only apply to the Applicant and any Co-Applicant(s) and the Class Members identified herein. This ruling letter may not be cited in any proceeding, including court proceedings, other than a proceeding involving the Applicant or any Co-Applicant(s) or the Class Members identified herein.

Yours faithfully



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