EXTERNAL GUIDE

A
STEP-BY-STEP
GUIDE
TO
THE EMPLOYER
RECONCILIATION
PROCESS

SARS
At Your Service

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REVISION HISTORY TABLE

Date	Version	Description
01-08-2019	10	Revision 10 – Updated with PAYE 2019 Filing Season
14-09-2020	11	Revision 11 – Updated with PAYE 2020 Filing Season

1   PURPOSE

- This standard operating procedure in its design, development, implementation and review phases is guided and underpinned by the SARS **strategic objectives, the SARS Intent, and the SARS** values, code of conduct and the applicable legislation. Should any aspect of this standard operating procedure be in conflict with the applicable legislation the applicable legislation will take precedence.

- The purpose of this document is to assist employers with their reconciliation submission to fulfil their tax responsibilities and to ensure a smooth Employer Reconciliation process (interim and annual).

2   INTRODUCTION

- The Income Tax Act No. 58 of 1962, states inter alia that employers are required to:

    - □   Deduct the correct amount of tax from employees,
    - □   Pay this amount to SARS monthly,
    - □   Reconcile these deductions and payments during the annual and the interim reconciliation, and
    - □   Issue tax certificates to employees.

- The submission dates of the Employer reconciliation are prescribed by notice in the Government Gazette.

- The employer in collaborating with SARS plays a critical coalition towards adherence and compliance of tax principles and laws. This guide will assist the employer with the reconciliation submissions by demonstrating, gradually, how to complete and submit the EMP501 form to have a smooth Employer Reconciliation process (interim and annual).

- In order to comply with the Income Tax Act, employers must submit their Monthly Employer Declarations (EMP201s) to SARS. The EMP201 is an employer payment declaration that requires employers to indicate the total payment made and gives a breakdown of PAYE, SDL and UIF payment allocations as well as the Employment Tax Incentive amounts if applicable for the period.

- During the Employer Reconciliation process, employers are required to submit an EMP501 declaration, which reconciles the taxes collected from employees with the monies paid to SARS and the total tax value of employees' tax certificates, for the respective period.

- The reconciliation process allows an employer to rectify the total EMP201 payment declaration via the EMP501, rather than historically via the EMP201. This enables the employer to view and rectify holistically the total value of the tax certificates issued, the total liability declared and the total payments to SARS for the affected periods.

- The interim reconciliation process introduced in September 2010 has become an integral part of the Employer Reconciliation and assist employers by:

    - □   Enabling an easier and more accurate annual reconciliation submission
    - □   Maintaining an up-to-date employee database
    - □   Registering employees for Income Tax purposes, as required.

- During the Employer Reconciliation process an employer is required to submit accurate reconciliation declarations (EMP501) in respect of the EMP201s submitted, the payments made and the IRP5/IT3(a) certificates for the:

- Interim reconciliation period –which is for the period 1 March to 31 August. The interim reconciliation period will run from 14 September – 31 October 2020.
- Annual reconciliation period – which is for the full tax year 1 March to 28/29 February.

- The look and feel of the EMP501 and IRP5/IT3(a) certificates have changed and opens in 'HTML5'.

  - 'HTML5' is a version of the 'Hyper Text Mark-up Language', which is a type of technology used for structuring and presenting content on websites.
  - Some of the advantages of HTML5 is that it is compatible with multiple web browsers (e.g. Google Chrome, Edge, Firefox, Safari, Opera) and it offers improved access to users irrespective of the screen size, orientation and resolution of their devices
  - **Note:** for the 2020 year the HTML5 forms will be available only on eFiling, however in 2021 e@syFile™,will be moved to the HTML.
  - Complete all mandatory fields as required, and it remains the responsibility of the employer to ensure the information provided to SARS is accurate at the time of submission.
    - Mandatory fields will display with an asterisk (*) and be highlighted in red if not correctly captured.
    - A message will display underneath the field stating, "<Field Name> is a mandatory field.

- The IRP5/IT3(a) certificate information submitted by employers through the Annual reconciliation process prepopulates on employees' annual income tax returns (ITR12) and employees are not able to change this information. It is therefore imperative that the information submitted by employers to SARS is correct else, this will influence the employee's assessment when he/she submits the annual income tax return; and
- ETI refunds can only be claimed by submitting a reconciliation, both a bi-annual and annual recon must be submitted, failure to do so will result in ETI refund being forfeited.

2.1 HOW TO SEND THE RECONCILIATION DECLARATION

- Employers can complete and send the reconciliation declarations via the following channels:

  - **Online using eFiling:**

    o It is important to note that on eFiling employers can only file a reconciliation that contains a maximum of 50 IRP5/IT3(a) certificates (tax certificates). If you are submitting more than 50 IRP5/IT3(a) certificates, please use e@syFile™ Employer.

  - **Online using e@syFile™ Employer** – for the employer to submit electronically via e@syFiling use an eFiling username and password.

    o Use the latest version of e@syFile™ Employers as any information submitted to SARS using a previous version are not accepted.
    o For the latest version, refer to the SARS eFiling website www.sarsefiling.co.za.

  - **Manually at a SARS branch:**

    o Manual reconciliation declarations submitted at a branch will only be accepted for employers with a maximum of five IRP5/IT3(a) certificates. Employers' with more than five IRP5/IT3(a) certificates are advised to either use SARS eFiling or e@syFile™ Employer to submit declarations.

- It is important to **note** the following:

  - The submission of EMP501 forms via post is no longer accepted.
  - From the 2009-transaction year and onwards, adjust reconciliation submissions by submitting a revised EMP501.

- □ The current process where SARS will only accept EMP701 declarations for adjustments made to reconciliation submissions from 1999. The rules for the EMP701 submission is based on the year or whether and where a recon has been submitted:

  - o Where the year is 1999 - 2008 and no recon has been submitted, current recon process must be used.
  - o Where the year is 1999 - 2008 and recon has been submitted on Core Tax System(CTS) and not Service Manager(SM), then EMP701 must be used.
  - o Where the year is 1999 - 2008 and no has been submitted on SM, the current recon process must be used.
  - o Where the year is prior to 1999 the manual reconciliation, process must be followed.
  - o Where an EMP501 was not received. This must be sent via e@syFile™ Employer or be submitted at a SARS branch.

- □ Employers must submit the EMP501 Reconciliation for a specific period through one channel only, i.e. if employers elect to submit the EMP501 Reconciliation through e@syFile for period 201908, the employer cannot revise the submission through eFiling, or vice versa. However, the employer has the option to elect a different channel for the submission of the next filing period.

2.2 HOW TO RECONCILE?

STEP 1

- For 2021 year a rule has been added that will affect employers and income may not be more than tax. People not registered for provisional tax often pays their tax via PAYE and issues a certificate with R1 income and the actual tax paid. This is then corrected during the IT filing period, however this practice will no longer be allowed.

- Before completing the EMP501 (for interim and annual submission), determine the total income of each employee for that year and recalculate the tax based on that amount.

- The IRP5/IT3(a) certificates should reflect the income, deductions and tax as calculated at this point.

STEP 2

- If the recalculated liability according to the IRP5/IT3(a) certificates is different to that declared on the EMP201s submitted, determine in which month(s) these differences occurred.

STEP 3

- The demographic information such as the Employee Information and Contact Details sections will pre-populate on the form.
- If the pre-populated information is incorrect or there is no pre-populated information, the employer is advised to update the details.

STEP 4

- This field is now automatically populated with the pre-pop information. On eFiling, the prepop information will be there automatically.

- On e@syFile, the employer has a choice to select "Own Values" or "SARS Values". Where the employer want to submit ETI, the employer **must** select "SARS Values". The employer will not be allowed to increase ETI values and therefore it must be prepopulated on to the EMP501.

STEP 5

- For eFiling, all the monthly liabilities will pre-populate on the EMP501 using information obtained from the EMP201 submissions made to SARS.
- For e@syFile, it depends on which option the employer selected "SARS Values" or "Own Values".
- These include all financials for PAYE, SDL and UIF.

STEP 6

- The total monthly payments made in respect of PAYE, SDL and UIF (excluding payments made in respect of interest and additional tax) must be captured on the form.
- These reflect the actual payments made to SARS throughout the year.

STEP 7

- When settling any shortfall reflected on the reconciliation, the employer must amend the liabilities on the months in which the shortfall occurred. This does not impact the payments. The employer can only declare what was paid. Once the monthly liability values have been amended and the difference is zero, the employer must submit the recon, request a SOA and then make payments on those periods.

- When doing the full year recon and there was a shortfall or over payment in the bi-annual, which was applied to the last active period, the employer must not change this liability value to the value declared on the EMP201 as this will unallocated payments made to this shortfall or remove reconciliations credits where there was an over payment

2.3 CORRECTING YOUR LIABILITIES OR PAYMENT SUBMISSION

- When there is an audit in progress, the employer cannot submit a revised reconciliation. A revised reconciliation can only be submitted upon completion of the audit.

- **Note:**

    □ An RD cannot be reduced or in the case of ETI increased. It can be increased or in the case of ETI reduced.
    □ An agreed estimate or a declaration submitted as part of Voluntary Disclosure Programme (VDP) cannot be changed by the employer.
    □ The employer must keep the correct employee certificates, EMP201 and relevant documentation for audit purposes.
   □ Corrections may not ever result in refunds of PAYE to an employee.

2.4 ISSUES WHICH MAY ARISE

- **Tax Calculation Process** - refer to www.sars.gov.za/TaxTypes/Pages/Employment Taxes Validation**.**

    □ This is tax certificate calculations that was introduced in 2020.

- The following are the most common instances where the recalculated (actual) monthly liabilities could differ from the original liability amount declared on the EMP201s:

    □ A delay in implementing the correct tax tables. This may have resulted in an over/under-deduction of tax in the months prior to the tax tables being introduced.

        o As long as the adjustments are made in the month following the date when the tax tables were made available, the original EMP201 amounts need not be revised.

    □ When performing your final tax liability calculation for employees, differences could arise as a result of fluctuations in monthly remuneration.

        o Where this has occurred, the differences must be reflected in the relevant month (e.g. in the month that a person resigns or end of the tax year).

    □ When an employer spreads an employee's tax on their 13th cheque over a tax year and the employee resigns before the bonus is due, there might be an over/under-deduction.

    □ Any administrative timing difference in updating your payroll records (e.g. resignation or death of an employee updated after the payroll run, resulting in an over-payment to SARS).

    □ If you change any data in respect of any reconciliation that has already been submitted to SARS, the employee must be issued with a new certificate. The employee must revise their ITR12 and the certificate(s) be amended and the EMP501 adjusted accordingly.

        o Submit the revised EMP501, and any revised certificates, to SARS.

- **Note:** If an EMP501 is processed and SARS subsequently revises any EMP201 declarations that fall within the reconciliation period and when an audit has been concluded and there is a change, the employer must submit a revised EMP501 following the revised declaration to correct the figures in his/her records.

- SARS has found that some employers do not capture the correct liabilities on the monthly EMP201 returns. This can be ascribed to a misunderstanding of the process or because they want to avoid paying the full amount of Employment Taxes due to SARS. They would then rectify the oversight on the EMP501 reconciliation and pay any shortfall in the last month of the reconciliation period.

- In an effort to provide clarity and certainty to employers, SARS compares both the monthly liabilities as well as the certificates values captured on the EMP501 with the liabilities on the Employment Taxes account.

- If there is a substantial difference, the Notice of Excessive Liability Change (ELC) will be sent to the employer to inform them of excessive liability changes that were identified on the EMP501 reconciliation and request the employer to rectify the problematic periods within the stipulated turnaround time.

    - All the notices to the employer will follow a Go Green principle and will be applied when issuing those Notices and the Go Green principle are as follows:

        o When the taxpayer is an eFiler, the notice will be available on eFiling;
        o If the taxpayer is not an eFiler and has a valid email address, the Notice will be sent via email; or
        o If the taxpayer has neither a valid email address and is not an eFiler the notice will be posted via Lithotech or print the notice for the taxpayer.

- **Note:** An eFiler must refer to Section 11 to access all the Notices.

3   HOW TO REGISTER ON EFILING

- Navigate the website www.sars.gov.za, and search for the icon "eFiling -**REGISTER**". Select the icon and follow the registration steps stipulated to complete the registration process.

- For further assistance with eFiling registration, refer to the following External Guide - "**How to register for eFiling and Manage your user Profile**" available on the SARS website www.sars.gov.za.
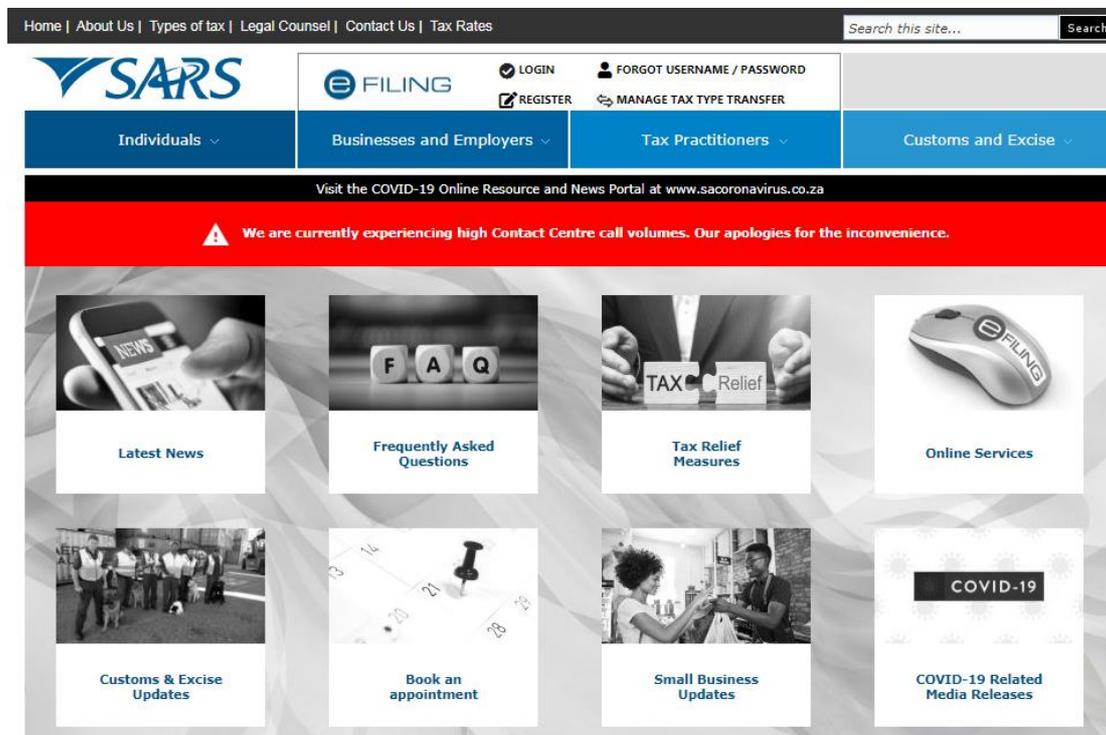

- Once registered, click on "**Login**" and enter your username. Once completed click on "**Next**."

- Enter your password and click on the "**Login**" button.
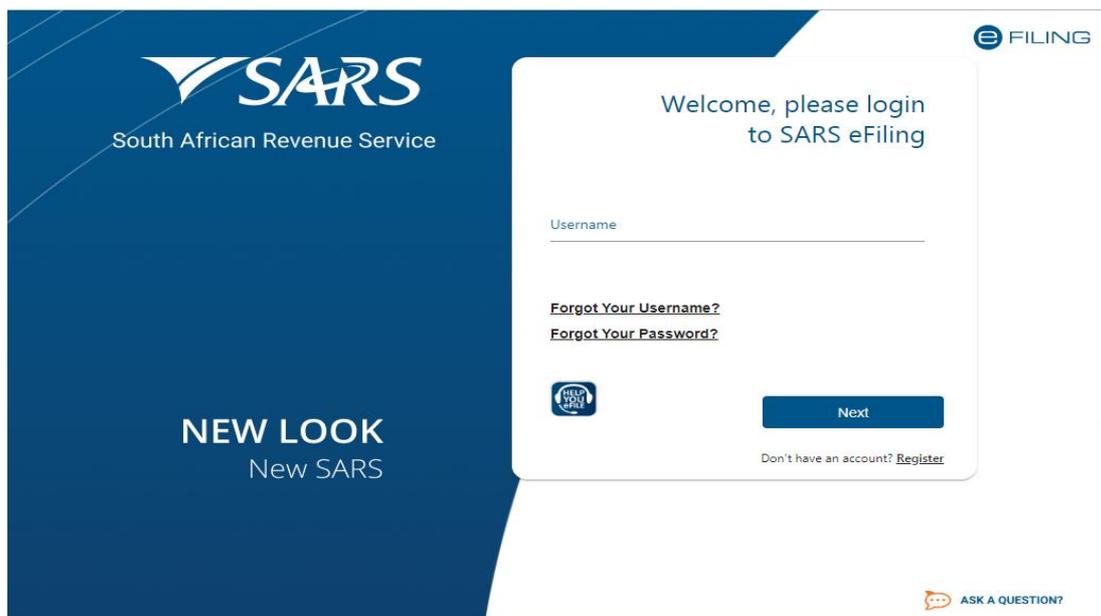
3.1 CHAT BOT

- The chat bot icon appears on the bottom right of your screen. You can click on this icon to ask a question within the context of the screen that you are busy on.

    - Type a question in the input text box
    - Click on the button on your screen and press <Enter> on your keyboard to submit the question
    - Lwazi, the online assistant, will process your request and display the answer on your screen.
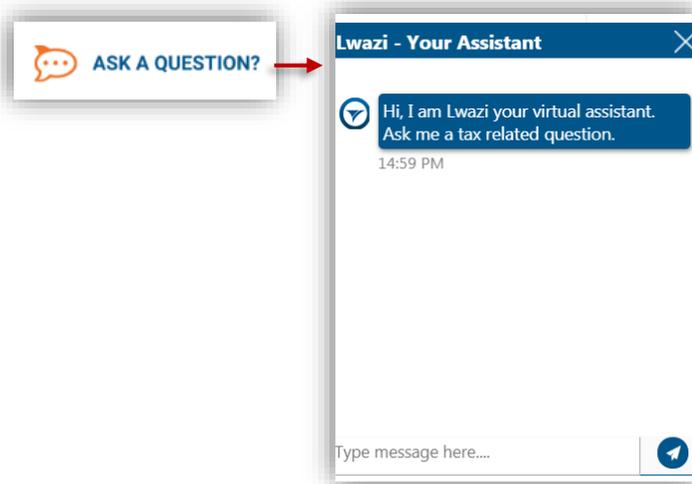
4   HOW TO USE EFILING TO DO YOUR RECONCILIATION

- When an employee is not registered for PAYE? An employer must still issue IT3(a) certificates to their employees when the employer is not registered. The Income Tax (IT) number of the company or individual should then be used. The SDL/UIF number, if applicable must be manually captured on the EMP501 and refer to External Guide-How to Activate Submit and Declare Third Party Data IT3 (b,c,e,s) via eFiling.

- To file the employer reconciliation declaration (EMP501), your organisation must be registered on eFiling and the Organisation Tax Type must be activated for EMP501 submissions.

- To activate the organisation tax type of EMP501 submission:

    - Log on to the SARS eFiling website (www.sarsefiling.co.za).
    - Select '**Organisations**' that will be on the top menu.
    - Select 'Organisation' from the left menu.
    - Select '**Organisation Tax Types**' from the menu on the left.
    - Select the check box next to '**EMP501 – Submission**'.

        o   Enter your PAYE Reference Number in the '**Reference Number**' field.
        o   Click on drop down list and select the tax office where you registered for PAYE.

- Click on '**Register**' button at the bottom of the screen.

- A message will display to confirm that the tax type has been successfully updated.
- Once successfully processed by SARS the status will change from "Awaiting Registration Verification" to "Successfully Activated".


5 REQUEST YOUR EMPLOYER RECONCILIATION DECLARATION (EMP501) ON EFILING

- To request a return for the applicable reconciliation period:

    □   Select **'Returns'** from the menu on the top
    □   From the menu on the left click on '**Returns Issued**' and select '**Employees Tax (EMP501)**'.
    □   Select the period of reconciliation from the drop-down list, and click on **'Request Return'**
    □   Click on 'Open' to access the EMP501 work page.
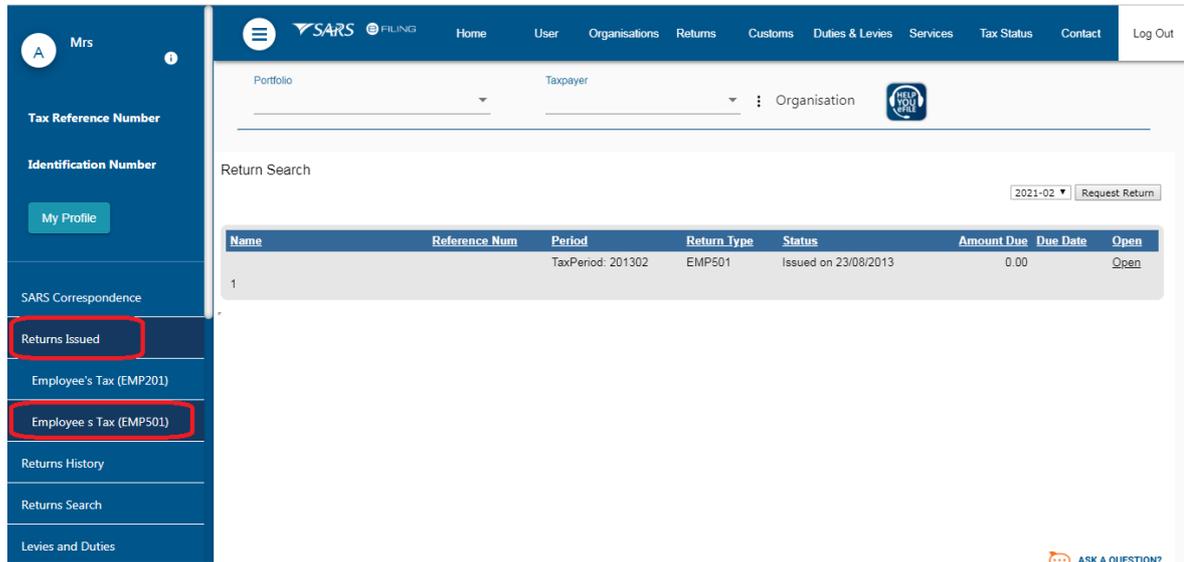
- Note: if you have selected a final reconciliation before the 1st of March, is an exception process and should not be used, other than Liquidation/Winding up the company/Insolvency/Estate cases/Dormant (etc.)

- The following screen will display and you will be required to confirm that you wish to continue and provide a reason:
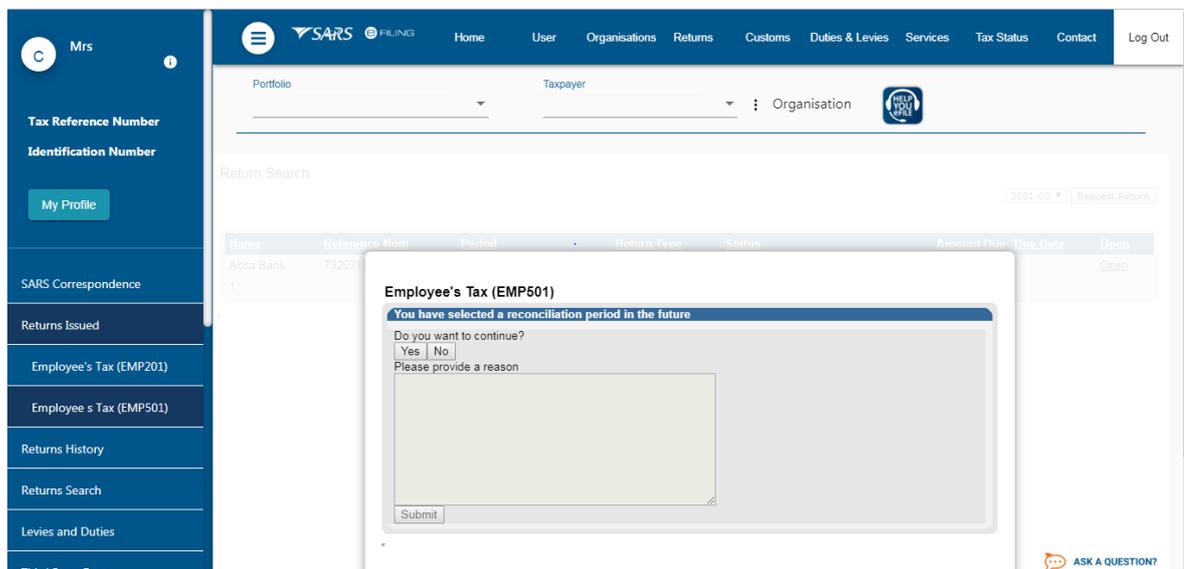
- If you selected 'No' on the above screen, you will be redirected to this screen:
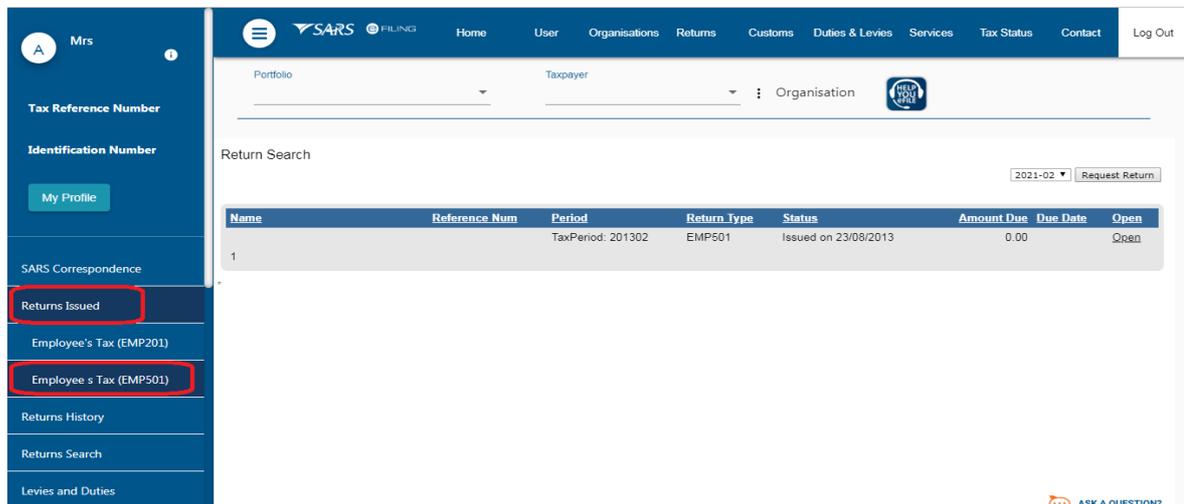
- Select the period of reconciliation from the drop-down list, and click on '**Request Return'.**

- Click on 'Open' to access the EMP501 work page.

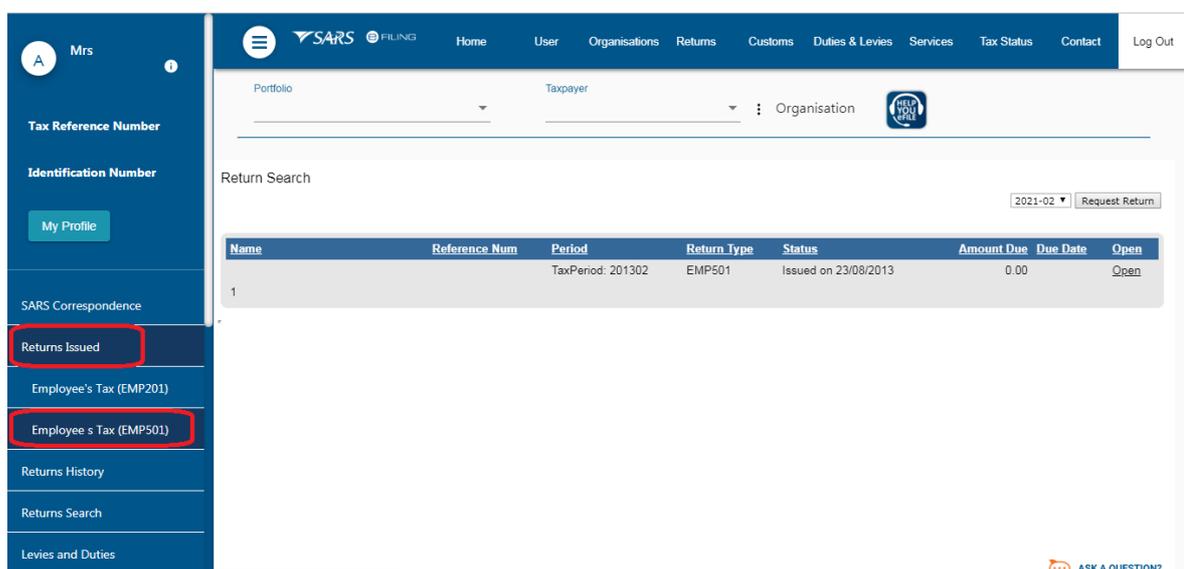- Click on the '**EMP501**' link to open the return. The employer will be able to complete the Tax Certificates once the EMP501 is opened.

- If a reconciliation has already been submitted via e@syFile for this filing period, there will be an error message and the employer will not be allowed to submit the reconciliation on eFiling.

  - The following message will display on the screen. Read the message to ensure that you understand the requirements that must be adhered to for the successful processing of your EMP501 reconciliation.

    - The '**Back to eFiling**' button will allow you to go back to the previous screen.
    - To download the e@syFile software, Click on the '**Download e@syFile'** button.

- Click on '**Continue**' to continue to the EMP501 work page and to complete the EMP501 refer to **Section 6.**

Employee's Tax (EMP501)

Request EMP501

Dear Taxpayer,

In order for SARS to successfully process your EMP501 reconciliation, you need to adhere to the following:
1. You must submit your EMP501 Reconciliation for a specific period through one channel only, i.e. if you elect to submit your EMP501 Reconciliation through e@syFile for period 201302, you cannot revise the submission through eFiling, or vice versa. You do however have the option to elect a different channel for the submission of the next filing period.
2. eFiling will allow a maximum of 50 IRP5/IT3(a) certificates to be submitted. If you are submitting more than 50 IRP5/IT3(a) certificates, please use e@syfile.

Failure to adhere to the above will result in your submission being rejected.
Sincerely
SARS

Back to eFiling | Download E@syfile | Continue

close

5.1   YOUR EMP501 WORK PAGE ON EFILING

5.1.1 Refresh Historic Data

   ▫   Click on the **'Refresh Historic Data'** button to refresh the EMP501 with the historical data as per the latest SARS records.

      o   For example: if the employer was non-compliant at the time when the EMP501 return was requested on eFiling and the non-compliance is subsequently resolved, the refresh button must be used to update the compliant status on eFiling.

   ▫   Click the **'OK'** button on the message displayed.

- Note: this option will overwrite any information that you may have already captured on the return and click the "**Continue**" button.

Refresh Historic Data

Refresh Historic Data
Your historical information was refreshed successfully.

Continue

- You will be redirected to EMP501 work page and to complete the EMP501 refer to **Section 6.**

5.1.2 Manually Submitted

- This is a for when you have submitted your return via another method, e.g. you have submitted a paper copy manually at a branch office.

- Click 'Ok' if you wish to set the return as manually submitted.

5.1.3 Dispute

- By clicking 'Dispute' button, a dispute can be initiated.

- When you click 'Dispute' button, the following screen will be displayed: complete the Tax type and the period you want to file/lodge a dispute and click 'Next'.

5.1.4 Request for Reason

- By clicking '**Request for Reason'** button, a dispute can be initiated.

- When you click '**Request for Reason'** button, the following screen will be displayed: complete the Tax type and the period you want to file/lodge a dispute.

- Click 'Next' and eFiling will perform a check to confirm whether there are currently any existing disputes against the selected tax type and period and if the dispute is allowed.
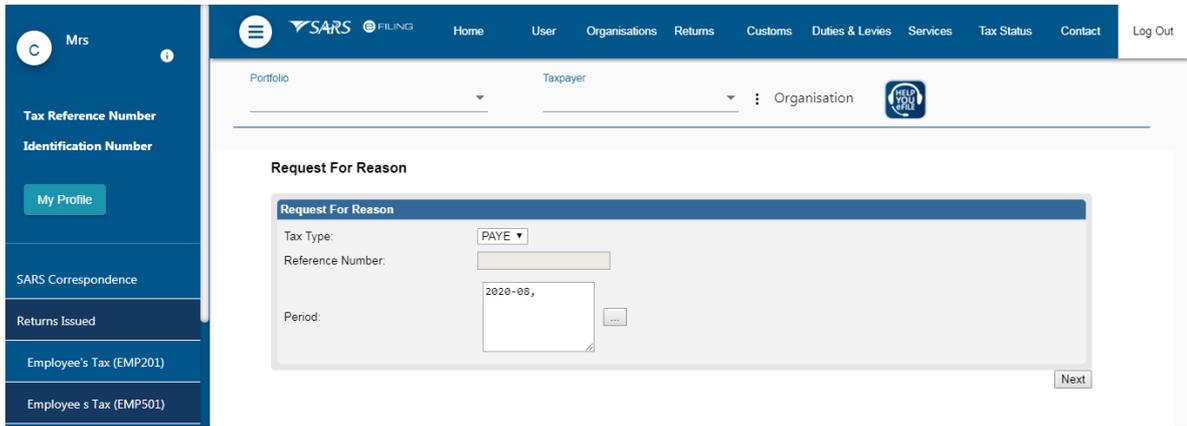
- If there is no request , the following screen will be displayed:
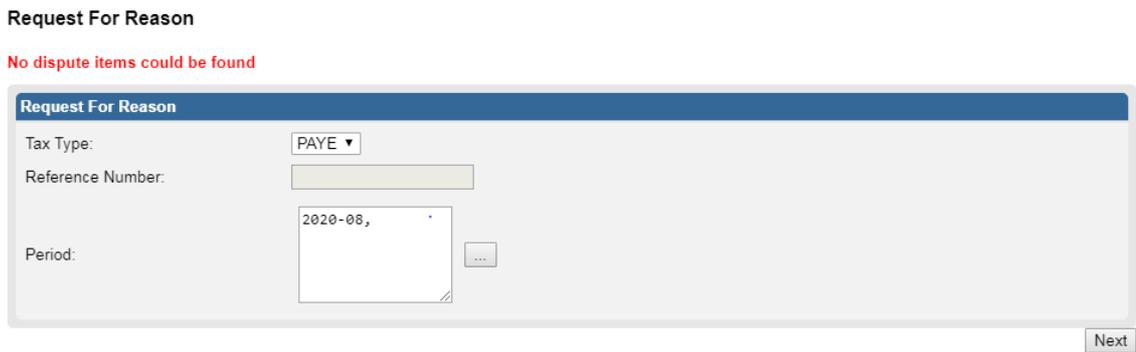
5.1.5 Back to Search

- By clicking '**Back to Search'** button, you will be directed to the main page EMP501.
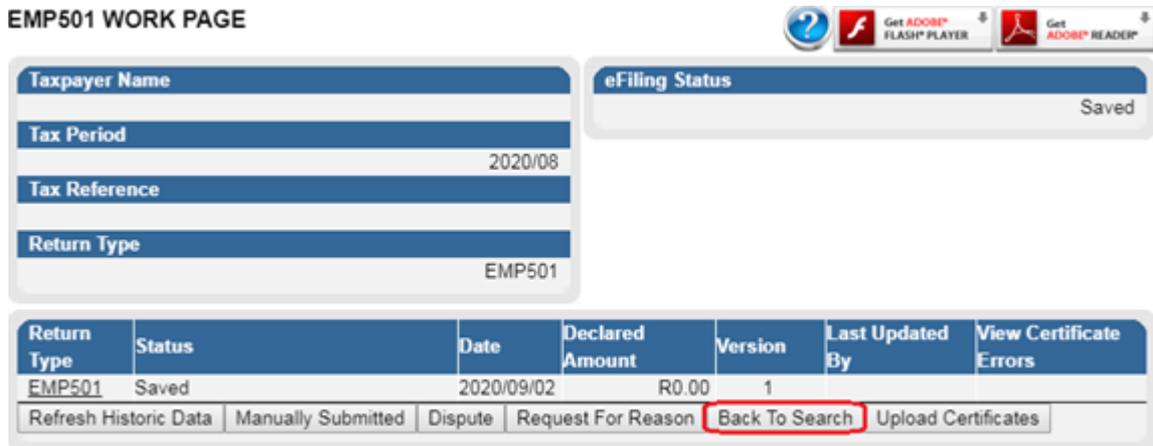
5.1.6 Upload Certificates

- Click on the **'Upload certificates'** button to upload employee tax certificates that are in the format defined in the latest external 'Business Requirement Specifications for PAYE Employer Reconciliation' published on the SARS website.

- The following screen will be displayed and click 'Ok' to continue.

- Click '**Choose File'** to upload the certificates and click 'Upload' button.

- When you have completed to upload the certificates and there are errors, the following screen will be displayed:

- Click '**Save error to file'** button to save those errors and rectify.

- If all the certificates are uploaded correctly and they do not have errors click '**Back'** button.

- You will be redirected to EMP501 work page and to complete the EMP501 refer to **Section 6.**

6   LAYOUT OF EMP501 DECLARATION

- The EMP501 Declaration is divided into the following main headings, namely:

  ▫   Employer Information;
  ▫   Tax Practitioner Details (if applicable);
  ▫   Employment Tax Incentive;
  ▫   Financial Particulars.

- Each heading has sub headings. The following sub headings will be available under 'Employer Information' heading to type or select from the dropdown list.

6.1   COMPLETING THE EMP501 DECLARATION

- This section describes the steps to follow when completing the EMP501 declaration when preparing the certificates manually to submit at a SARS branch, on eFiling or via e@syFile™ Employer.

- When submitting the certificates via eFiling, some fields will be prepopulated and auto calculated.

6.1.1 **Employer Information**

- The following information will be prepopulated on the form:

  □ **Transaction Year -** This refers refers to the year for which the submission is made.

  □ **Period of Reconciliation -** This value is the period for which the reconciliation is submitted and must fall within the transaction year specified followed by the period of the reconciliation. Example: For the interim reconciliation period ending August 2020, "202008" will display in this field. For the annual reconciliation period ending February 2021, "202102" will display in this field.

  □ **PAYE Ref No.**

    o This will be populated if the employer is registered for SDL, however if an Income Tax (IT) number was used in the PAYE number field, this field must be manually captured if applicable.

  □ **SDL Ref No.**
    o This will be populated if the employer is registered for SDL, however if an Income Tax (IT) number was used in the PAYE number field, this field must be manually captured if applicable.

  □ **UIF Ref No.**
    o This will be populated if the employer is registered for UIF, however if an Income Tax (IT) number was used in the PAYE number field, this field must be manually captured if applicable.

  □ **Trading or Other Name.**
    o This will be pre-populated from the registered particulars. Should this name be incorrect, it can be changed using the WRAV01 process – refer to the following guide-How to Complete the **Registration** Amendments and Verification Form RAV01 available on SARS website.

- **Diplomatic Indemnity Indicator?**

  □ Select "Y" (yes) or "N" (no).

  □ The Diplomatic Indemnity Indicator field is optional for years prior 2020 and mandatory from 2020 going forward.

- **SIC Code -** Select the SIC Code from the dropdown list.

  □ The Standard Industrial Classification codes (SIC Codes), are an internationally accepted set of codes for the standard classification of all economic activities, prescribed by the Department of International Economic and Social Affairs of the United Nations.

□ The SIC Code is mandatory, but from a specific year – before that only if ETI is selected – refer to form spec for rules (you may have to use the PDF form spec version to find the correct rules – not sure if the HTML5 list this so specifically).

□ If the Employer is claiming ETI, the employer must select a SIC Code. If a SIC Code that is not allowed to be claimed is selected, an error message should pop up.

□ The following SIC codes are not allowed to claim ETI:

- o 84111 (General public administration at National Government level);
- o 84112 (General public administration at Provincial Government level);
- o 84113 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at National Government level);
- o 84121 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at National Government level);
- o 84122 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at Provincial Government level);
- o 84123 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at Local Government level);
- o 84131 (Regulation of and contribution to more efficient operation of businesses at National Government level);
- o 84132 (Regulation of and contribution to more efficient operation of businesses at Provincial Government level);
- o 84133 (Regulation of and contribution to more efficient operation of businesses at Local Government level);
- o 84140 (Extra budgetary account n.e.c.);
- o 84210 (Foreign affairs);
- o 84220 (Defence activities);
- o 84231 (Public order and safety activities at National Government level);
- o 84232 (Public order and safety activities at Provincial Government level);
- o 84233 (Public order and safety activities at Local Government level)
- o 84300 (Compulsory social security activities).

- **SEZ Code –** Select the SEZ Code from the dropdown list.

  □ SEZ means Special Economic Zone designated by the Minister of Trade and Industry. It is an economic development tool to promote economic growth and export by using support measures in order to attract targeted foreign and domestic investments and technology.

  □ Note: Below is list of approved SEZ:

  - o **COE : Coega SEZ**
  - o **DTP : Dube Trade Port SEZ**
  - o **EAL : East London SEZ**
  - o **MAP : Maluti-A-Phofung SEZ**
  - o **SLB : Saldanha Bay SEZ**
  - o **RIB : Richards Bay SEZ**

6.1.2 **Contact Details**

- Complete the contact details of the employer' representative

  - First Name;
  - Surname;
  - Position held at Business;
  - Bus No;
  - Cell No;
  - Email.

6.1.3 Payroll Systems Details

- Payroll Software Provider **–** Select the payroll software provider system from the dropdown list.

- Payroll Software Package **–** Select the payroll software package system from the dropdown list. If your payroll software package does not appear on the dropdown list, select "other" and specify the name of the payroll system in use.

  - Note: If an internal software package is used, select 'In-house' from the dropdown list.

6.2 TAX PRACTITIONER DETAILS (IF APPLICABLE)

- If the employer utilises the services of a tax practitioner, complete the following:

  - **Registration No –** this refers to the tax practitioner number. Only alpha and numeric digits may be used. The first two digits must be PR followed by 7 alpha (A-Z) and numeric (0-9) characters.

  - **Tel No -** Please use numerical characters. If you are entering a landline number, ensure that the area code is completed. You must complete either the Bus Tel No or the Cell No field.

6.3   EMPLOYMENT TAX INCENTIVE (ETI)

6.3.1 COVID-19 Tax Relief Measures

- In response to the COVID-19 pandemic, there has been tax measures announced with the purpose of assisting employers to provide financial stability to their employees during the COVID-19 disaster period. This includes the expansion of the ETI to employers and qualifying employees, and the deferral of the payment for PAYE. These measures are available for a limited period of four tax periods beginning 1 April 2020 and ending on 31 July 2020.

6.3.2 Expanded ETI Measures

- The following enhancements have been made on the expansion of ETI to employers and qualifying employees:

  - The maximum amount of ETI allowable during these four tax periods for employees eligible under the current ETI Act will be increased from R1 000 to a maximum of R1 750 based on the salary paid to the employee in the first qualifying twelve months and from R500 to a maximum of R1250 in the second twelve qualifying months.

  - An additional monthly ETI claim to the maximum amount of R750 during this four-month period will be allowed for employees:

    - From the ages of 18 to 29 who are no longer eligible for the ETI as the employer has claimed ETI in respect of those employees for 24 months and who are still employed by the employer; and
    - From the ages of 18 to 29 and who were employed prior to 1 October 2013, provided they meet the salary bands and other qualifying criteria;
    - new age category of 30 to 65, provided the meet salary bands and other qualifying criteria;
    - Who were employed prior to 1 October 2013 and who renders services to the employer mainly within a SEZ, regardless of age, provided they meet the salary bands;

  - **Note** that an additional monthly ETI claim is allowed for employees of the above-mentioned ages provided they meet the salary bands and other qualifying criteria.
  - The payment of ETI reimbursements will be accelerated from twice a year to monthly during these four tax periods.
  - The following are the categories of employees who qualify:
    - aged between 18 and 29 and employment commencing on or after 1 Oct 2013 [section 6(*a*)(i)(*aa*)]
    - aged between 18 and 29 and employment commencing before 1 Oct 2013 [section 6(*a*)(i)(*bb*)]
    - aged between 30 and 65 and employment commencing any date [section 6(*a*)(i)(*cc*)]
    - employee of any age employed by a qualifying company (defined in section 12R), who renders services to that employer mainly within the SEZ in which the qualifying company that is the employer carries on trade [section 6(*a*)(ii)
    - is employed by an employer in an industry designated by the Minister of Finance, after consultation with the Minister of Labour and the Minister of Trade and Industry, by notice in the *Gazette* [section 6(*a*)(iii)]

- This expansion is applicable only to employers that were registered with SARS for PAYE as at 25 March 2020. Further to the above, the current compliance requirements for employers under sections 8 and 10(4) of the ETI Act will continue to apply.

Employment Tax Incentive (ETI) - Financial Particulars

ETI Brought Forward	ETI Calculated	PAYE Liability	ETI Utilised	PAYE Payable
R March	R March	R March	R March	R March
R April	R April	R April	R April	R April
R May	R May	R May	R May	R May
R June	R June	R June	R June	R June
R July	R July	R July	R July	R July
R August	R August	R August	R August	R August
R Total (1st ETI period)	R Total (1st ETI period)	R Total (1st ETI period)	R Total (1st ETI period)	R Total (1st ETI period)
R ETI not utilised				
R September	R September	R September	R September	R September
R October	R October	R October	R October	R October
R November	R November	R November	R November	R November
R December	R December	R December	R December	R December
R January	R January	R January	R January	R January
R February	R February	R February	R February	R February
R Total (2nd ETI period)	R Total (2nd ETI period)	R Total (2nd ETI period)	R Total (2nd ETI period)	R Total (2nd ETI period)
R ETI not utilised	R ETI calculated per IRP5 / IT3(a) 4118			

- **ETI Brought Forward**

  - This field is calculated as the 'ETI Brought Forward' amount of the previous month *plus* the 'ETI Calculated' amount of the previous month *less* the 'ETI Utilised' amount of the previous month.

  - For 201502 there can be a brought forward value as ETI refund legislation was not yet activated. For all other periods, this will default to nil and will be locked.

- **ETI Calculated**

  - This field will be prepopulated for all qualifying employees per month as per the requirements in the ETI Act.

  - The ETI amount cannot be increased on the EMP501. However, if ETI was over claimed for a period the user will be allowed to reduce the ETI amount for that specific month.

  - Note: Where an ETI amount was not claimed for a month that falls within the reconciliation period, the employer can claim the shortfall on the EMP201 return for the month during which the error was realised, if the month falls within the same reconciliation period. Once the next reconciliation period starts, any ETI not claimed will be forfeited.

  - If the liability in this field is changed and the difference from the previous value declared is not within the defined threshold, complete the "Reason for Over/Understatement of Declaration" field.

- **PAYE Liability**

  - This field will be prepopulated with PAYE liability for all employees per month.
  - If the value in this field is changed and the difference from the previous value declared is not within the defined threshold, complete the "Reason for Over/Understatement of Declaration" field.

- **ETI Utilised**

  - This refers to the amount of ETI that the employer wants to offset against the PAYE liability.

  - This field will be prepopulated with ETI amount utilised for each month.

- The ETI utilised amount may not be greater than the PAYE Liability for that period. It may also not be greater than the 'ETI Brought Forward' plus the 'ETI Calculated' amount for the month.

- The ETI utilised amount cannot be increased on the EMP501. If ETI was over claimed for a specific month, the employer will be allowed to reduce the ETI amount for that specific month.

- If the value in this field is changed and the difference from the previous value declared is not within the defined threshold, the "Reason for Over/Understatement of Declaration" field must be completed.

- **PAYE Payable (excluding Penalties, Interest and Add tax):**

  - The field will be auto-calculated and is calculated as the PAYE liability of the current month *less* the ETI Utilised.

- **Total (1ˢᵗ ETI Period)**

  - This field will display if the 'Period of Reconciliation' month is 08, and the amount will be auto-calculated.

- **Total (2ⁿᵈ ETI Period)**

  - This field will display if the 'Period of Reconciliation' month is 02, and the amount will be auto-calculated.

- **ETI not Utilised (half year)**

  - For the interim reconciliation (i.e. period 08), the ETI not utilised is calculated as 'ETI Brought forward' for March *plus* 'Total ETI calculated' *less* the 'Total ETI Utilised'.

- **ETI not Utilised (full year):**

  - For the annual reconciliation (i.e. period 02), the ETI not utilised is calculated as 'ETI Brought' forward for September *plus* 'Total ETI calculated' *less* 'Total ETI Utilised' for the full-yearly reconciliation period.

- **'ETI Calculated per IRP5/IT3(a) Code 4118'**

  - This field indicates the sum of the calculated ETI amounts on the certificates for the employer during the period of reconciliation.

  - This amount will be calculated by the system and will allow the user to see if there is a difference between what has been declared on the IRP5/IT3 (a) certificates and the EMP501.

  - The ETI calculated must be less than or equal to the sum of source code 4118 of all IRP5/IT3 (a) certificates. If not, an error message will display and the user must either rectify the ETI calculated on the EMP501 or on the applicable IRP5/IT3 (a) certificates.

6.4 FINANCIAL PARTICULARS

- Due to COVID-19 Tax Relief, the SDL Liability field will be defaulted to zero and locked for the months of May 2020, June 2020, July 2020 and August 2020 to make provision for the SDL payment holiday.

Financial Particulars

PAYE Liability	SDL Liability	UIF Liability	Total Monthly Liability	Payments
March — R	March* — R	March* — R	March — R 🔒	R March
April — R	April* — R	April* — R	April — R 🔒	R April
May — R	May — R 0.00 🔒	May* — R	May — R 🔒	R May
June — R	June — R 0.00 🔒	June* — R	June — R 🔒	R June
July — R 0.00	July — R 0.00 🔒	July* — R 0.00	July — R 0.00 🔒	R July
August — R 0.00	August — R 0.00 🔒	August* — R 0.00	August — R 0.00 🔒	R August
R September 🔒	R September 🔒	R September 🔒	September — R 0.00 🔒	R September 🔒
R October 🔒	R October 🔒	R October 🔒	October — R 0.00 🔒	R October 🔒
R November 🔒	R November 🔒	R November 🔒	November — R 0.00 🔒	R November 🔒
R December 🔒	R December 🔒	R December 🔒	December — R 0.00 🔒	R December 🔒
R January 🔒	R January 🔒	R January 🔒	January — R 0.00 🔒	R January 🔒
R February 🔒	R February 🔒	R February 🔒 *	February — R 0.00 🔒	R February 🔒
Annual Total — R 🔒	Annual Total — R 🔒	Annual Total — R 🔒	Annual Total — R 🔒	Annual Total — R 0.00 🔒
Difference Total Liability & Ann... — R 🔒	Difference Total Liability & Ann... — R 🔒	Difference Total Liability & Ann... — R 🔒	Difference Total Liability & Ann... — R 🔒	
Total Liability — R 0.00 🔒	Total Liability — R 0.00 🔒	Total Liability — R 0.00 🔒		
The total liability for PAYE cannot be ...	The total liability for SDL cannot be z...	The total liability for UIF cannot be ze...		

R Tax Certificates Total 🔒	R Tax Certificates Total 🔒	R Tax Certificates Total 🔒
R Audit Result not in Cer...	R Audit Result not in Cer...	R Audit Result not in Cer...

R Tax Paid on Behalf of ...

Declared Liability

Amount
R | 0 🔒

Due By / To You

Amount
R | 0 🔒

- The following information will be auto-populated with the corresponding value in the Business Information container and cannot be edited on the form:

  ▫ **Transaction Year;**
  ▫ **Period of Reconciliation;**
  ▫ **PAYE Ref No.;**
  ▫ **SDL Ref No.;**
  ▫ **UIF Ref No.;**

- □ **'PAYE Liability' per month**

  - ⊖ Will be prepopulated.

  - o If the liability in this field is changed and the difference includes changes from what was prepopulated on the monthly values and what the employer changed it to as well as the difference value. If either monthly change or difference value is significant, this field must be completed "Reason for Over/Understatement of Declaration" field.

- □ **'SDL Liability' per month**

- □ This field will be prepopulated with the SDL liability amount per month.

  - o If the liability in this field is changed and and the difference includes changes from what was prepopulated on the monthly values and what the employer changed it to as well as the difference value. If either monthly change or difference value is significant, this field must be completed "Reason for Over/Understatement of Declaration" field.

- □ **'UIF Liability' per month**

- □ This field will be prepopulated the UIF liability amount per month.

  - o If the liability in this field is changed and and the difference includes changes from what was prepopulated on the monthly values and what the employer changed it to as well as the difference value. If either monthly change or difference value is significant, this field must be completed the "Reason for Over/Understatement of Declaration" field.

- □ **Total Monthly Liability**

- □ This field will be auto-calculated and is the sum of the PAYE, SDL and UIF liabilities for the relevant month.

- □ **Payments:**

  - o Insert the payments made for each month (excluding penalties, interest, and additional tax).

- □ **'Annual Total'**

- □ The following totals will be automatically calculated:

  - o PAYE Liability;
  - o SDL;
  - o UIF;

- □ **Total monthly liability:**

- □ **Payments (excl. Penalties, Interest and Additional tax).**

- □ **Difference** – Total Liability And Annual Total

- □ For the 'PAYE Liability', 'SDL' and 'UIF' columns, this value is automatically calculated as follows:

  - o 'Total Liability' minus the 'Annual Total'

  - o For the 'Total Monthly Liability' column, this value is auto calculated as follows:

- o PAYE difference plus the SDL difference plus the UIF difference.

- o The 'Reason for Over / Understatement' field will be mandatory for completion if the "Difference - Total Liability & Annual Total" fields (per tax type) is not within the defined threshold.

□ **Total Liability**

- o The total liability for PAYE will be auto-calculated as the 'Tax Certificate Total' plus 'Tax Paid on Behalf of Employee' plus the 'Audit Result Not in Certificates (PAYE)'.

- o The total liability for SDL and UIF will be auto calculated as the 'Tax Certificates Total' plus the 'Audit Result Not in Certificates.

- o There is no minus on the Total liability field.

□ **Tax Certificates Total**

□ These fields are read-only and cannot be edited on the return.

- o For PAYE, this field will be prepopulated with the sum of the amounts captured for source codes 4101, 4102 and 4115 on the IRP5/IT3 (a) certificates.

- o For SDL, this field will be prepopulated with the sum of the amounts captured for source code 4142 on the IRP5/IT3 (a) certificates.

- o For UIF: this field will be prepopulated from source code 4141 on the IRP5/IT3 (a) certificates.

□ **Audit Results Not In Certificates**

- o This field is applicable if an assessment was revised as a result of an audit, but the actual IRP5/IT3 (a) certificates were not amended to reflect the change.

□ Complete the applicable amounts for PAYE, SDL and UIF.

□ **Tax Paid On Behalf Of Employee**

□ This field must be captured if the employer, for example, made a mistake when deducting PAYE and then decided to pay the difference on behalf of the employees.

□ This amount relates to the penalty in par 5(5) of the Fourth Schedule to the Income Tax Act and should not include any amounts already accounted for in the IRP5/IT3 (a) certificates.

□ Complete numeric values only. Decimal values should not be included.

- **Declared Liability**

    □ This field is auto calculated and is the sum of the 'Total Monthly Liability (Annual Total)' and the 'Total Monthly Liability (for Difference Total and Annual Total)'.

    □ **Note:** If using e@syFile™ Employer a PDF form will in order to be populated with all the totals and difference fields for you.

- **Annual ETI Utilised**

    □ This field will be pre-populated with:

- The ETI Half Year Total if the reconciliation month is 08; or
- The ETI Full Year Total if the reconciliation month is 02.

- **Due By/To You (excl. Penalties, Interest and Additional Tax)**

    ▫ This field is auto-calculated and is the sum of the 'Declared Liability' minus the 'Annual ETI Utilised' minus the 'Total Payments'.

    ▫ A positive value indicates an amount 'Due **by** you', whereas a negative value indicates an amount 'Due **to** you'.

6.5 REASON FOR OVER/UNDERSTATEMENT OF DECLARATION DETAILS

- This field will be mandatory if the liabilities on the EMP501 are changed and the difference is not within a defined threshold on either of ETI calculated, PAYE Liability, ETI Utilised, SDL or UIF fields.

7 LAYOUT OF IRP5/IT3 (A) CERTIFICATE FORM

- The IRP5/IT3(a) certificate form is divided into the following main headings, namely:

    ▫ Employee Information.
    ▫ Employer Information.
    ▫ Tax Certificate Information.

Employee Information	! ˅
Employer Information	! ˅
Tax Certificate Information	! ˅
Employment Tax Incentive (ETI) Details	! ˅

7.1 COMPLETING THE EMPLOYEE TAX CERTIFICATEs [IRP5/IT3 (a)]

- This section describes the steps to be followed when preparing the employee tax certificates manually to be submitted at a SARS branch, on eFiling or via e@syFile™ Employer.

- Employee tax certificates are submitted for the interim reconciliation (i.e. period 08 – March to August) and the annual reconciliation (i.e. period 02 – March to February).

- Employee tax certificates submitted for the interim reconciliation will differ from the certificates submitted annually in the following ways:

    - Interim IRP5/IT3 (a) certificates will only be sent to SARS and must not be issued to employees.

    - Interim IRP5/IT3 (a) certificates will reflect information on income and deductions for a maximum of six (6) months.

    - Employees' Tax must reflect against code 4102 (PAYE) for old years. Do not split the total amount into SITE (4101) and PAYE (4102).

    - Employees' Tax must reflect against code 4115 - Tax on retirement lump sum and severance benefits [tax on code 3901,3915, 3920, 3921 3922, 3923 and 3924 (PAYE)].

    - Where employment was terminated prior to the closing of the interim reconciliation period (for instance due to resignation, death, immigration or where the employer ceased to be an employer):

        o The IRP5/IT3 (a) certificates must reflect financial information for the period actually employed.

        o Where there were deductions in respect of Employees' Tax, it must reflect against code 4102 (PAYE).

        o The calendar month in the IRP5/IT3 (a) certificates number (code 3010) must be specified as "02" to indicate that this is a final IRP5/IT3 (a) certificate. Submit the same certificate to SARS at the end of the tax year, as part of the final submission.

    - **Note:** For more information on the source codes and descriptions refer to the latest, 'Business Requirement Specifications for PAYE Employer Reconciliation' published on the SARS website.

- Copies of the final IRP5/IT3 (a) certificates must be provided to employees after the annual reconciliation (for period 02) is processed. Please retain copies for your own records as well.

7.2 EMPLOYEE TAX CERTICATE INFORMATION

- **Transaction Year:**

  - This refers to the Employer filing period during which the employer deducted and paid *employees' tax* in respect of remuneration paid or payable to an employee. This could include employees' tax on remuneration, which accrued during a previous employer filing period .

  - This field is read-only and will default to the transaction year value on the EMP501.

  - **Note:** The transaction year cannot be a year prior to 1999, cannot be greater than the current year plus one year and cannot be earlier than the Year of Assessment.

- **Year of Assessment:**

  - This refers to the tax year in which the *remuneration* paid or payable to an employee accrued.

  - The Year of Assessment Field will default to the value specified in the 'Transaction Year' field and this field may not be greater than transaction year.

- **Period of Reconciliation:**

  - This field is read-only and will default to the period of reconciliation on the EMP501.

- **Type of Certificate:** IRP5 or IT3 (a).

  - Type of Certificate for which tax is to be levied. Types of Certificates include:
    - IRP5;
    - IT3(a);
    - ITREG (to be used when registering an employee for income tax).

- **Certificate Number:**

  - This is a unique thirty (30)-digit number allocated to each specific IRP5/IT3 (a) certificate issued by the employer.

  - The certificate number comprises the following:

  - The first ten (10) digits = PAYE reference number (or alternatively, the Income Tax reference number).

- □ The next four (4) digits = Transaction Year.

- □ The next two (2) digits = Last two digits of period of reconciliation (08 or 02).

- □ The next fourteen (14) digits can contain any unique combination of alpha and numeric characters.

- □ **Nature of a person** - this is a mandatory field. Select one of the following options:

    - o A = Individual with an identity or passport number that is not a Director of a Private Company / Member of a CC, Asylum Seeker, Pensioner or Refugee;

    - o B = Individual without an identity or passport number that is not a Director of a Private Company / Member of a CC, Asylum Seeker, Pensioner or Refugee;

    - o C = Director of a private company / member of a CC (not applicable from 2020 year of assessment);

    - o D = Trust;
    - o E = Company / CC;
    - o F = Partnership;
    - o G = Corporation;
    - o H = Personal Service Provider;
    - o M = Asylum Seeker;
    - o N = Retirement Fund Lump Sum Recipient/Pensioner;
    - o R = Refugee.

- □ **Note**: If an employee's nature of person changed from a natural person to a non-natural person (or vice-versa), then a separate certificate must be captured.

- **ETI Indicator**

    - □ Select 'Y' or 'N'.
    - □ If **Yes** is selected the Employment Tax Incentive Details section will be added to the certificate.

7.3 EMPLOYEE INFORMATION

- Complete the applicable details for each employee

  - **Employee Number;**
  - **Surname/Trading Name;**
  - **First two Names;**
  - **Initials;**
  - **Date of Birth**;
  - **ID No.;**
  - **Income Tax Ref. No.** - This is a mandatory field and must start with a 0, 1, 2, 3 or 9.
  - **Alternate Identification type** - Select an appropriate identification type from the following list:

    - South African Company / Close Corporation Registration Number;
    - South African Trust Registration Number;
    - Asylum Permit Number.

  - **Alternate Identification No** – this field is mandatory if an alternative identification type is selected.
  - **Passport No.;**
  - **Passport Country/Country of Origin;**
  - **Home Tel No.;**
  - **Bus Tel No.;**
  - **Fax No.;**
  - **Cell No.;**
  - **Contact Email.**

7.3.1 Employee Address - Residential Address

- This is the physical address of the employee -
  - The actual flat or townhouse unit number must be inserted in "unit no"
  - The name of the block or the block of flats or townhouse complex must be inserted in "complex",
  - Street number;
  - Street/Name of farm;
  - Suburb/District;
  - City/Town; and
  - Postal code.

7.3.2 Employee Address - Postal Address

□　　　Select one of the following options for the **Postal Address Structure**:

　　　　o　　　Structured Physical Address (same as Residential Address).
　　　　o　　　Structured Postal Address.
　　　　o　　　Structured Physical Address (not the same as Residential Address).
　　　　o　　　Unstructured 4 line Postal Address.

□　　　Complete the applicable postal address fields based on the above selection made.

7.3.3　Bank Account Details

- **Mark here with an "X" if not paid electronically or if foreign bank account**

　　□　　　Select this checkbox if applicable to the employee. All the bank details fields are locked and cannot be edited.

　　□　　　**Account Type** - select the applicable option:

　　　　　o　　　Cheque/current;
　　　　　o　　　Savings;
　　　　　o　　　Transmission;
　　　　　o　　　Bond;
　　　　　o　　　Credit Card;
　　　　　o　　　Subscription Share.

　　□　　　**Account No.** - complete the employee's account number.

　　□　　　**Bank Name** - select the applicable bank name from the pop-up screen.

　　　　　o　　　Based on the above selection, the **Branch No.** and the **Branch Name** will be auto completed on the certificate.

　　□　　　**Account Holder Name:** Insert the name of the account holder.

　　□　　　**Account Holder Relationship** - select the applicable option:

- o   Own;
- o   Joint;
- o   3rd Party.

7.4   EMPLOYER INFORMATION

- The following information will be pre-populated on the form:

    - □   **PAYE Ref No.;**
    - □   **SDL Ref No.;**
    - □   **UIF Ref No.;**
    - □   **Trading or Other Name.**

7.4.1   Employee Physical Work Address

- Complete the relevant employee physical work address on the form.

    - □   The number of the building in the office park must be inserted in the "Unit No"
    - □   The name of the office park must be inserted in "Complex", if applicable,
    - □   Street number;
    - □   Street/Name of farm;
    - □   Suburb/District;
    - □   City/Town; and
    - □   Postal code.

7.5   TAX CERTIFICATE INFORMATION

7.5.1 Pay Periods

- Complete the fields relating to the employment and financial details.

  - **ETI Employment Date (CCYYMMDD) -** Initial date the employee was employed or, if earlier, the date employed by an associated employer as defined by the ETI Act.

  - **Certificate Tax Period Start Date (CCYYMMDD)** - refers to the first date of the employee's tax period in the relevant Year of Assessment.

    o If YoA (code 3025) is greater or equal to 2000, then this field must be greater or equal to 1 January of the YoA (code 3025) minus 1 year.

  - **Certificate Tax Period End Date (CCYYMMDD)** - refers to the last date of the employee's tax period in the relevant Year of Assessment.

    o If YoA (code 3025) is greater or equal to 2000, then:
      - If current date is less than the last day of the Period of Reconciliation (code 2031), then this field cannot be greater than the current date plus 30 days
      - If current date is greater than the last day of the Period of Reconciliation, then this field must be less or equal to 30 April of the YoA.

  - **Periods in Year of Assessment** - the periods are determined according to the **pay intervals** at which the employer remunerates employees.

    o This field is mandatory and caters for decimals. Complete four digits after the decimal point on the form, even if the decimal value is zero. Example: if the employer remunerates employees on a weekly basis, then the number of pay periods in the year of assessment will be 52 (reflected as 52, 0000 on the form).
    o If a lump sum is the only income on the certificate, the value must be indicated as 1, 0000.

  - **No. of Periods Worked** - refers to number of pay periods for which the employee worked during the relevant tax year.

  - **Voluntary Over Deduction** – select yes or no

    o This field indicates if the employee requested over deduction of PAYE.

  - **Fixed Rate Taxation Indicator – select yes or no.**

    o This field indicates if the employee's tax was calculated at a fixed rate as a result of non-standard employment:

    o If the employee's tax calculation is changed from a fixed rate to the tables and vice versa, a separate certificate must be submitted.

    o Note: This does not apply to fixed % tax directives.

o This field is mandatory and caters for decimals. Complete four digits after the decimal point on the form, even if the decimal value is zero.

7.5.2 Directive Numbers

- Complete the directive numbers issued by SARS.

- **Note:** the Directive Numbers must correspond to the directives issued and 9999999 numbers is not allowed. This is currently causing problems on the ITR12 filing.

    ▫ This field is mandatory if source codes 3608, 3614, 3618/3668,3707/3757, 3718/3768, 3719/3769, 3720/3770, 3721/3771, 3723/3773,3724, 3901, 3902, 3903, 3904, 3905, 3909, 3915, 3920, 3921, 3922, 3923 and/or 3924, 4055 and 4587 are completed with values.

    ▫ If the year of assessment is 2018 and income codes 3719/3769 and/or 3720/3770 and/or 3721/3771 and/or 3723/3773 are completed with a value, then the directive number can be zeros.

    ▫ If the year of assessment is 2019 and income codes 3719/3769 and/or 3720/3770 and/or 3721/3771 and/or 3723/3773 are completed with a value, then the directive number cannot be zeros.

7.6 FINANCIAL INFORMATION

Source...	R Amount	Source...	R Amount		
				4120	R Additional Medical Expenses Tax Cr... 🔒
Source...	R Amount	Source...	R Amount	4150	Reason for Non Deduction 🔒
Source...	R Amount	Source...	R Amount		
Source...	R Amount	Source...	R Amount		
Source...	R Amount	Source...	R Amount		
Source...	R Amount	Source...	R Amount		

Source...	R Amount	Source...	R Amount
Source...	R Amount	Source...	R Amount
Source...	R Amount	Source...	R Amount

Total Deductions / Contributions / Information

Source...	R Amount	Source Code 4497 🔒	R Total Deductions 🔒
Source...	R Amount		
Source...	R Amount		

Source...	R Amount
Source...	R Amount

Source Code 3696 🔒	Non Taxable Income R 0 🔒
Source Code 3697 🔒	R Gross Retirement income *
	Gross Retirement income is a mandator...
Source Code 3698 🔒	R Gross non-Retirement In...
	Gross non-Retirement Income is a man...
Source Code 3699 🔒	Gross Employment Income(Taxable) R 0 🔒

- **Income Received**

  - Insert the amounts (rands only) and sources codes applicable to all remuneration paid/payable by the employer to the employee.

  - For more information on the source codes and descriptions refer to the 'Business Requirement Specifications for PAYE Employer Reconciliation' published on the SARS website.

  - Non-Taxable Income (3696) - this field will be auto-calculated on the form and is the sum of all the non-taxable income source code amounts.

□ Gross Retirement Funding Income (3697) - this field is the sum of all the income retirement funding income amounts and is only applicable to years of assessment prior to 2017.

□ Gross Non-Retirement Funding Income (3698) - this field is the sum of all the non-retirement funding income amounts and is only applicable to years of assessment prior to 2017.

□ Gross employment income (taxable) (3699): This field will be auto-calculated and is the sum of all the income source code amounts not included in 3696 above and is only applicable from the 2017 year of assessment.

- **Deduction/Contribution**

  □ Insert the amounts (rands only) and sources codes applicable to all amounts deducted including employer information codes (e.g. codes starting with 44).

  □ For more information on the source codes and descriptions refer to the latest 'Business Requirement Specifications for PAYE Employer Reconciliation' published on the SARS website.

- **Tax Credits and/or Employer's/Employee Contributions**

  □ Note: Use rand and cents when completing these fields.
  □ SITE (4101) – insert the applicable amount for Standard Income Tax on Employees. This field is not applicable from the 2014 year of assessment.

  □ PAYE (4102) - insert the Pay-As-You-Earn amount calculated as per the applicable tax tables.

  □ PAYE on Lump Sum and severance Benefit (4115): insert the PAYE amount deducted for retirement lump sum and severance benefits reported under source codes 3901 (from 2012 year of assessment onwards), 3915, 3920, 3921, 3922, 3923 and 3924 (applicable from the 2019 year of assessment).

  □ Employee and Employer UIF Contributions (4141) – insert the total employee and employer UIF contributions in respect of the employee's remuneration for UIF purposes.

  □ Employer SDL Contribution (4142) – insert the employer's SDL contributions in respect of the employee's remuneration for SDL purposes.

  □ Total Tax, SDL and UIF (4149) – this field will be auto-calculated on the form and is the sum of the SITE (4101), PAYE (4102), PAYE on Lump Sum Benefit (4115), Employee and Employer UIF Contribution (4141) and Employer SDL Contribution (4142).

  □ **Medical Scheme Fees Tax Credit (4116)** – insert the amount calculated for the tax year.

  □ **Additional medical expenses tax credit (4120)** – insert the amount calculated for the tax year. This field is only valid from the 2017 year of assessment and is applicable to employees who are 65 years and older.

  □ **Reason for Non-Deduction of Employees' Tax (4150)** – this field is mandatory if the certificate type is IT3 (a) and if no value is inserted for source code **4101**, **4102**, or **4115.** The value may be one of the following:

    o **02** or 2 = Earn less than the tax threshold.
    o **03** or 3 = Independent contractor or Directors fees for RSA resident NED (only valid from 1 March 2017).
    o **04** or 4 =Non-taxable earnings (including nil directives and income protection annuities from 1 March 2015) (see notes under code 3602).

- **05** or 5= Exempt foreign employment income.
- **06** or 6 = Directors remuneration – income quantified in the following year of assessment (only valid from 1 March 2002).
- **07** or 7 = Labour Broker with valid IRP 30 (only valid from 1 March 2004).
- **08** or 8 = No Tax to be withheld due to Medical Scheme Fees Tax Credit allowed (only valid from 1 March 2014) and/or Additional Medical Expenses Tax Credit if employee .65 allowed (only valid from 1 March 2016).
- **09** or 9 = Par 11A (5) Fourth Schedule notification – No withholding possible (Only valid from 1 March 2013).

7.7 EMPLOYMENT TAX INCENTIVE (ETI) DETAILS

- **SIC Code -** Select the SIC Code from the dropdown list.

  - The Standard Industrial Classification codes (SIC Codes), are an internationally accepted set of codes for the standard classification of all economic activities, prescribed by the Department of International Economic and Social Affairs of the United Nations.

  - The SIC Code is mandatory if the Reconciliation include ETI.

  - The Employer must select a SIC Code that is allowed to claim ETI. If a SIC Code that is not allowed to be claimed is selected, an error message should pop up.

  - The following SIC codes are not allowed to claim ETI:

    - 84111 (General public administration at National Government level);
    - 84112 (General public administration at Provincial Government level);
    - 84113 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at National Government level);
    - 84121 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at National Government level);
    - 84122 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at Provincial Government level);
    - 84123 (Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security at Local Government level);
    - 84131 (Regulation of and contribution to more efficient operation of businesses at National Government level);
    - 84132 (Regulation of and contribution to more efficient operation of businesses at Provincial Government level);
    - 84133 (Regulation of and contribution to more efficient operation of businesses at Local Government level);
    - 84140 (Extra budgetary account n.e.c.);
    - 84210 (Foreign affairs);
    - 84220 (Defence activities);
    - 84231 (Public order and safety activities at National Government level);
    - 84232 (Public order and safety activities at Provincial Government level);
    - 84233 (Public order and safety activities at Local Government level)
    - 84300 (Compulsory social security activities).

7.7.1 ETI Financials

- **ETI Qualifying 12 Month Cycle Indicator** – select the applicable option from the popup screen.

  - The values can either be '0', '1' or '2 or '3':

    - 0 = Not qualifying for this month
    - 1 = Qualifying for this month in first 12 month cycle.
    - 2 = Qualifying for this month in second 12 month cycle.
    - 3 = COVID19 Extended ETI.

  - If ETI qualifying 12 month cycle indicator is:

- o 1, then the 'ETI Calculated' cannot be greater than R1000.
- o 2, then the 'ETI Calculated' cannot be greater than R500.
- o 3, if the employee qualifies for additional ETI (increased ETI due to COVID19).

- **SEZ Code** – SEZ means Special Economic Zones. The SEZ are approved by the Minister of Finance for the purpose of section 6(a)(ii) of the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013), which allows eligible Employers to claim ETI for all qualifying Employees, regardless of age. Note: From the 2020 year of assessment the SEZ code will be displayed as part of the monthly ETI fields, but for years of assessment prior to 2020, the SEZ code will still display on the header.

  ▫ Below is list of approved SEZ:

  - o **COE : Coega SEZ**
  - o **DTP : Dube Trade Port SEZ**
  - o **EAL : East London SEZ**
  - o **MAP : Maluti-A-Phofung SEZ**
  - o **SLB : Saldanha Bay SEZ**
  - o **RIB : Richards Bay SEZ**

- **ETI Hours** - complete the actual hours for which the employee was employed and paid remuneration for each specific month. This field is applicable from the 2017 year of assessment and must contain four decimals after the decimal point even if the value is zero (e.g. 160.0000).

- **Minimum Wage** - complete the minimum wage for the sector in which the employee works. This field can be zero if there is no agreed wage regulating measure.

- **Wage Paid** - complete the actual wage paid to the employee.

- **Remuneration Paid:** Complete the actual monthly gross remuneration paid to the employee for each month. Remuneration paid must be equal to or greater than 'Wage Paid'.

- **ETI Calculated** – insert the 'ETI Calculated' per month for the employee:

  ▫ The value entered must include cents.
  ▫ This field must be zero (0.00) if the year of assessment is 2018 or prior and the employee's age is less than 18 or greater than 29 for the specified ETI month.
  ▫ This field must be zero (0.00) if the year of assessment is 2019; the employee's age is less than 18 or greater than 29 and the ETI months are for March to July.
  ▫ Irrespective of the employee's age, an amount greater than zero (0.00) will be accepted in this field if the SEZ code entered is on the SEZ list approved by the minister; the year of assessment is 2019 and the ETI month equals August to February.

- **Totals for 1st and 2nd ETI periods**

  ▫ The following totals will be auto-calculated on the form:

  - o 'Wage Paid',
  - o 'Remuneration Paid',
  - o 'ETI Calculation'.

8   COMPLETING THE RECONCILIATION DECLARATION ON EFILING

- From the menu select '**My Reconciliation Declaration**' to open the return.

- Complete the fields on the return as described in the section 'Completing The EMP501' above.

- **Not**e: Some of the information completed on the Tax Certificates will default on the reconciliation declaration.

- Once the declaration has been completed, you can either click on the '**Save/ Submit**' button.

- **Note:** If any mandatory fields are not completed an error message will display.

- Complete the mandatory fields and click on the '**Done'** button again.

- The declaration must be read carefully before submitting the return.

- I declare that:
    - o   I am the duly appointed public officer/representative taxpayer/trustee of the organisation.
    - o   The information furnished in this return is true and correct in every respect.
    - o   I have disclosed in full the total receipts and accruals received by this organisation during the period covered by this return.
    - o   I have the necessary financial records to support all the declarations on this form which I will retain for audit purposes.

9   SUBMITTING THE RECONCILIATION DECLARATION ON EFILING

- Once you have completed both the EMP501 declaration and all the IRP5/IT3 (a) certificates click on the '**Submit form**' button.

- The screen below will display indicating that your return has been successfully submitted.

- Click on '**Continue**', button.

- The systems will return to the EMP501 work page.

10   CHECK THE STATUS OF YOUR SUBMISSION

- To check the status of your submission, click on '**Returns History**' and then select '**Employees Tax EMP501**'.

- Click on '**Open'** to view the declaration. The EMP501 work page will display.

- Click on '**Query SARS status**'.

- On the PAYE Reconciliation Status screen:
- Select the appropriate tax year.
- Click on '**Request Status**'
- Your return status as SARS will display.

11 REQUESTING CORRESPONDENCE ON EFILING

- Requesting of correspondence can be used as The PAYE Dashboard and Employers are encouraged to go to the PAYE Dashboard to view the effect of the reconciliation (e.g.if ELC is issued, then this must be done only after ELC is finalised).

- Click on '**SARS Correspondence'**, and select '**Search Correspondence'**.

- On the '**Search Correspondence'** page, select the following:

  - □ The Tax type, Tax year from the drop-down list;
  - □ Complete received date from and received date to;
  - □ Letter types;
  - □ Notice types;
    - o EMP Assessment Notice;
    - o EMP Statement of account;
    - o ETI Credit Status letter;
    - o Finalisation of verification of Payroll Taxes declaration EMP201;
    - o Revised EMP501;
    - o Finalisation of Excessive Liability change;
    - o Notice of Non-Compliance Penalty EMP301;
    - o EMP501 Reconciliation Results.
  - □ Message types;
  - □ Reference number.

- Click 'Search' button to continue.

12 REQUESTING A STATEMENT OF ACCOUNT ON EFILING

- Click on '**SARS Correspondence**', and select '**Request PAYE Notices**'.

- On the **'Request Statement of Account for PAYE'** page select the year from the drop-down list and click on **'Continue'**.

- Specify the **'Start Period'** and **'End Period'** for the statement of account and click on **'Submit'**.

- Click on the link to view your statement of account.

- Your statement of account will display on your screen.

Statement of Account

Period: 2019/03/01 To 2020/02/29   Amount: R 0.00

[Dispute] [Request For Reason] [Close]

✔ SARS

PAYROLL TAXES   **EMPSA**

Statement of Account

Enquiries should be addressed to SARS:

Contact Details

PO BOX 436
PRETORIA
0001

EMPLOYER
P O BOX 123
PRETORIA
0001

Tel: 0800 00 7277   Website: www.sars.gov.za

Details

Reference number:		Always quote this reference number when contacting SARS
Date:	**2020/09/02**	
Statement period:	**2019/03/01** to **2020/02/29**	

Summary Information: Employer Reconciliation

TRANSACTION YEAR 2018	0.00
TRANSACTION YEAR 2019	0.00
TRANSACTION YEAR 2020	0.00
UNALLOCATED PAYMENTS	-71 331 422.15
CLOSING BALANCE	-71 331 422.15

Trading Name:

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13   EMPLOYER'S BUSINESS ACTIVITY CODES

EMPLOYMENT	GROSS INCOME
3501	Agriculture, forestry and fishing
3502	Mining and stone quarrying works
3503	Food, drink and tobacco
3504	Textile
3505	Clothing and footwear
3506	Leather, leather goods and fur (excluding footwear and clothing)
3507	Wood, wood products and furniture
3508	Paper, printing and publishing
3509	Chemicals and chemical, rubber and plastic products
3510	Coal and petroleum products
3511	Bricks, ceramics, glass, cement and similar products
3512	Metal
3513	Metal products (except machinery and equipment)
3514	Machinery and related items
3515	Vehicle, parts and accessories
3516	Transport equipment (except vehicle, parts and accessories)
3517	Scientific, optical and similar equipment
3518	Other manufacturing industries
3519	Electricity, gas and water
3520	Construction
3521	Wholesale trade
3522	Retail trade
3523	Catering and accommodation
3524	Transport, storage and communication
3525	Financing, insurance, real estate and business services
3526	Public administration
3527	Educational services
3528	Research and scientific institutes
3529	Medical, dental, other health and veterinary services
3530	Social and related community services
3531	Recreational and cultural services
3532	Personal and household services
3533	Specialised repair services
3534	Agencies and other services
3535	Members of CC/Director of a company

14 LIST OF INCOME AND DEDUCTION CODES FOR IRP5/IT3(A)

- Refer to the Guide for Codes Applicable to Employees Tax Certificates on the SARS website

DISCLAIMER

The information contained in this guide is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the guide should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

For more information about the contents of this publication you may:
- Visit the SARS website at www.sars.gov.za
- Visit your nearest SARS branch
- Contact your registered tax practitioner
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 7277
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only