

EXTERNAL GUIDE

AN EMPLOYERS GUIDE TO THE THIRD PARTY APPOINTMENT PROCESS

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1 PURPOSE

- a) 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 be in conflict with the applicable legislation the legislation will take precedence.
- b) The purpose of this document is to assist employers in understanding the Third Party Appointment (AA88) process.

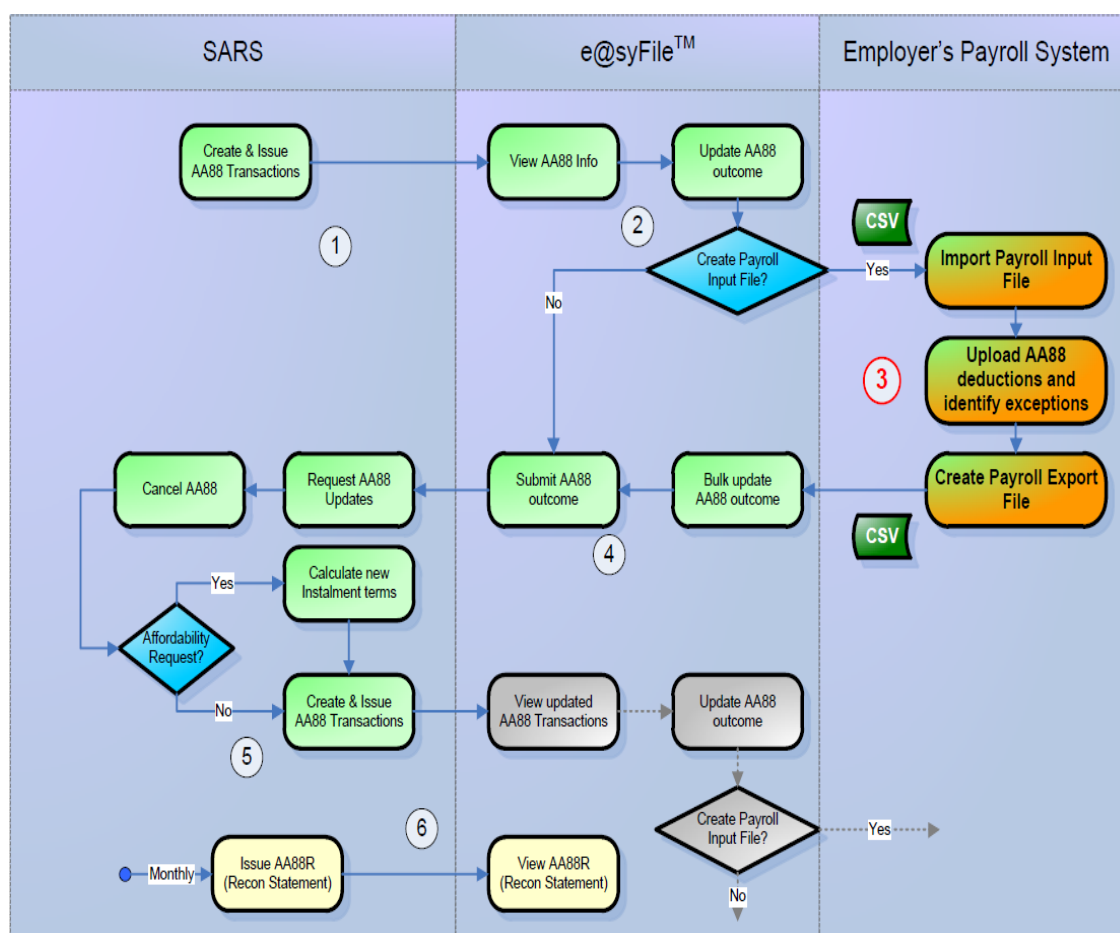
2 INTRODUCTION

- a) The Tax Administration Act empowers the Commissioner for the South African Revenue Service (SARS) to appoint a third party to withhold and pay over to SARS any amounts due by a taxpayer in terms of the relevant tax Act.
 - i) Such a third party may be an employer of the taxpayer or any other person who holds or owes any money, including a pension, salary, wages or other remuneration for or to a taxpayer, to pay the money to SARS in satisfaction of the taxpayer's outstanding tax debt.
- b) Employers of taxpayers will be appointed as third party agents to deduct the overdue amount from the taxpayer's salary. Employers will be appointed via the use of e@syFile™ Employer channel, email or the postal services channel for those Employers not registered for eFiling.
- c) The following is required to receive, manage and pay AA88 notices using e@syFile™ Employer:
 - i) Download the latest version of e@syFile™ Employer by visiting the e@syFile™ webpage on www.sars.gov.za or www.sarsefiling.co.za.
 - ii) A valid eFiling login name and password linked to the PAYE number, with the necessary access rights and authorisation level. You must be registered for PAYE and AA88's on eFiling.
 - iii) An internet connection.
- d) An electronic notification will be sent to the employer to advise that an agent appointment (AA88) or cancellation notice has been issued. Upon receipt of the notification, the employer will be required to access to e@syFile™ Employer application.
- e) The e@syFile™ Employer application will provide the employer with following options:
 - i) To receive and view AA88 letters,
 - ii) Bulk print all AA88 letters or individual AA88 letters,
 - iii) Select and submit outcomes per account holder (taxpayer),
 - iv) Deduct the stipulated amount from the salary or wages of the respective taxpayer, as indicated on the Third Party Appointment (AA88) Notice.
 - v) Pay the amounts over to SARS by the due date, as indicated on the Third Party Appointment Notice.

- f) Where the employer is unable to execute the request, the employer must provide feedback with reasons for his/her inability to execute the third party appointment request using one of the following channels:
- Log on to SARS e@syFile™ Employer to view the Third Party Appointment Notice and provide a response to SARS by selecting one of the outcomes from the drop-down list.
 - Contact the SARS Contact Centre or visit a SARS branch where an agent will assist the employer with capturing the outcomes in relation to the taxpayers listed on the Third Party Appointment Notice.

3 PROCESS OVERVIEW OF THE THIRD PARTY APPOINTMENT

- a) The following diagram aims to illustrate the process involved when SARS issues an employer with a Third Party Appointment notice and the course of action that needs to be followed once the notice has been issued to the employer.



- SARS will issue Third Party Appointment (AA88) information per employer (PAYE number) to e@syFile™.
 - e@syFile™ will notify employers of Third Party Appointments using the Notification Centre functionality.
- The employer will be able to view the Third Party Appointment information on e@syFile™ per employee and select one of the following actions:
 - Capture an outcome per employee on e@syFile™ and submit it back to SARS to update the AA88 information without importing it into a Payroll System. The following outcomes will be available:

- Taxpayer employment confirmed
- Taxpayer not employed
- Taxpayer Deceased
- Taxpayer Insolvent
- Affordability Request
- Create a Payroll Input file (either containing outcomes captured on e@syFile™ or without) within e@syFile™.
 - If outcomes were selected before creating the Payroll Input (CSV) file, only transactions with the “Taxpayer employment confirmed” or empty outcomes will be included in the Payroll Input file.
 - (For example if the employer indicated that a taxpayer is no longer employed, there is no need to import this record into the employer’s payroll system)
- Employer can also pre-select the employees to include the csv file.
- If no outcomes were selected before the creation of the Payroll input file all records (outcome equals empty) will be included in the Payroll Input file.
- iii) The Payroll Input file (CSV format) will be imported into the Payroll System to process the deductions against the applicable employees.
 - This process might result in the following outcomes:
 - Successfully Processed - Taxpayer employment confirmed;
 - Processing Failed (Employee does not exist on payroll) – Taxpayer not employed;
 - Processing Failed (Employee can’t afford deduction) – Affordability Request
 - Processing Failed – Taxpayer Deceased
 - Processing Failed – Taxpayer Insolvent


Note: These outcomes will be reflected on the Payroll Export File submitted back into e@syFile™
- iv) e@syFile™ will update and consolidate the outcomes before submission back to SARS. (Only 1 outcome code per taxpayer will be submitted to SARS)
- v) When receiving the response file from e@syFile™, SARS will update the AA88 information on the SARS accounting system by either:
 - Cancelling the third party appointment where the specific employer can’t be held liable
 - Cancelling the third party appointment where the specific employee can’t afford the deduction and replace it with a new third party appointment with the instalment terms as calculated by SARS.
 - SARS will respond to e@syFile™ with an updated AA88, confirming the request from employer as soon as it was successfully processed by SARS.

Note: only the exceptions - where the employer cannot deduct the amounts as specified on an AA88 will be submitted to SARS.
- vi) At the beginning of each month an AA88 Reconciliation Statement (AA88R) per employer (PAYE number) will be issued for the Third Party Appointment movements of the previous calendar month.
 - This Reconciliation view will indicate the Opening and Closing Balances per employee, reflecting all appointments, cancellations, and payments processed by SARS (movements) during the calendar month for that employee. (Note this statement will only be sent to e@syFile™ it will have no impact on Payroll Systems)
 - A basic reconciliation report will be provided to enable exceptions to be identified between SARS records (as reflected in the AA88 Reconciliation Statement) and those of the Employer (as per the Payroll Export File). e@syFile™ will also have a CSV export function to enable users to export all SARS and Employer data to Excel to enable further data analysis.

4 AA88 THIRD PARTY APPOINTMENT

- a) A Third Party Appointment will be initiated against non-compliant taxpayers if:
 - i) There is an overdue balance on a taxpayer's account (administrative penalty and/or assessed tax debt)
 - ii) No dispute is in progress regarding the overdue balance (a TPA notice will be issued only against finalised disputes or if the dispute was disallowed or partially allowed)
 - iii) The final demand letter was issued to the taxpayer and the taxpayer has not complied with the demand for payment.
 - iv) A valid third party can be identified from the information at SARS's disposal.
- b) Possible third parties who can be appointed for individual taxpayers include:
 - i) Employers
 - ii) Any debtor who owes the taxpayer money
 - iii) Financial institutions, such as banks
 - iv) Attorneys
 - v) Medical aid schemes (in case of members of the medical fraternity)
 - vi) Investment managers
 - vii) Insurance companies.
- c) These third parties will only be appointed if they hold money on behalf of the taxpayer.
- d) SARS will issue the Third Party Appointment Notice (AA88) in the following manner:
 - i) Via the e@syFile™ Employer application
 - ii) Via eFiling to the Employer
 - iii) Via email and lastly via post using the employer's postal address.
- e) In terms of the Tax Administration Act 28 of 2011, A person receiving the notice must pay the money in accordance with the notice and, if the person parts with the money contrary to the notice, the person is personally liable for the debt.
- f) The payment due date will be reflected on the Third Party Appointment Notice that will be sent to relevant employers.
- g) If the employer pays over the outstanding penalty amount, but the taxpayer already made the payment in respect thereof, the overpayment will be refunded to the taxpayer.
- h) Where the employee left the services of the employer or the employee is deceased and the amount was incorrectly paid over to SARS by the employer, the employer must send a written request to SARS for rectification.

4.1 Third Party Appointment Notice



INCOME TAX

Third Party Appointment

Enquiries should be addressed to SARS:

Contact Detail:

SARS Alberton 1528	Contact Centre Tel: 0800 00SARS (7277) SARS online: www.sars.gov.za
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Date:

Reference number: <input type="text"/>	Always quote this reference number when contacting SARS
Date: 2019-10-02	

A NISSAN

Dear Sir/Madam,

THIRD PARTY APPOINTMENT

The Tax Administration Act empowers the Commissioner for the South African Revenue Service (SARS) to appoint a third party to withhold and pay over to SARS any amounts due by a taxpayer in terms of the relevant tax Act. Such a third party may be an employer of the taxpayer or any other person who has the management, custody or control of any income, monies or property of the taxpayer.

The taxpayers listed in the accompanying statement are indebted to SARS for the specified amounts and it is understood that the taxpayers are either entitled to income from you or have money deposited with you.

According to the provisions of the Tax Administration Act you are hereby appointed as a third party in respect of these taxpayers. This requires you to withhold and pay over to SARS the amount(s) detailed in the statement (please see the first table titled: a Third Party Appointment Created) by the due dates specified.

If you are an employer and any of the listed taxpayers have left (and no payouts have been effected) or intends leaving your employment, any instalment arrangement for deductions will fall away, and the full amount outstanding must then be deducted from the monies due to him/her. Should such instalments be insufficient to cover the outstanding debt owed to SARS, all available funds must be paid over to SARS in full.

Please use the payment reference number (PRN) reflected on the statement when making payment. Payments can be made over the counter or electronically via ABSA, Standard Bank, Nedbank or First National Bank. Please use the full name, "South African Revenue Service", and not the abbreviation, "SARS", when making cheque payments. SARS will not accept cheque payments exceeding R100 000. Payments made using a SARS drop box on a business day must be received by no later than 15:00 (3pm) on that business day, failing which the payment will be regarded as having been received the following business day. This could result in late submission.

Important: Employers should not include these penalty deductions with the PAYE deductions or payments with their annual reconciliation.

If applicable, you are also hereby notified to immediately cancel the withholding and payment of funds in respect of those taxpayers listed on the statement (second table titled: Agent Appointments Cancelled). Any funds already withheld but not yet paid over to SARS should be returned to the applicable taxpayer(s). Any overpayments received by SARS will be refunded directly to the taxpayer concerned. Should you not be in a position to fulfil your obligations as third party for any of the taxpayers listed in the attached statement, please notify SARS immediately providing reasons for your inability to fulfil this obligation.

Should you have any queries please call the SARS Contact Centre on 0800 00 SARS (7277). Please have your company registration number and PAYE tax reference number on hand when you call to enable us to assist you promptly.

Sincerely,

ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE

Statement									
Responsible Third Party					Statement Details				
Third Party Name: A <input type="text"/> NISSAN					Statement Date: 2019-10-02				
Third Party ID/Company Ref Number: <input type="text"/>									
Reference number: <input type="text"/>									
Third Party Appointments Created									
Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Passport No. / CK Reference	AA88 Transaction Number	AA88 Issue Date	AA88 Start Date	AA88 End Date	AA88 Monthly Deduction	AA88 amount due by Taxpayer at Issue date	AA88 Payment Reference Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	064DQT0961	20140103	20140131	20140131	500	<input type="text"/>	A00001314
SHEARER			064DSG4367	20140304	20140331	20140331	500	500	A00001376
<input type="text"/>	<input type="text"/>	<input type="text"/>							
TOTAL OVERDUE AMOUNT								1000	

- a) The PAYE reference number will be used to identify the employer in all engagements related to third party appointments.
- b) The content explains the employer's obligation to deduct the money owed to SARS in respect of outstanding administrative penalty and/or outstanding assessed tax debt, from the specific employee/s' (taxpayer/s') salary or wages and pay it over to SARS.

- c) It also explains how the employer can engage with SARS if the employer is unable to fulfil this obligation.
- d) The next section of the notice will contain the **Third Party Appointment Created**:
 - i) This table contains details of the employee in respect of which the employer has been appointed as a third party. The employee name, tax reference, and ID number has been supplied for ease of identification.
 - ii) The AA88 transaction number is the unique reference number which, together with the employer's PAYE tax reference number, should be quoted when resolving any queries with SARS.
 - iii) The monthly instalments (AA88 Monthly Deduction) and total amount (AA88) amount due by Taxpayer at issue date) are reflected.
 - The employer is responsible for paying the monthly instalment by the due date stipulated.
 - In instances of affordability (taxpayer not able to afford the total amount as one salary deduction), the total value will be broken into instalments, indicated by:
 - iv) The "AA88 Start Date" and "AA88 End Date" will be different.
 - The start date is the date by which the first instalment should be paid whereas the end date is the date by which the last instalment must be paid.
 - v) Each AA88 appointment contains the 19-digit Payment Reference Number (PRN) that must be used when making payment.
 - vi) It is essential that this number is correctly quoted so that the payment is correctly reflected and allocated to the taxpayer's account.
- e) On receipt of the Third Party Appointment Notice, the employer must:
 - i) Review the list of impacted employees
 - ii) Deduct the stipulated amount from the salary or wages of the respective employees, as indicated on the Third Party Appointment Notice
 - iii) Pay the amounts over to SARS by the due date, as indicated on the AA88 Third Party Appointment Notice.
- f) Where the employer is unable to execute the request to withhold the stipulated amount against the salaries and wages of the employee as requested by SARS, the employer must provide feedback on reasons for his/her inability to execute the third party appointment request via one of the following channels:
 - i) Employer to log on to SARS e@syFile™ Employer to view the Third Party Appointment Notice and provide a response to SARS by selecting one of the outcomes from the drop-down list
 - ii) Contact the SARS Contact Centre or visit a SARS branch where an agent will assist the employer with capturing of the responses in relation to the employees listed on the Third Party Appointment Notice.

4.2 Employee can't afford the amount on the AA88 notice issued

- a) Most of AA88 transactions will be issued for the full debt amount in a single deduction. If the employer identifies that the employee won't be able to afford the full deduction, the employer can submit an "Affordability Requested" outcome for the employee on e@syFile.

- b) Upon receipt of the request, SARS will calculate Affordability Terms based on the employee's income related information.
 - i) If the affordability terms provided by SARS are in the employee's view still not affordable, the employee is required to visit a SARS branch to make necessary arrangements and substantiate what is affordable in order to allow for the employee to pay for basic living expenses.
- c) When the employee decides to apply for more lenient affordability terms at a SARS branch he/she will be required as a prerequisite to:
 - i) Submit any outstanding income tax returns.
 - ii) Supply the last three month's payslips and proof of expenses.
- d) If more lenient terms are agreed to between the employee and SARS, the AA88 information will be updated on your e@syFile Application during synchronisation.
 - i) This agreement is subject to SARS approval.
 - ii) Employers won't be able to apply for affordability where the employee has an Active Assessed Tax AA88 transaction.
 - These employees must visit a SARS branch if affordability terms are required.
 - iii) Based on the employee's income related information, SARS might not issue instalment terms that are different from the original transaction

5 MAKING PAYMENTS TO SARS

- a) The following channels are available to employers to make payment to SARS:
 - i) eFiling (with the Bulk Payment functionality)
 - ii) e@syFile™ Employer application
 - iii) Electronic transfer via Internet banking
 - iv) Over the counter at branches of the relevant banking institutions

5.1 Using eFiling to make your payment

- a) eFiling allows for bulk payments that are especially convenient for Third Party Appointments. eFiling is the free, secure electronic tax return and payment submission service offered by SARS to eliminate the risks and hassles associated with the submission of manual tax returns and payments.
- b) SARS eFiling provides a far more convenient, reliable and accurate electronic payment facility. eFiling is supported by the following banking institutions, namely ABSA, Al Baraka Bank, Bidvest Bank, Capitec Bank, CITIBank, FNB, HSBC, Habib Bank Zurich (HBZ) Bank LTD, Investec, Nedbank, SASFIN Bank, Standard Bank, Standard Chartered Bank and Mercantile Bank.

5.2 Electronic transfer via Internet banking

- a) Payments can be made directly to SARS using the internet banking services offered by ABSA, Grobank LTD, Capitec Bank, CITIBank, FNB, Habib Bank Zurich (HBZ) Bank LTD, HSBC, Investec, JP Morgan, Mercantile Bank, Nedbank and Standard Bank. It is imperative that the correct payment reference information is provided in all instances to ensure that tax payments are easily identified and correctly allocated by SARS.
- b) The following items are essential to ensure that payments are processed correctly:
 - i) SARS beneficiary account ID
 - ii) A 19-digit bank payment reference number. This tells SARS exactly who the client is and enables the allocation of such payment to a specific tax/duty and period.
- c) For the payment of outstanding debt, the employer needs to use the unique 19-digit PRN as it appears on the relevant payment form. The beneficiary ID that is applicable to ABSA, FNB, Nedbank and Standard Bank payments in respect of outstanding debt is SARS-ITA.

5.3 Over the counter at branches of the relevant banking institutions

- a) Any payment can be made at any ABSA, Albaraka Bank Limited, Grobank LTD, Capitec, CITIBank, FNB, Habib Bank Zurich (HBZ) Bank LTD, HSBC, Investec, Nedbank and Standard Bank branch.
 - i) These payments must comply with the same payment referencing requirements used for internet payments.
 - ii) Banks require the following information in order to accept and process SARS payments:
 - SARS tax form/payment advice notice containing the 19-digit payment reference number and the tax type that the employer intends paying (outstanding debt)
 - The amount due.
- b) In order for SARS to process the clients payment in a timely and accurate manner, it is imperative that the correct information is supplied to the bank when making over the counter payments.
 - i) The bank will reject all payments which do not conform to the payment reference criteria listed above.
 - ii) Please note that the SARS tax form/payment advice notice stipulates the information needed to initiate the deposit.
- c) Banks will no longer accept any cheque payments that exceed the total amount of R500 000 based on a decision taken by the Payments Association of South Africa (PASA), which is the association responsible for managing payments within South Africa, and with the endorsement of the South African Reserve Bank (SARB).
- d) Banks will also not accept “split cheque” payments i.e. single and full amount of payment divided into two or more simultaneous cheque payments to make up an amount larger than R500 000.

5.4 e@syFile™ Employer payments

- a) The employer can now make bulk payment using the master Payment Reference Number (PRN) representing the total amount that is expected on the bank statement.
 - i) The master PRN will contain all the selected TPA transactions each with their own unique PRN and associated amount.
 - ii) The master PRN can be generated on e@syFile™ Employer.
- b) The employer must first submit a payment allocation schedule before making the actual payment.
- c) For more details on payments using e@syFile™ Employer, kindly refer to the e@syFile™ Employer User Guide available on the SARS website www.sars.gov.za.

6 VIEW PAYMENT ALLOCATION LOG OF FILES SUBMITTED

- a) The details of payment allocation file submitted to SARS can be viewed on e@syFile™.
- b) For more details refer to the e@syFile™ Employer User Guide available on the SARS website www.sars.gov.za.

7 CONTACT INFORMATION

- a) For more information on your third party appointment contact the SARS Contact Centre on 0800 00 SARS (7277).

8 DEFINITIONS AND ACRONYMS

AA88	Third Party Appointment Notification issued to an employer appointing the employer as an Third party to deduct monies owed to SARS.
AA88R	A Reconciliation statement issued monthly to an employer showing the movement on Third party appointments of the previous calendar month
CSV File	Comma Separated Value File
ID	Identity Number
PAYE	Pay As You Earn
PRN	Payment Reference Number
SARS	South African Revenue Service
TPA	Third Party Appointment