

EXTERNAL GUIDE

GUIDE FOR COMPLETION AND SUBMISSION OF EMPLOYEES TAX CERTIFICATES 2019

TABLE OF CONTENTS

1	PURPOSE	3
2	SCOPE	3
3	BACKGROUND	3
3.1	LEGISLATION BACKGROUND	3
4	EMPLOYEES' TAX CERTIFICATES [IRP5/IT3(a)]	4
4.1	FORMATS OF EMPLOYEES' TAX CERTIFICATES	4
4.2	ISSUING OF EMPLOYEES' TAX CERTIFICATES	4
4.3	RULES APPLICABLE FOR ISSUING IRP5/IT3(a)	5
4.4	ISSUING OF DUPLICATE EMPLOYEE INCOME TAX CERTIFICATES	6
4.5	CANCELLED EMPLOYEES' TAX CERTIFICATES	6
4.6	SUBMISSION OF A RECONCILIATION DECLARATION	7
5	LAYOUT ON EMPLOYEES' TAX CERTIFICATES (IRP5/IT3(a))	8
5.1	LAYOUT FOR 2019 ADOBE FORMAT	8
6	SUBMISSION OF RECONCILIATION DOCUMENTS TO SARS	9
6.1	EMPLOYERS MANUALLY SUBMITTING RECONCILIATIONS	9
6.2	EMPLOYERS ELECTRONICALLY SUBMITTING RECONCILIATIONS	9
7	CROSS REFERENCES	10
8	DEFINITIONS AND ACRONYMS	10
9	QUALITY RECORDS	13

1 PURPOSE

- This guide in its design, development, implementation and review phases is guided and underpinned by the SARS values, code of conduct and the applicable legislation. Should any aspect of this guide conflict with the applicable legislation the applicable legislation will take precedence.
- The purpose of this guide is to assist employers in understanding the rules for issuing and completing Employees' Income Tax certificates (IRP5 and IT3(a)).

2 SCOPE

- This guide prescribes the rules for issuing and submitting Employees' Income Tax certificates.
- For validation rules relating to a specific field on an Employees' Income Tax certificate as well as rules relating to a specific income or deduction code, refer to external guides: PAYE-AE-06-G07 - Guide for Validation Rules Applicable to Reconciliation Documents 2019 and PAYE-AE-06-G06 – Guide for Codes Applicable to Employees' Income Tax Certificates 2019.
- The employer's demographic information is no longer part of the certificate as the "Certificate Number" now contains the PAYE reference number of the employer, which links the employer demographic information to the employee.

3 BACKGROUND

3.1 LEGISLATION BACKGROUND

- The 4th Schedule to the Income Tax Act places, amongst other things, the following obligations on an employer:
 - To furnish employees to whom remuneration is paid or has become payable with Employees' Income Tax certificates within the prescribed period; and
 - To submit all reconciliation documents to SARS within the prescribed period.

Note: The legal requirements will apply if the employer ceased to be an employer or the employee die, retire, resign or immigrate before the closing of the half-yearly period (e.g. 31 August). A final tax calculation at the end of the employee's tax period must be done and the certificate must be issued as a final tax certificate with a calendar month indication of "02" in the certificate number

- *Paragraph 13(1B) of the 4th Schedule* prescribes that where an employer has exercised an option to apply an alternate period to all his/her employees or any class of his/her employees, any remuneration paid or payable to such employee(s) during such alternate period shall be deemed to have been paid or to have become payable to such employee(s) during the year of assessment ended on the last day of February of the calendar year in which such alternate period ended.
- *Paragraph 13(2) of the 4th Schedule* prescribes that the employer must deliver to each of his/her employees' an Employees' Income Tax certificate within:
 - Sixty (60) days after the end of the year of assessment if the employer has not ceased to be an employer in relation to the employee concerned;
 - Fourteen (14) days after an employee has left the employer's service (i.e. the employer has ceased to be an employer in relation to the employee concerned);
 - Seven (7) days after the employer has ceased to be an employer (i.e. the employer has ceased to be an employer in relation to all his/her employees); or
 - Such further period as the Commissioner may approve in any particular case

- *Paragraph 14(5) of the 4th Schedule* prescribes that no Employees' Income Tax certificate shall be delivered by the employer to the employee until such time that an acceptable EMP501 has been rendered to SARS. This rule only relates to the 60 and 7 days submission requirements above.
- *Paragraph 13(4) of the 4th Schedule* prescribes that the employer may not show amounts on any Employees' Income Tax certificate which have already been included in any other Employees' Income Tax certificate, unless such other certificate has been cancelled by the employer.
- *Paragraph 13(7) of the 4th Schedule* states that it shall be sufficient compliance with regards to the delivery of an Employees' Income Tax certificate to any employee or former employee, if such certificate is sent to the employee, former employee, the employee's authorised agent or the representative taxpayer by a registered post, where delivery cannot conveniently be effected by personal delivery.
- *Paragraph 13(15) of the 4th Schedule* states that any Employees' Income Tax certificate on which appears the name or any trade name of any employer shall until the contrary is proved be deemed to have been issued by such employer if such certificate is in a form prescribed by the Commissioner.

4 EMPLOYEES' TAX CERTIFICATES [IRP5/IT3(A)]

4.1 FORMATS OF EMPLOYEES' TAX CERTIFICATES

- The following different formats for Employees' Income Tax certificates were prescribed by the Commissioner, namely:
 - 1999 format;
 - 2008 ADOBE format;
 - 2010 ADOBE format;
 - 2011 ADOBE format;
 - 2012 ADOBE format;
 - 2013 ADOBE format;
 - 2014 ADOBE format;
 - 2015 ADOBE format;
 - 2016 ADOBE format;
 - 2017 ADOBE format;
 - 2018 ADOBE format;
 - 2019 ADOBE format.
- Each of the different formats has different fields and each field has its own applicable validation rules which must be adhered to when completing the employees' income tax certificate.

4.2 ISSUING OF EMPLOYEES' TAX CERTIFICATES

- The employees' tax certificate may only be issued to an employee, in respect of half-year reconciliation where:
 - The employer has ceased to be an employer in relation to the employee concerned (e.g. death, retirement, resignation or immigration of the employee);
 - The employer has ceased to be an employer (e.g. employer stops trading).
- The financial information (e.g. remuneration, deductions, etc.) of the relevant employee must be reflected on the certificate and must be for the transaction period 1 March to 31 August (6 months).
- Employees' tax paid must be reflected under code 4102 (PAYE).

4.3 RULES APPLICABLE FOR ISSUING IRP5/IT3(a)

- All employees' tax certificates submitted to SARS after 28 February 2018 should be completed or created and submitted in the 2019 format
 - Manually completed employees' income tax certificates should be completed on the new 2018 Adobe format.
 - A CSV file (which contains the employees' income tax certificates) should be created according to the rules prescribed under the heading "Validation rules/codes applicable for submissions after 28 February 2010".
 - ZipCentralFile should be created by e@syFile™ Employer which contains the relevant Business Requirements Specification (BRS) PAYE reconciliation rules which is available on SARS website www.sars.gov.za.
 - Only manual Employees' Income Tax certificates relating to an employer reconciliation declaration (EMP501) submitted to SARS before 1 March 2008 should be completed on the 1999 manual format.
 - All standards and validation rules prescribed in the Guide for Employers in respect of Employees' Tax for the 2019 year of assessment must be adhered to.
- The general rules are:
 - All fields are mandatory;
 - Pre-printed blank EMP501s will no longer be accepted;
 - The pre-printed blank EMP501s will be accepted for periods prior to 31 May 2011;
 - All manual Employees' Tax certificates must be completed in black ink;
 - All electronic Employees' Tax certificates may only be printed in black ink;
 - Tippex (correction fluid) may not be used on any reconciliation document;
 - Corrections may not be made to any financial information completed on a reconciliation document. This should be done by cancelling the incorrect certificate and completing a new certificate;
 - All income and deductions should be reflected in the appropriate space on the certificate;
 - Under no circumstances may a blank certificate be issued to an employee;
 - A separate certificate may not be issued to an employee in respect of remuneration reflected on another certificate;
 - All fields completed must comply with the validation rules applicable to the specific field;
 - Employees' Income Tax certificate must at least have one income code with a value greater than zero. However, where the remuneration for the director of a private company or a member of a close corporation cannot be determined at the end of the tax year, code 3620 and 3621 with a zero value may be reported on the tax certificate;
 - For employees whose services were terminated before the closing of the interim period e.g. resigned, retrenched, retired, died, immigrated or employer ceased to be an employer, the calendar month in the tax certificate number (code 3010) must be specified as "02" to indicate that this is a final certificate for the tax year and not an interim certificate
 - It is optional to consolidate foreign employment income onto one tax certificate. Therefore only one certificate may be issued to an employee if the employee's remuneration consists of local and foreign remuneration for the period employed by the same employer during a transaction year. All additional mandatory information must be completed
 - All income and deductions must be classified according to the different codes allocated for income and deductions. Note that certain source codes have been specified as "sub-codes" and their values must be consolidated into a main source code on the certificate
 - All codes used on a certificate must be in numeric sequence with the exception of the gross totals.
 - Each field completed must comply with the validation rules applicable to that field.
 - A unique certificate number must be allocated according to the prescribed rules to each certificate issued by the employer for the specific transaction year
 - Where an employer does not employ an employee on a permanent basis but employs an employee frequently for shorter periods during a year of assessment, the employer may issue only one IRP5/IT3(a) certificate for that year of assessment or they can submit multiple certificates

- The first date from and the last date until which that employee is employed during the relevant year of assessment should be specified under the 'Period Employed From' (field 3170) and 'Period Employed To'(field 3180)
- Although the employee is not employed on a full time basis, the values to be specified under – 'Pay periods in year of assessment' (field 3200) should be correctly specified in terms of the date the "Period Employed From' (field 3170) and 'Period Employed To' (field 3180), and 'No. of Periods Worked' (field 3210) should contain the number of pay periods for which the employee was paid during the relevant year of assessment;
- All other requirements applicable to IRP5/IT3(a) certificates must be complied with.
- The total income codes may not exceed 20 and the total deduction codes may not exceed 12. In cases where this total is exceeded, the following rules must be applied:
 - If the same code is repeated on the certificate, combine the values and reflect the total value under the relevant code;
 - Ignore codes 4003 if there are still more than 12 codes present.
- The certificate number must comply with the following:
 - Must be unique for each employee;
 - May not be used more than once by the employer. The number may be used twice only if the employer replaces a certificate submitted to the employee already;
 - May not be duplicated in either the current or in the previous transaction years.
- The year of assessment to which the income on the certificate relates must be completed.
- All numeric fields must be completed from right to left.
- The following codes may only appear once on a certificate:
 - All the employer information code
 - All the employee information codes, excluding code 3230
 - All Tax Certificate Information codes representing financial information, excluding following codes:
 - Income Received Codes: 3601 to 3922 and 3651 to 3957,
 - Deduction/Contribution codes: 4001 to 4007, and
 - Employment Tax Incentive Information codes: 7002 to 7005, 7007; 7008.

4.4 ISSUING OF DUPLICATE EMPLOYEE INCOME TAX CERTIFICATES

- *Paragraph 13(8) of the 4th Schedule* prescribes that the employer must issue a duplicate certificate to any employee where such employee request a duplicate certificate and such duplicate certificate must disclose the full details of the original certificate.
- *Paragraph 13(9) of the 4th Schedule* states that no duplicate certificate may be issued by the employer unless it:
 - Was at the request of the employee
 - Discloses the full details of the original certificate.

4.5 CANCELLED EMPLOYEES' TAX CERTIFICATES

- Paragraph 13(10) of the 4th Schedule prescribes that any cancelled or spoiled certificate may not be destroyed by the employer concerned but must be retained until the Commissioner requires it to be surrendered to him/her
- A certificate must be cancelled if the written or printed information thereon is incorrect

Note: It is not necessary to submit the original certificate to SARS when the original certificate is cancelled unless SARS has requested such cancelled certificates

- **Pre-1999 format:**
 - All unused stock of employees' tax certificates should be destroyed by the employer;
 - The numbers of the IRP5 certificates destroyed by the employer should be recorded and kept for a period of five (5) years since the day of destruction or until the date the Commissioner requires the certificate numbers to be surrendered to him;
 - The employer must be able to provide the numbers of these IRP5 certificates destroyed to SARS when required, provided that it falls within the prescribed 5 year period of reconciliation, for record purposes;
 - This format may under no circumstances be used for the issuing and submission of reconciliation documents from 1 March 1999.

- **1999 manual format:**
 - All unused stock of Employees' Tax certificates should be destroyed by the employer, provided that:
 - SARS has successfully processed and finalised all reconciliation documents submitted by the employer before 1 March 2008;
 - The employer is not required to replace any reconciliation document submitted to SARS before 1 March 2008, due to any reason (e.g. error, cancellation, etc.);
 - The numbers of the IRP5 certificates destroyed by the employer should be recorded and kept for a period of 5 years since the day of destruction or until the date the Commissioner requires the certificate numbers to be surrendered to him;
 - The employer must be able to provide the number of the IRP5 certificates destroyed to SARS when required, provided that it falls within the prescribed 5 year period of reconciliation, for record purposes;
 - This format may under no circumstances be used for the issuing and submission of reconciliation documents from 1 March 2008, unless SARS has not successfully processed and finalised any of these reconciliation documents submitted in this format.

4.6 SUBMISSION OF A RECONCILIATION DECLARATION

- Paragraph 14(3) of the 4th Schedule prescribes that:
 - The employer is obliged to render a reconciliation declaration as prescribed to the Commissioner –
 - By such date/dates as prescribed by the Commissioner by notice in the Government Gazette;
 - Within 14 days after the date on which the employer has ceased to carry on any business or other undertaking or to be an employer, if:
 - The employer ceases to carry on any business or other undertaking in respect of which the employer has paid or becomes liable to pay remuneration to any other employee;
 - Otherwise ceased to be an employer
 - The submission period relating to the interim reconciliation process will also be published in the Government Gazette.
 - The legal requirements will apply if the employer ceased to be an employer or the employee dies, retires, resigns or immigrates before the closing of the interim period (e.g. 31 August).
 - A final tax calculation at the end of the Employee's Tax period must be done and the certificate must be issued as a final tax certificate with a calendar month indication of "02" in the certificate number

- Paragraph 14(5) of the 4th Schedule prescribes that no Employees' Income Tax certificate shall be delivered by the employer to the employee until such time that an acceptable reconciliation declaration has been rendered to SARS
 - This rule only relates to certificates which must be delivered in terms of paragraph 13(2) of the 4th Schedule within 60 days after the end of the year of assessment and within 7 days after the employer has ceased to be an employer
 - Chapter 15 of the Tax Administration Act, 2011 (the TA Act) imposes penalty for the non-remittance of the EMP501 by the employer.
 - The Commissioner may remit the penalty or a portion thereof if he/she is satisfied that the circumstances warrant it

5 LAYOUT ON EMPLOYEES' TAX CERTIFICATES (IRP5/IT3(A))

5.1 LAYOUT FOR 2019 ADOBE FORMAT

- The 2019 ADOBE format is divided into the following main sections, namely:
 - Header;
 - ETI (Employment Tax Incentive) Indicator;
 - Employee information;
 - Employee Address Details – Residential;
 - Employee Address Details – Postal;
 - Employee Remuneration Bank Account Details;
 - Tax certificate information;
 - Employment Tax Incentive (ETI) Details;
 - ETI Financials;
 - ETI Classifications.
- Each of the main sections (except for the header) consists of sub-sections (e.g. address details, income received, deductions, tax withheld, pay periods, etc.).
- Determine if the employee is an individual or other entity.
 - If individual:
 - Determine if a ID number or passport number is available:
 - If available, complete the relevant nature of person as well as all conditional fields relating to the completed nature of person;
 - If not available, complete the nature of person as well as all conditional fields relating to the nature of person.
 - If entity other than individual:
 - Determine the nature of person applicable to the entity:
 - Complete the determined nature of person as well as all conditional fields relating to the completed nature of person.
- Determine if any other information relating to the optional fields can be completed and complete accordingly.
- Complete the codes and values for income and deductions in the Tax Certificate information section as well as all gross totals.
- Complete the values for the Employees' Tax deducted or the reason code for the non-deduction of Employees' Tax in the Tax Certificate information section.
- Check all information completed on the certificate and verify if it complies with the relevant validations rules applicable to the specific field.

6 SUBMISSION OF RECONCILIATION DOCUMENTS TO SARS

6.1 EMPLOYERS MANUALLY SUBMITTING RECONCILIATIONS

- The original Employees' Income Tax certificate issued by the employer must be submitted together with the reconciliation declaration to SARS -
 - A copy of the original Employees' Income Tax certificate may only be delivered to the employee when the acceptable reconciliation documents have been rendered to SARS.
 - A second copy of the Employees' Income Tax certificate must be retained for record purposes by the employer.
 - On request for a duplicate Employees' Income Tax certificate by an employee or former employee, a copy of the record copy retained by the employer, can be issued as a duplicate.

6.2 EMPLOYERS ELECTRONICALLY SUBMITTING RECONCILIATIONS

- The ZipCentralFile which contains the data of all reconciliation documents and which is created by the e@syFile™ Employer must be submitted to SARS via eFiling.
- Upon the submission of the EMP501 via e@syFile application, the application will first determine if there are audit results. If there no results in one or more of the periods, the employer will be allowed to continue with the submission of the EMP501.
- Where there are audit results upon submission of the EMP501, the employer will be advised to rectify before the submission.
- The following steps must be followed when using e@syFile™ Employer:
 - Import the payroll system electronic data (CSV file and only in instances where there is an electronic CSV file);
 - Capture all manual IRP5/IT3(a) certificate information;
 - Capture the liability and payment information on the EMP501, if not pre-populated;
 - Generate the encrypted file which contains the IRP5/IT3(a) certificate information processed as well as all the relevant reconciliation declarations (this file is the ZipCentralFile);
 - Submit the ZipCentralFile to SARS via the approved media.
- e@syFile™ Employer automatically generates ADOBE PDF versions of all the tax certificates which need to be issued (either printed or electronically) to the relevant employees of the employer.

Note1: Manual tax certificates will not be accepted by SARS for employers who use e@syFile™ Employer.

- The following rules are specific to the creation of CSV files:
 - A comma-delimited file layout, combined with the prescribed code structure must be used.
 - The CSV file must be created in:
 - EBCDIC format for mainframe systems
 - ASCII format for non-mainframe systems.
 - All CSV files submitted to SARS after 29 February 2017 should be according to the prescribed validation rules and source codes applicable for submissions after 29 February 2017.

Note2: If a CSV file should be amended (e.g. due to replacement of certificate, etc.) in respect of a reconciliation declaration for the previous tax years submitted to SARS such CSV file should be created according to the rules prescribed for 2018 and the employer must upload this file on e@syFile™ Employer and perform all the prescribed functions in order to submit the relevant reconciliation data to SARS.

- A printed or electronic copy of the electronic Employees' Income Tax certificate may only be delivered to the employee when the acceptable reconciliation documents have been rendered to SARS

- The electronic reconciliation documents must be retained in the electronic form for record purposes by the employer.
- On request for a duplicate Employees' Income Tax certificate by an employee or former employee, a print of the electronic record retained by the employer, can be issued as a duplicate.
- Faxed or emailed documents in structured ADOBE formats will not be accepted. Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submission for 1999 – 2008 transaction years. The EMP701 is not applicable for transactions years 2009 onwards however a revised EMP501 must be submitted.

7 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE
PAYE-AE-06-G06	Guide for codes applicable to Employees' Tax certificates 2019
PAYE-AE-06-G07	Guide for validation rules applicable to reconciliation declarations 2019
PAYE-GEN-01-G05	Guide for Employers in respect of Employment Tax Incentive

8 DEFINITIONS AND ACRONYMS

Alpha field	<ul style="list-style-type: none"> • An alpha field will include: <ul style="list-style-type: none"> ▫ Alphabet A until Z ▫ Upper Case and Lower Case ▫ Dash (-) ▫ Space () ▫ Apostrophe (') ▫ Characters such as ê, ë etc.
Alphanumeric field	<ul style="list-style-type: none"> • An alphanumeric field will include: <ul style="list-style-type: none"> ▫ Any alphabetic letters (i.e. A to Z) in upper or lower case; ▫ Dash (-) ▫ Space () ▫ Apostrophe (') ▫ Alphabetical characters such as ê, ë, etc. ▫ Numbers 0 to 9
Alternate period	<ul style="list-style-type: none"> • A period, whether of 12 months or not, commencing on the day following the last day of the preceding alternate period in relation to the employer and ending on a date falling not more than 14 days before or after the last day of February
Certificate type	<ul style="list-style-type: none"> • Type of certificates for which tax is to be levied. Types of certificates include: <ul style="list-style-type: none"> ▫ IRP5; and ▫ IT3(a). <p>Note: Additional certificate types may be added at a later stage.</p>
Commissioner	<ul style="list-style-type: none"> • The Commissioner for the South African Revenue Service
Computerised employer	<ul style="list-style-type: none"> • Employer with a PC which has the e@syFile™ application installed
Conditional fields	<ul style="list-style-type: none"> • Fields that must be completed subject to defined conditions, e.g. mandatory if related fields have been completed.
CSV file	<ul style="list-style-type: none"> • Comma Separated Value file.
e@syFile™	<ul style="list-style-type: none"> • The package supplied by SARS which has the functionality to create reconciliation documents in the prescribed formats and produced an electronic file in ZipCentralFile format submission purposes
EMP701	<ul style="list-style-type: none"> • Reconciliation adjustment declaration form • Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submissions for 1999 – 2008 transaction years. • The EMP701 is not applicable for transaction years 2009 onwards.

Employee Income Tax certificates	<ul style="list-style-type: none"> • A certificate in the form prescribed by Commissioner which shows remuneration paid or payable to employee/former employee by employer and the sum of amounts of Employees' Tax deducted or withheld by employer from such remuneration. • The Employees' Income Tax certificate format is prescribed on the: <ul style="list-style-type: none"> ▫ 1999 to 2007 format: IRP5 and IT3(a); and ▫ From 2008 format: IRP5/IT3 (a)
Employees' Tax	<ul style="list-style-type: none"> • Means required tax deducted or withheld by an employer i.t.o paragraph 2 of 4th Schedule from remuneration paid or payable to employee.
Employer	<ul style="list-style-type: none"> • Any person who pays or is liable to pay a person an amount by way of remuneration including a person responsible for the payment of an amount by way of remuneration to a person under the provisions of a law or out of public funds or out of funds voted by parliament or Provincial Council. This definition excludes any person not acting as a principle but includes any person acting in a fiduciary capacity or in his/her capacity as trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund or any other fund.
ETI	<ul style="list-style-type: none"> • Employment Tax Incentive
Foreign Bank Account	<ul style="list-style-type: none"> • Bank Account with a financial institution not recognised by BANKSERV
Free text field	<ul style="list-style-type: none"> • A free text field may include the following: <ul style="list-style-type: none"> ▫ Alphabet A until Z ▫ Upper and Lower Case Characters ▫ Number 0 to 9 ▫ Dash (-) ▫ Space () ▫ Inverted Commas ("") ▫ Back slash(\) ▫ Forward slash (/) ▫ Question Mark (?) ▫ At sign (@) ▫ Ampersand (&) ▫ Dollar sign (\$) ▫ Exclamation Mark (!) ▫ Hash (#) ▫ Plus (+) ▫ Equals (=) ▫ Semi colon (;) ▫ Colon (:) ▫ Apostrophe (') ▫ Left and Right Brackets (()) ▫ Full Stop (.) ▫ Characters such as ê, ë etc. ▫ All special characters are allowed, however for XML development purposes the following standard must be adhered to: ISO-8859-1 encoding or informally referred to as Latin-1. The definition of this standard can be found on: http://en.wikipedia.org/wiki/ISO/IEC_8859-1
ID-number	<ul style="list-style-type: none"> • The 13 digit identity number indicated in the green bar-coded identity document issued in accordance with the Identification Act, No. 72 of 1986
Interim reconciliation process	<ul style="list-style-type: none"> • An administrative process at a specific point in time which is not subject to the same legal requirements (e.g. issuing an Employee Tax certificate to an employee, etc.) as those for the end of the Employer's Tax period or the end of the tax year
IRP5	<ul style="list-style-type: none"> • An Employees' Income Tax certificate where Employees' Tax deducted or withhold are indicated
IT3(a)	<ul style="list-style-type: none"> • An Employees' Income Tax certificate where no Employees' Tax was deducted or withhold and a reason for the non-deduction are indicated
Liabilities	<ul style="list-style-type: none"> • The amount of Employees' Tax, SDL and UIF which an employer is obliged to deduct, withhold and/or contribute in terms of the provision of the 4th Schedule, SDL Act and UIF Act

Manual employer	<ul style="list-style-type: none"> Employer completing an EMP501 reconciliation and Employee Income Tax certificates manually and do not create the relevant information with a PC which has the e@syFile™ installed
Nature of Person	<ul style="list-style-type: none"> Nature of person includes: <ul style="list-style-type: none"> A = Individual with an identity or passport number that is not a Director of a Company / Member of a CC, Asylum Seeker, Pensioner or Refugee; B = Individual without identity or passport number that is not a Director of Company/Member of CC, Asylum Seeker, Pensioner or Refugee; C = Director of a private company / member of a CC; D = Trust; E = Company / CC; F = Partnership G = Corporation; H = Personal Service Provider; M = Asylum Seekers N = Retirement Fund Lump Sum Recipient/Pensioner. R = Refugee
Numeric field	<ul style="list-style-type: none"> Numbers from 0 to 9
Optional fields	<ul style="list-style-type: none"> Fields that can be completed based on applicability and availability.
PAYE	<ul style="list-style-type: none"> Pay-As-You-Earn (Employees' Tax)
Payroll authors	<ul style="list-style-type: none"> Refers to a group of companies who supply and support computerised payroll systems on a commercial basis
Payroll employer	<ul style="list-style-type: none"> Employer who creates a CSV file from electronic payroll information
Reconciliation declaration	<ul style="list-style-type: none"> EMP501 return on which an employer's PAYE, SDL and UIF liabilities are declared with associated payments, certificate values and the resulting net effect of setting off payments against liabilities
Reconciliation submission process	<ul style="list-style-type: none"> Process through which an employer submits all required PAYE, SDL and UIF documentation to SARS for processing i.e. IRP5/IT3(a), EMP501, EMP601 and an EMP701 if applicable. Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submissions for 1999 – 2008 transaction years. The EMP701 is not applicable for transaction years 2009 onwards.
SARS	<ul style="list-style-type: none"> The South African Revenue Service
SARS' website	<ul style="list-style-type: none"> www.sars.gov.za
SDL levy	<ul style="list-style-type: none"> Skills development levy referred to in section 3 of the Skills Development Act No. 9 of 1999 and any administrative penalty leviable under this Act; Subsection (1) comes into operation on a date determined by the Minister of Finance by notice in the Government Gazette.
SEZ	<ul style="list-style-type: none"> Special Economic Zone designated by the Minister of Trade and Industry pursuant to an Act of Parliament (currently the Special Economic Zones Act, 2014 (No. 16 of 2014), will be designated areas that promote targeted economic activities, supported through special arrangements and support systems including incentives, business support services, streamlined approval processes and infrastructure. Note: The Minister of Finance has identified six SEZ for purposes of ETI. This means that the employers who are currently operating in a SEZ can claim for all employees rendering services inside a fixed place of business within the SEZ.
SIC7	<ul style="list-style-type: none"> Standard Industrial Classification
TA Act	<ul style="list-style-type: none"> Tax Administration Act No.28 of 2011
Tax period	<ul style="list-style-type: none"> In relation to any employer, as a period of 12 months ending on last day of February of the relevant tax year or at the option of employer, an alternate period, in respect of which remuneration is paid or has become due In relation to an employee, a tax year (1 March to 28/29 February of the next year) or any unbroken period during the tax year: <ul style="list-style-type: none"> During which the employee was employed by one employer in the Republic in standard employment; or During which any annuity was paid or became payable to him/her by one employer; or Such period as the Commissioner considers appropriate in the

	circumstances, where the Commissioner has in relation to the employment of any employee, issued a ruling to the employer.
Tax year	<ul style="list-style-type: none"> Is basically same as definition of transaction year for purposes of reconciliation documents submitted to SARS prior to availability of e@syFile™
Taxpayer	<ul style="list-style-type: none"> In terms of Tax Administration Act No. 28 of 2011, taxpayer means a: <ul style="list-style-type: none"> Person chargeable to tax; Representative taxpayer; Withholding agent; Responsible third party; or Person who is subject of a request to provide assistance under an international tax agreement
Transaction year	<ul style="list-style-type: none"> The tax year during which the employer deducted and paid employees' tax in respect of remuneration paid or payable to an employee. Could include employees' tax on remuneration which accrued during a previous tax year. The Transaction year may only be a year subsequent to the 'Year of Assessment' in the case of 'Variable Remuneration' as defined in section 7B and other exceptional circumstances.
UIF contributions	<ul style="list-style-type: none"> Are compulsory contributions payable in terms of the Unemployment Insurance Contributions Act No. 4 of 2002 (the UIC Act) to fund the benefits available to workers in terms of the Unemployment Insurance Act, 2001 (the UI Act). Effective from 1 April 2002, contributions collected by SARS are transferred to the UIF which is administered by the UI Commissioner.
XML	<ul style="list-style-type: none"> Extensive Mark-up Language
Year of assessment	<ul style="list-style-type: none"> The year of assessment in which the remuneration was paid or became payable to the employee.

9 QUALITY RECORDS

Number	Title
IRP5/IT3(a)	Employees' tax certificate
EMP201	Monthly employer declaration
EMP501	Employer reconciliation declaration
EMP601	Certificate cancellation declaration
EMP701	Reconciliation Adjustment Declaration

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 own tax advisor/tax practitioner
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 SARS (7277)
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm South African time).