TAXPAYER SERVICE

SARS External Guide

A GUIDE TO THE EMPLOYER RECONCILIATION PROCESS

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1   SUMMARY

a)   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), and this external guide must be read in conjunction with **'Business Requirement Specifications for PAYE Employer Reconciliation'** for all validation rules published on the SARS website.

b)   The Fourth Schedule to the Income Tax Act No. 58 of 1962 (Fourth Schedule), states *inter alia*, that employers are required to:

i)   Deduct or withhold employees' tax from remuneration.
ii)   Pay the amount deducted or withheld to SARS monthly on or before 7th of the following month.
iii)   Reconcile employees' tax during the annual and the interim reconciliation.
iv)   Issue tax certificates (IRP5s/IT3(a)s) to employees.

c)   The submission dates of the employer reconciliation are prescribed by an annual income notice in the Government Gazette.

d)   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 how to complete and submit the EMP501 form to have a smooth employer reconciliation process (interim and annual).

2   GENERAL INFORMATION

a)   Employers must submit their monthly employer declarations (EMP201) to SARS. The EMP201 declaration equates to a self-assessment. The employer must calculate and declare the total tax liability which includes employees' tax, skills development levies (SDL), Unemployment Insurance Fund (UIF) and employment tax incentive (ETI) amounts (if applicable) for each tax period.

b)   During the employer reconciliation process, employers are required to submit an EMP501 declaration and employee's tax certificates that reconciles the employees' tax deducted or withheld from remuneration with the payments made to SARS; and including the total tax value of employees' tax certificates for the respective period.

c)   The reconciliation process allows an employer to review the total EMP201 declarations and if any discrepancies are identified, these must be corrected when submitting the EMP501. The values on the tax certificates, the EMP 201 declarations and the actual payments made to SARS should balance.

i)   Note that prior to the submission of the EMP501, if any error is discovered in the EMP201, the employer can correct errors via a **'request for correction'** (RFC) directly on the EMP201. It is not necessary to wait for the submission of the EMP501s to correct any errors.

d)   The interim reconciliation process introduced in September 2010 has become an integral part of the employer reconciliation and assist employers by:

i)   Enabling an easier and more accurate annual reconciliation submission.
ii)   Maintaining an up-to-date employee database.
iii)   Registering employees for income tax purposes, SARS offers the SARS registration function via eFiling, which allows employers to submit employee income tax registrations to SARS. For more information, refer to **GEN-ENR-01-G08 - Tax Reference Number TRN Enquiry Services on eFiling - External Guide** which is available on www.sars.gov.za.

e)   SARS uses the IRP5/IT3(a) certificate information submitted by employers through the annual reconciliation process to prepopulate the employees' annual income tax returns (ITR12). These certificates are not editable on the ITR12s, and employees cannot change this information. It is therefore imperative that the information submitted by employers to SARS is correct. If any information is incorrect, this will influence the employee's personal assessment when he/she submits an ITR12.

f)   ETI refunds (unused ETI amounts) can only be claimed by submitting interim and annual reconciliations (EMP501s). Failure to do so will result in ETI refund being forfeited.

2.1   WHEN MUST THE DECLARATION AND THE CERTIFICATES BE SUBMITTED?

a)   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:

    i)   Interim reconciliation period – The submission period is September to October; and

    ii)   Annual reconciliation period – The dates are published annually or in an income tax notice which can be found on the SARS website.

2.2   CHANNELS FOR REQUESTING, COMPLETING AND SUBMITTING THE DECALARATION

a)   Employers can request, complete and send the reconciliation declarations via the channels indicated below.

b)   Once a channel has been selected for a specific reconciliation, the same channel must be used for any subsequent transactions. A new channel can only be selected when a new reconciliation for a new tax period is submitted:

    i)   **Manual** – complete the relevant tax certificates and return on the specified forms and submit via eFiling to SARS or visit a SARS Branch for assistance.

        A)   A SARS branch will accept a maximum of five (5) IRP5/IT3(a) certificates, and employers with more than five IRP5/IT3(a) certificates are advised to either use SARS eFiling or e@syFile™ Employer to submit the declarations.

        B)   Due to the COVID-19 pandemic and to support social distancing, SARS has embarked on an initiative to enable branch officials to assist taxpayers remotely instead of the customary physical face-to-face taxpayer engagement.

        C)   The taxpayer/employer is required to request a Branch eBooking service, which enables them to request a video or telephonic engagement with SARS (should they require any assistance). This is part of our drive to improve our service to you. Refer to **GEN-BO-09-G01 – Book an Appointment at a SARS Branch – External Guide** for the detailed process on how to book an appointment.

        D)   Appointments received through the eBooking service will initiate a virtual taxpayer engagement.

        E)   When the return/declaration is submitted at a SARS branch by virtual appointment, a taxpayer engagement will be received through the eBooking Service.

        F)   An eBooking case number will be allocated to each appointment made.

        G)   Taxpayers can use the eBooking case number to upload the required supporting documents via the SARS Online Query System (SOQS).

        H)   If you are unable to use the eBooking system to make an appointment, please call us on our toll-free number 0800 00 7277 and select option 0 or book an online appointment by sending a sms to **47277** (iSARS) with the information and format described below:

            I)   Space.

            II)   E.g., Booking 91120801123456 OR Booking A029999998.

            III)   A SARS official will call you back to book the appointment on your behalf.

    ii)   **e@syFile™ Employer** – for the employer to submit electronically from e@syFile™ Employer using an eFiling username and password.

        A)   Generate a tax certificate file from the payroll system and import this file into e@syFile™ Employer. Within e@syFile™ Employer, you can also capture additional manual certificates, cancel certificates, capture EMP501 details, and submit to SARS via electronic channel. Your eFiling credentials will be required to enable online submission.

B) Use the latest version of e@syFile™ Employer as any information submitted to SARS using previous versions are not accepted.

C) Multiple versions of a letter or notice will be displayed, e.g., ETV Validation feedback letter.

D) The date the letter/notice was received will be added to a grid on e@syFile™ Employer.

iii) **eFiling –** eFiling is the quickest, easiest, and most convenient way to submit the return for small and medium sized businesses who chooses not to use e@syFile™ Employer.

A) For the employer to submit electronically via eFiling, 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.

B) Employers can manually capture or import certificates.

c) The reconciliation and submission of tax certificates to SARS must take place by the dates announced in the annual income notice. Failure to do so the PAYE admin penalty will be imposed on EMP501 return reconciliation for non-compliance.

d) **Note:** For information on the completion of manual certificates, refer to the latest version of the e@syFile™ Employer User Guide (e@syFile™ | South African Revenue Service (www.sars.gov.za)" which is available on www.sars.gov.za)

e) It is important to **note** the following:

i) The submission of EMP501 forms via post is no longer accepted.

ii) The current process where SARS will only accept EMP701 declarations for adjustments made to reconciliation submissions from 1999 will be based on the year or whether a recon has been submitted, refer to the following:

A) Where the year is 1999 - 2008 and no recon has been submitted, EMP501 must be used.
B) Where the year is 1999 - 2008 and recon has been submitted using the old format IRP501 and old format certificates (pre-printed stock and CSV file), then EMP701 must be used.
C) Where the year is 1999 - 2008 and the recon has been submitted using the current format EMP501 and certificates (PDF and CSV file), the EMP501 must be used and not the EMP701.
D) Where the year is prior to 1999 no amendments on reconciliations submitted may be made. Where a reconciliation has not been submitted and is outstanding, a request to finalise the reconciliation must be sent to SARS.

iii) The EMP701 is not applicable for transaction years from 2009 onwards and adjustments to reconciliation submissions must be done by submitting a revised EMP501 with the relevant revised certificates and/or cancellations (EMP601).

iv) 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.

2.3   CHANGES FOR THE RECONCILIATION

a) **EMP501**

i) Where the Monthly employer returns (EMP201) for the EMP501 reconciliation period were not submitted to SARS, the employer will not be able to declare the return and the following message will be displayed: "Your request for an EMP501 reconciliation cannot be processed as you have not submitted the required EMP201 returns for the reconciliation period. A letter has been sent to inform you of the next steps" and refer to **EMP-GEN-01-G01 – How to Complete the Monthly Employer Declaration EMP201 - External Guide**, which is available at www.sars.gov.za

ii) The request for the EMP501 will be rejected if it's requested for a transaction year prior to the

earliest liability start date and the employer will not be able to declare the return and the following message will be displayed: "Your request for an EMP501 reconciliation has been denied. You have requested an EMP501 for a year of assessment prior to the payroll taxes liability start date on our records. A letter has been sent to inform you of the next steps."

iii)   The EMP125 letter – Request for EMP501 Reconciliation Denied will be sent to the employer and will include the reason(s) for the denial.

iv)   Cents must now be captured on the EMP501.

v)   The tax periods from May 2021 to August 2021 for which employers received the four (4) month SDL holiday exemption (COVID-19 tax relief) will be greyed out on the EMP501.

vi)   The PAYE Admin penalty has been added to the EMP501 process and will be imposed if an employer failed to submit the final EMP501 reconciliation for a year of assessment.

b)   **IRP5/IT3(a) certificates**

i)   Employees' tax on each certificate cannot exceed the total of taxable and non-taxable source codes).

A)   SARS has identified that certain employers submit certificates (IRP5s) with -
I)   R1 remuneration with substantial employees' tax; and/or
II)   Employees' tax that is greater than both taxable and non-taxable source codes.

B)   These IRP5s are invalid, the employer will be informed to rectify the issue.

I)   Employers will not be able to submit the reconciliation until these invalid certificates are amended/removed

C)   Note that employees can make a request in writing for their employer to deduct or withhold greater amount of employees' tax than required to be deducted or withheld from remuneration (paragraph 2(2) of the Fourth Schedule).

I)   Remuneration for purposes of paragraph 2(2) is interpreted according to its ordinary dictionary meaning and NOT as defined in the Fourth Schedule.
II)   Therefore, if the employee requested voluntary over deduction, the amount of employees' tax cannot exceed the total value of taxable and non-taxable source codes.
III)   If the employee did not request voluntary over deduction, the employees' tax cannot be more than the total taxable income.

D)   Employees that are liable to make provisional tax payments **cannot** instruct their employer to make so called employees' tax payments that is greater than the actual remuneration (salary) earned by the individual. These individuals must make provisional tax payments.

ii)   ETI qualifying 12-month cycle indicator-this indicates the 12-month ETI cycle for which the employee qualifies for ETI. If the employee does not qualify for ETI for the specified month, this value must be 0.

A)   Mandatory if ETI Indicator (3026) is populated with a yes.
B)   Value can only be 0,1, 2 or 3(as explained below):
I)   0 = if the employee does not qualify for ETI for the specified month.
II)   1 = if the employee qualifies for ETI for the specified month and the specified month is in the first 12-month period.
III)   2 = if the employee qualifies for ETI for the specified month and the specified month is in the second 12-month period.
IV)   3 = if the employee qualifies for additional ETI (increased ETI due to COVID19). Option 3 is only applicable if Year of Assessment is 2022 and Month (code 7006) is August (08), September (09), October (10) and November (11). Extended, ETI may be claimed from 1 August 2021 to 31 November 2021 as part of the COVID Tax relief that was announced for 2022 YOA.

c)   **Amendments to validation rules for certain field codes**

i)   Income Tax Reference number.

ii)   Employer contact email address.
iii)   Employer trade classification.
iv)   Certificate number.
v)   Employee contact email address.
vi)   Directive number.
vii)   PAYE on retirement lump sum and severance benefits.
viii)   Remuneration paid.
ix)   Monthly calculated ETI.
x)   ETI qualifying 12-month cycle indicator.

d)   **New fields are added on the IRP5/IT3(a) certificates**

i)   The following new fields have been added on the IRP5/IT3(a):
ii)   Directive Issued Date.
iii)   Directive Income Source Code.
iv)   Directive Income Amount.
v)   Directive Type Indicator.
vi)   Long Service Award.
vii)   Long Service Cash Award.
viii)   Code - 3605 (3655) updated description: An amount paid or payable to an employee which is defined as an annual payment excluding any Long Service Cash Award required to be declared under code 3622/3672.
ix)   Code 3622 (3672): A Long Service Award is given to an employee that complies with the initial 15 years and any subsequent 10 years unbroken period of service requirement – par (vii) of the proviso under par (c) of "gross income" in section 1 of the Income Tax Act.

e)   **Note:**
i)   The full value (before excluding any amount) of a Long Service Cash Award that qualifies for the R5,000 exclusion, must be declared under this code 3622/3672. The amount is not subject to PAYE if the full value (code 3622 plus code 3835) is less than or equal to R5,000.
ii)   Long Service means an initial unbroken period of service of not less than 15 years and any subsequent unbroken period of service of not less than 10 years (par 5(4) of the Seventh Schedule to the Income Tax Act).
iii)   A long Service Cash Award, together with the value of the following taxable benefits given as a Long Service Award will qualify for a reduction not more than R5,000:
       A)   Acquisition of an Asset at less than the actual value par 5(2)(b) of the Seventh Schedule
       B)   Right of use of an Asset (other than Residential accommodation and any motor vehicle) par 6(4)(d) of the Seventh Schedule
       C)   Free or Cheap Services (par 10 (2)(e) of the Seventh Schedule
       D)   Code 3672 MUST always be used for a Long Service Cash Award while on Foreign Service on date of accrual.
       E)   Valid from 2023 year of assessment
       F)   Code 3835/3885: A Long Service Award given to an employee that complies with the initial unbroken period of service of not less than 15 years or any subsequent unbroken period of service of not less than 10 years.

f)   **Note:**
i)   The full value (before excluding any amount) of a Long Service Award consisting of taxable benefits referred to below, that qualify for R5,000 exclusion must be declared under this code.
ii)   Long Service means an initial unbroken period of service not less than 15 years or any subsequent unbroken period of service of not less than 10 years par (5(4) of the Seventh Schedule)
iii)   The Long Service Award consisting of taxable benefits listed below, together with Long Service Cash Award, will qualify for an exclusion of not more than R5,000:
       A)   Acquisition of an Asset at less than the actual value par 5(2)(b) of the Seventh Schedule.
       B)   Right of use of an Asset (other than Residential accommodation and any motor vehicle) par 6(4)(d) of the Seventh Schedule.
       C)   Free or Cheap Services (par 10 (2)(e) of the Seventh Schedule
       D)   Code 3885 MUST always be used for a Long Service Award while on Foreign Service on date of accrual.
       E)   Valid from 2023 year of assessment.
       F)   The amount is not subject to PAYE if the full value (code 3622 plus code 3835) is less than or equal to R5,000.

g) **COVID-19 Tax Relief Measures**

 i) In response to the COVID-19 pandemic, tax relief measures were introduced with the purpose of assisting employers to provide financial stability to their employees during the COVID-19 disaster period. The COVID-19 tax relief for employers are –

  A) 35% deferral of employees' tax for period of three months from 1 August 2021 to 31 October 2021.

  B) COVID Tax relief was announced again for the 2022 YoA tax relief. Extended ETI may be claimed from 1 August 2021 to 31 November 2021.

h) **Deferral of the payment for PAYE**

 ii) For the tax periods of August to October 2021 year of assessment (YoA) tax relief, qualifying employers need only to pay 65% of its employees' tax liability.

  A) When capturing the payment on the EMP501, the full 100% employees' tax value must be captured. That is, the amount paid (65%) plus the 35% COVID-19 tax relief value must be added together and the full value should be captured.

 iii) The deferred PAYE liability for the three-month period of August to October 2021must be paid to SARS in equal instalments over a four-month period commencing on 1 November 2021, (i.e., the first payment must be made on 7 December 2021).

  A) Note when capturing the payment on the EMP501, the COVID-19 tax relief must be included in the payment value (actual payment made + COVID-19 tax relief).

i) **SDL Payment Holiday Exemption**

 i) For tax periods May 2021 to August 2021 ALL employers will be granted a payment holiday exemption.

  A) The SDL values for these tax periods must be captured as nil.

  B) The IRP/IT3(a) should not include the SDL values for these payment holiday exemption tax periods.

j) **Income Code 3724 (COVID-19 Disaster Relief Organisation)**

 i) Note: This is only applicable for 2022 YoA and not for 2022 YoA.

 ii) Any payment / benefit received from a COVID-19 Disaster Relief Organisation (so called section 18A Relief scheme / fund) and paid to an employee must be declared under this income code on the relevant 2021 IRP5/IT3(a) tax certificate.

 iii) This code must not be used for benefits received from UIF Temporary Employees Relief Scheme (UIF TERS). The UIF TERS benefits are exempt from tax and must not be declared on an IRP5/IT3(a) tax certificate.

k) **Deduction Code 4055 (Donation)**

 i) Note: This is only applicable for 2021 YoA and not for 2022 YoA.

 ii) Employers must use this code (4055) to declare any donations made on behalf of employees to the COVID-19 Solidarity Fund.

 iii) Donations made to other qualifying COVID-19 Disaster Relief Organisation must be declared under existing under deduction code 4030.

l) **Expanded ETI Measures**

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

 ii) 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 qualifying twelve months.

iii) An additional monthly ETI claim to the maximum amount of R750 during these four tax periods will be allowed for employees:

    A) 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

    B) 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.

    C) New age category of 30 to 65, provided the meet salary bands and other qualifying criteria.

    D) 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.

        I) For this category, the employer can claim a maximum of R1750, same as cycle 1.

iv) The payment of ETI reimbursements will be accelerated from twice a year to monthly during these four tax periods.

v) The following are the categories of employees who qualify:

    A) Aged between 18 and 29 and employment commencing on or after 1 Oct 2013 [section 6(*a*)(i)(*aa*)]
    B) Aged between 18 and 29 and employment commencing before 1 Oct 2013 [section 6(*a*)(i)(*bb*)]
    C) Aged between 30 and 65 employment commencing any date [section 6(a) (I) (cc).
    D) 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)]
    E) 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)].

m) The registration date is only applicable to the PAYE deferment. The current compliance requirements for employers under sections 8 and 10(4) of the ETI Act will continue to apply.

2.4 HOW TO RECONCILE THE RECONCILIATION DECLARATION?

a) **STEP 1**

i) Before completing the EMP501 (for interim and annual submission), determine employees' tax to be deducted or withheld from remuneration of each employee for that year and recalculate the employees' tax based on that amount.

ii) The IRP5/IT3(a) certificates should reflect both taxable and non-taxable source codes, deductions and employees' tax as calculated at this point.

iii) Employers can refund any over deducted employees' tax to the employee within a specific period of reconciliation. Once that period of reconciliation has passed, no over deducted employees' tax can be refunded to the individual.

iv) Any subsequent errors identified must be fixed during the EMP501 reconciliation process. The IRP5/IT3(a) certificate must reflect the corrected values and the individual (employee) on submitting his/her ITR12 to SARS will receive any over calculated employees' tax in the form of a refund.

b) Where employers discover that employees' tax were under deducted (including when SARS carries out an audit and raises an additional assessment), the Fourth Schedule set-out the following –

i) Where the employer is personally liable this amount remains payable by the original due date of that tax period (paragraph 5(1) of the Fourth Schedule). Therefore, late payment penalty will be imposed, and interest will accrue.

  A) If SARS is satisfied that there is a reasonable prospect of recovering the tax from the individual (employee), the employer can be absolved from its liability (paragraph 5(2) of the Fourth Schedule).

ii) Where the employer made the payment of the outstanding employees' tax, this payment is deemed to be discharged (paragraph 5(1A) of the Fourth Schedule).

iii) The employer has the right to recover the above amount from future remuneration of the employee (paragraph 5(3) of the Fourth Schedule).

  A) The full amount must be repaid by the employee to the employer before the employer can issue an IRP5 certificate in respect of that amount.

  I) If the employer does not recover any of the amount from the employee, that amount is deemed to be a penalty in the hands of the employer for purposes of s23(d) of the Income Tax Act.

iv) If any of above circumstances exist, the EMP501 reconciliation must be completed as follows -

  A) Capture or import the certificates on the selected submission channel.

b) **STEP 2**

i) The demographic information of the Employer will pre-populate on the EMP501 form.

ii) The employer must complete the contact detail section.

iii) If there are no pre-populated values on the EMP501 or the values pre-populated excludes recent financial changes (revised EMP201 submission), the employer must refresh the pre-populated information.

iv) ETI employer must ensure that information is pre-populated, and it is the latest information as ETI cannot be captured for the first time or increased on the EMP501.

v) On eFiling, ETI field is automatically prepopulated.

vi) On e@syFile™ Employer, the employer has a choice to select "Own Values" or "SARS Values", where the employer wants to submit ETI, the employer **must** select "SARS Values" as the employer will not be allowed to increase ETI values and therefore it must be prepopulated on to the EMP501

vii) Certificate total will pre-populate only once certificates has been captured or imported.

c) **STEP 3**

i) 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. The liability values on the EMP501 should be captured / updated with the revised figures.

ii) When completing the annual reconciliation, over- and under-declarations on the bi-annual reconciliations needs to be taken into consideration if there was a value in the "Difference Total Liability & Annual Total" field on the bi-annual reconciliation. Where either a debit or credit has been raised because of this difference, the liability as pre-populated or reflected on the Statement of Account must remain unchanged, unless the previous declaration was incorrect, and amendments is required. It is important to note that changes will update the account and may impact payments allocation.

d) **Note:**

i) A revised declaration (RD) raised by SARS cannot be reduced or in the case of ETI increased by the employer. Subsequent to a RD raised by SARS, the employer can increase liability values or reduce ETI values.

ii) The employer cannot change an agreed estimate assessment, or a declaration submitted as part of Voluntary Disclosure Programme (VDP).

iii) The employer must keep the correct employee certificates, EMP201 and relevant documentation for audit purposes.

iv) Corrections in the EMP501 cannot result in refunds of PAYE to an employee, unless the correction is made within the salary payment period (see the rules set out in paragraph 28 of the Fourth Schedule).

e) **STEP 4**

i) Audit Result Not In Certificates: When SARS conducts an audit the employer must amend the relevant certificates to align to the audit result. However, in some instances it is not possible to link the debt to an employee(s). When the amendments cannot be made on the certificate for the increased liabilities, the value must be declared in this field.

ii) Tax Paid On Behalf Of Employee, this field must be completed where the employer paid tax on behalf of the employee. This usually happens when the employee is no longer in service, and the tax cannot be deducted from the employee. No employees' tax certificate is issued.

f) **STEP 5**

i) The total monthly payments made in respect of PAYE, SDL, UIF (excluding payments for non-compliance administrative penalties and understatement penalties) must be captured on the form, and these reflect the actual payments made to SARS throughout the year. ETI utilised values must also be excluded from this value.

ii) Where a liability adjustment has been made, the payments as made with the original EMP201 declaration will still need to be declared. The adjusted liability will not change the payment value unless an additional payment has already been made.

g) **STEP 6**

i) ETI Employers must review the ETI figures pre-populated on the EMP501.

ii) If ETI was over calculated, the ETI Calculated value must be reduced in the month in which the over-calculation occurred. The reduction in ETI Calculated may require a reduction in ETI Utilised and must be reduced as required.

iii) Where ETI was under calculated, the pre-populated values must remain unchanged. An employer may only claim ETI up to the last month within the ETI 6-month tax period (March to August and September to February). Where the ETI has not been claimed on the EMP201 by the due date of the last period within the ETI 6-month period, that ETI is forfeited.

h) **STEP 7**

i) The 'Due By / Due To You' field will indicate whether there are any under- or over-payments. Verify that you are in agreement with this amount.

ii) For ETI Employers who have utilised ETI, the utilised value has been taken into consideration in the calculation of the Due By / Due To You value.

iii) Submit the Reconciliation.

i) **STEP 8**

i) Resolving under- or over-payments on the reconciliation, these steps should be followed. The steps remain the same regardless of whether the monthly liability value(s) was amended during the recon process or whether there is a value in the Due By / Due To You field.

ii)   In the case of an under-payment, the reconciliation must be submitted and processed. Once the reconciliation has been processed, request a Statement of Account to see how the tax debt was allocated. Pay the tax debt using the information on the Statement of Account.

iii)   In the case of an over-payment, the reconciliation must be submitted and processed. Once the reconciliation has been processed, request a Statement of Account to see how the credit was processed. A credit will reduce the monthly liabilities on the account. Payments made will be reallocated to the new liability figures and any over-payment will be reflected in the unallocated account. The employer may request SARS to refund over-payment.

j)   **STEP 9**

i)   For ETI credits or debits, request the Statement of Account.

ii)   Where one or more periods reflect a debit on ETI, the balance will roll forward to the last period within the 6 months ETI period (August or February). If there is a debt in the last period, a payment must be made. The payment must be made for the value reflecting within the last ETI 6-month period, using the Payment Reference Number (PRN) for that specific period.

iii)   Where an ETI refund is due, the credit value in the last period within the 6-month ETI period (August or February) will be refunded if the employer is compliant. Where the employer is non-compliant, the employer will have until the end of the next ETI 6-month period to become compliant. If the employer remains non-compliant, the ETI refund will be forfeited. Employers can verify their compliance status by using the "My Compliance Profile" function available on eFiling.

2.5   CORRECTING YOUR LIABILITIES

a)   To correct your liabilities and to add, amend or cancel certificates, the submitted EMP501 must be revised. This can be done by opening the previous submission and making the necessary amendments.

b)   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.

c)   Where corrections are made to employees' tax certificates, the amended certificate must be issued to the employee. Where the employee has already submitted their ITR12 Income Tax Return, the employee will have to submit a revised tax return.

d)   **Note:**

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

2.6   ISSUES WHICH MAY ARISE

a)   **Excessive Liability Change**

i)   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 timeously to SARS. They would then rectify the oversight on the EMP501 reconciliation and pay any shortfall in the last month of the reconciliation period. This can also be attributed to the incorrect completion of the EMP501.

ii)   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.

iii)   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.

iv)   If the difference is due to negligence or oversight, the employer must rectify each problematic tax period and resubmit the EMP501 reconciliation within the turnaround time stipulated on the notice.

v)   If the difference is because of accounting issues that the employer is aware of, the employer must provide the reasons for the over- or under-deduction on the EMP501 when submitting the reconciliation. The employer can contact the SARS Contact Centre to inform SARS that the figures are correct and request the case to be finalised.

vi)   SARS will review the reasons, if satisfied, provide the outcome of the case to the employer, and process the reconciliation. If the reasons are not satisfactorily, SARS will engage with the employer.

vii)   Should the employer not respond within the turnaround time, the case will the reviewed by SARS and, based on engagement with the taxpayer, SARS will either accept the values captured on the EMP501 or revert to the values processed on the account.

b)   **Employment Tax Certificate validation** refer to –

i)   www.sars.gov.za/TaxTypes/pages/Employment Taxes Validation.

ii)   To assist employers to provide quality and correct data on the IRP5/IT3(a) certificates, additional validation rules will be performed when the EMP501 reconciliation is submitted. The employer will be informed of all the certificates that have incorrect information related to one or more of the validation rules.

iii)   The following validation rules will be performed:

A)   Income Tax Number Verification:

I)   The system will verify that the employer does not use the same Income Tax Reference number for different employees. If that is the case, the employer must provide the correct Income Tax Number for the employee for whom the certificate is issued and resubmit the EMP501 reconciliation.

II)   Note: The employer can use the Tax Reference Number Request on eFiling to obtain the employee's Income Tax Reference Number.

B)   ITR12 Assessed Status:

I)   The system will verify if the SARS systems has already used the certificate to assess the employee's ITR12 return. If that is the case, the employer must inform the employee to request a correction of the ITR12 return.

C)   PAYE/SDL/UIF deduction:

I)   The system will recalculate the PAYE deducted and the UIF and SDL contribution based on the information provided on the certificate. If there is a significant difference, the employer must ensure all information reflected on the certificate is correct. If there is an error, the certificate must be rectified and the EMP501 reconciliation resubmitted.

D)   Directive information incorrect.

I)   The system will compare the directive number, date the directive issued, income source code and amount that was captured on the IRP5/IT3(a) certificate with the information on the Directive System.

II)   When the directive information on the IRP5/IT3(a) certificate is incorrect, the employer must verify the information against the directive issued by SARS and

resubmit the IRP5/IT3(a) certificate with the correct information.

III)   Note: An IRP5/IT3(a) certificate with incorrect directive information will not be prepopulated on the employee's ITR12.

iv)   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)   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.

B)   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.

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

vi)   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.

vii)   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).

2.7   ISSUING OF NOTICES

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

i)   When the taxpayer is an eFiler, the notice will be available on eFiling and e@syFile™ Employer;
ii)   If the taxpayer is not an eFiler and has a valid email address, the Notice will be sent via email; or
iii)   If the taxpayer has neither a valid email address nor is not an eFiler the notice will not be posted to the employer. Non-registered eFilers must ensure that their registered particulars are updated with an email address to ensure effective communication.

b)   Note**:** An eFiler must refer to Section 14 to access all the Notices. Employers using e@syFile™Employer must refer to the e@syFileTM Employer User Guide.

2.8   ADMINISTRATIVE PENALTIES LEVIED FOR PAYE

a)   PAYE administrative penalties are imposed when an employer has failed to submit the annual Employer Reconciliation Declaration Form (EMP501) on time. The penalties are levied in 1% increments over a period of 10 months and is based on the employer's liability for that year of assessment (i.e., 12-month period).

b)   A penalty assessment notice (EMP301) will be issued to notify the employer of the penalties imposed.

2.8.1 Interim workaround for dispute relating to PAYE penalties

a)   It is possible that an employer can incur two penalties for the same period (i.e., both a PAYE late payment penalty and PAYE administrative penalties). The current design of the RFR process only allows for one PAYE penalty to be disputed per period (regardless of the type). Until the system is enhanced, the following manual workaround will apply where an employer wants to submit a second request for remission for the same period:
i)   Employers must send a written request to contactus@sars.gov.za
ii)   Tax practitioners must send a written request to pcc@sars.gov.za
iii)   The request must include the employer's details, transaction number, the reconciliation period, and the period for which the penalty was levied (note: reference to penalty refers to both late payment penalty and administrative penalty).

3   LAYOUTS OF THE EMP501 DECLARATION AND IRP5/IT3(A) CERTIFICATE

a)   This section describes the steps to follow when completing the EMP501 declaration/ IRP5/IT3(a) Certificate when preparing the certificates manually to submit at a SARS branch, on eFiling or via e@syFile™ Employer.

b)   A Pro-forma EMP501 will be allowed to SARS users to capture nil reconciliation in order to finalise deregistration process - specifically where fraudulent employers were identified.

c)   Employer will not be able to submit a Request for Correction (RFC) if a pro-forma reconciliation was processed when the employer is deemed fraudulent.

d)   The submission of an interim reconciliation when the final reconciliation has been processed will not be allowed.

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

    i)   'HTML5' is a version of the 'hypertext mark-up language', which is a type of technology used for structuring and presenting content on websites.

    ii)   Some of the advantages of HTML5 is that it is compatible with multiple web browsers (e.g., google chrome, edge, firebox, safari, and opera) and it offers improved access to users irrespective of the screen size, orientation, and resolution of their devices.

    iii)   **Note:** the HTML5 forms is available on eFiling and e@syFile™Employer.

    iv)   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.

        A)   Mandatory fields will display with an asterisk (*) and be highlighted in red if not correctly captured.
        B)   A message will display underneath the field stating, "<field name> is a mandatory field.

3.1   LAYOUT OF EMP501 DECLARATION

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

    i)   Employer Information.
    ii)   Tax Practitioner Details (if applicable);
    iii)   Employment Tax Incentive(ETI);
    iv)   Financial Particulars.

b)   Note: All certificates linked to EMP501 will be displayed in the return history and not just certificates linked to the version of the EMP501.

c)   **Transaction Year -** This period indicates the submission period to accommodate multiple submissions in a year.

d)   **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 2023, "202308" will display in this field. For the annual reconciliation period ending February 2024, "202402" will display in this field.

e)   **Trading Name -** Name or trading name of employer issuing the certificate.

    i)   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.

3.2   COMPLETING THE EMP501 DECLARATION

3.2.1 Employer Information

a)   The following information will be prepopulated on the form:

b)   If the reconciliation is submitted by an employer who is not registered for PAYE (have only non-taxable employees in service), the SDL and UIF fields will not be pre-populated. The employer must, where applicable, manually capture the SDL and/or UIF reference numbers.

   i)   **'PAYE Ref No'**

      A)   The reference number of the employer.
      B)   This is the PAYE number under which employees' tax deducted is paid to SARS. Alternatively, if the employer is not registered for PAYE, it will be the Income Tax reference number of the employer.

   ii)   **'SDL Ref No'**

      A)   Skills Development Levy reference number of the Employer 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.

   iii) **'UIF Ref No'**

      A)   Unemployment Insurance Fund Reference Number for Employer as issued by SARS, and not the number issued by the UIF 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.

iv)   **'Diplomatic Indemnity Indicator':**

A)   Indicates if the employer enjoys diplomatic indemnity.
B)   Select "Y" (yes) or "N" (no).
C)   **The Diplomatic Indemnity Indicator field is optional for years prior 2020 and** mandatory from 2020 going forward.

v)   **'SIC Code'**

A)   The Employer Standard Industry Classification Code.

B)   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.

C)   The SIC Code is mandatory if Period of recon is 201402 or later.

D)   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 will pop up.

vi)   The following SIC codes are not allowed to claim ETI:

A)   84111 (General public administration at National Government level).
B)   84112 (General public administration at Provincial Government level).
C)   84113 (Regulation of the activities of providing health care, education, cultural services, and other social services, excluding social security at National Government level).
D)   84121 (Regulation of the activities of providing health care, education, cultural services, and other social services, excluding social security at National Government level).
E)   84122 (Regulation of the activities of providing health care, education, cultural services, and other social services, excluding social security at Provincial Government level).
F)   84123 (Regulation of the activities of providing health care, education, cultural services, and other social services, excluding social security at Local Government level) .
G)   84131 (Regulation of and contribution to more efficient operation of businesses at National Government level).
H)   84132 (Regulation of and contribution to more efficient operation of businesses at Provincial Government level).
I)   84133 (Regulation of and contribution to more efficient operation of businesses at Local Government level).
J)   84140 (Extra budgetary account n.e.c.).
K)   84210 (Foreign affairs).
L)   84220 (Defence activities).
M)   84231 (Public order and safety activities at National Government level).
N)   84232 (Public order and safety activities at Provincial Government level).
O)   84233 (Public order and safety activities at Local Government level).
P)   84300 (Compulsory social security activities).

vii)   **'SEZ Code'**

A)   The Employer's Special Economic Zone Code.

B)   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.

viii)   Note: Below is list of approved SEZ:

A)   COE : Coega SEZ
B)   DTP : Dube Trade Port SEZ
C)   EAL : East London SEZ
D)   MAP : Maluti-A-Phofung SEZ
E)   SLB : Saldanha Bay SEZ
F)   RIB : Richards Bay SEZ

3.2.2 Contact Details

a) Complete the contact details of the person who should be contacted in the case of queries on the reconciliation.

   i)   First Name;
   ii)   Surname;
   iii) Position held at Business;
   iv)   Bus No;
   v)   Cell No;
   vi)   Email.

3.3 TAX PRACTITIONER DETAILS (IF APPLICABLE)

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

   i)   **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.

   ii)   **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.

3.4 FINANCIAL PARTICULARS

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...
Tax Certificates Total R 0.00 🔒	Tax Certificates Total R 0.00 🔒	Tax Certificates Total R 0.00 🔒
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 🔒

iii) **'PAYE Liability' per month**

    A)   Will be prepopulated.

    B)   If the liability in this field is changed from what was prepopulated and is not within the defined threshold, a message will be displayed warning the employer of this change. The employer must either rectify the liability or supply a reason for the difference in the "Reason for Over/Understatement of Declaration" field.

iv) **'SDL Liability' per month**

    A)   This field will be prepopulated with the SDL liability amount per month.

    B)   If the liability in this field is changed from what was prepopulated and is not within the defined threshold, a message will be displayed warning the employer of this change. The employer must either rectify the liability or supply a reason for the difference in the "Reason for Over/Understatement of Declaration" field.

    C)   For tax periods May 2020 to August 2020 ALL employers will be granted a payment holiday exemption.

        I)   The SDL values for these tax periods must be captured as nil.

        II)   The IRP5/IT3(a) should not include the SDL values for these payment holiday exemption tax periods.

        III)   If the transaction year is 2021, the fields for the months of May, June, July, or August will be locked and will default to zero. This is due to the 'SDL Payment Holiday' applicable for those months as part of the COVID-19 Tax Relief measures.

v) **'UIF Liability' per month**

A) This field will be prepopulated with the UIF liability amount per month.

B) If the liability in this field is changed from what was prepopulated and is not within the defined threshold, a message will be displayed warning the employer of this change. The employer must either rectify the liability or supply a reason for the difference in the "Reason for Over/Understatement of Declaration" field.

vi) **'Total Monthly Liability' per month**

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

vii) **'Payments' per month**

A) Insert the payments made for each month (for non-compliance administrative penalties and understatement penalties) and excluding ETI.

viii) **'Annual Total'**

A) The following totals will be automatically calculated:

I) PAYE Liability;
II) SDL Liability;
III) UIF Liability;
IV) Total Monthly Liability;
V) Payments (excluding non-compliance administrative penalties and understatement penalties).

ix) **'Difference'** – Total Liability *less* Annual Total for the different columns above.

A) 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.

x) **'Total Liability'**

A) 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).'

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

C) There is no minus on the Total liability field.

xi) **'Tax Certificates Total'**

A) When visiting a SARS Branch for manual capturing ensure that all the necessary details to capture are readily available, especially certificates**.**

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

C) For PAYE, this field will be prepopulated with the sum of the amounts captured for source codes 4101, 4102 and 4115 on the IRP5 certificates.

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

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

xii) **'Audit Results Not In Certificates'**

A) Complete as explained above.

xiii) **'Tax Paid On Behalf Of Employee'**

A) Complete as explained above.

xiv) **'Declared Liability'**

A) 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).'

xv) **'Annual ETI Utilised'**

A) This field will be pre-populated with:

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

xvi) **Due By/To You (**excluding non-compliance administrative penalties and understatement penalties**)**

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

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

3.5   REASON FOR OVER/UNDERSTATEMENT OF DECLARATION DETAILS

a) 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 PAYE Liability, SDL Liability, UIF or ETI Calculated or ETI Utilised fields.

4   LAYOUT OF IRP5/IT3(A) CERTIFICATE FORM

4.1   COMPLETING THE EMPLOYEE TAX CERTIFICATE [IRP5/IT3(a)]

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.

b) An IRP5/IT3(a) look and feel form is designed for read only purpose.

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

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

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

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

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

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

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

   i) The calendar month in the IRP5/IT3(a) certificates number 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 transaction year, as part of the final submission.

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

h) Even though certificate information is pre-populated, the employer must furnish their employees with copies of the final IRP5/IT3(a) certificates after the annual reconciliation (for period 02) is processed. Please retain copies for your own records as well.

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

   i) Employee Information.
   ii) Employer Information.
   iii) Tax Certificate Information.
   iv) Employment Tax Incentive.
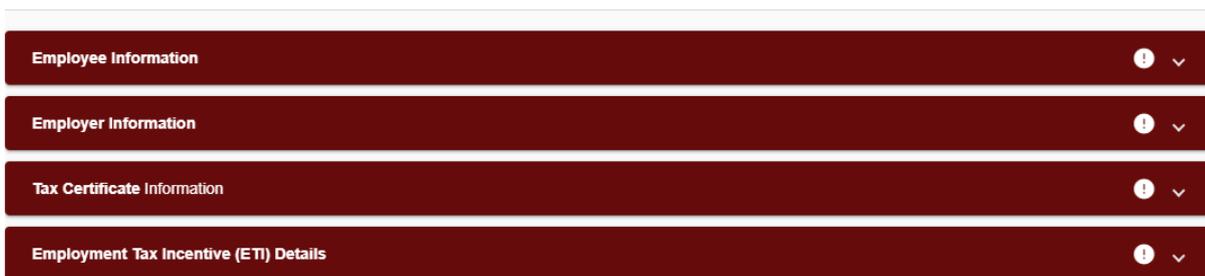
4.1.1 Employee Tax Certificate Information

a) Complete the employee tax certificate information.

   i) **Surname/ Trading Name -** Surname of the employee or trading name of the employee.

   ii) **Initials** - Initials of the employee.

   iii) **Transaction Year**

A) The tax year 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 tax year.

B) 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.

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

iv) **Year of Assessment**

A) The tax year in which the remuneration paid or payable to an employee accrued.
B) It is pre-populated.
C) Year cannot be less than 1999. Where year of assessment is less than 1999, the certificate must be included in the 1999 reconciliation – reconciliations prior to this date must not be accepted.

v) **Period of Reconciliation**

A) This field indicates the submission period to accommodate multiple submissions in a year.
B) This field is read-only and will default to the period of reconciliation on the EMP501.

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

A) Type of Certificate for which tax is to be levied. Types of Certificates include:
   I) IRP5;
   II) IT3(a);
B) Mandatory.
C) If IRP5 is indicated, either code 4101, 4102 or 4115 must have a value greater than zero and code 4150 must not be included.
D) If IT3(a) is indicated, code 4150 must have a value and codes 4101, 4102 and 4115 must not be included.
E) Where the employer is filing a reconciliation using an Income Tax number and not a PAYE number, IRP5 may not be used.

vii) **Certificate Number:**

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

B) The certificate number comprises the following:

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

   II) The next four (4) digits = Transaction Year.

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

C) The next fourteen (14) digits can contain any unique combination of alpha and numeric characters. Duplicate certificate values are not allowed

viii) Note: If a certificate is cancelled, the certificate number MAY NOT be reused and allocated to the same or another employee in the same period of recon.

ix) **Nature of a person** - Indicates nature of person.

Nature of a person:
A) A = Individual with an identity or passport number that:

   I) For years of assessment prior to 2020, is not a Director of a Private Company / Member of a CC. Note: From the 2020 year of assessment, directors of a Private

Company / member of a CC must be included.

    II)   Is not an Asylum Seeker, Pensioner or Refugee.

B)   B = Individual without an identity or passport number that:

    I)   For years of assessment prior to 2020, is not a Director of a Private Company / Member of a CC. Note: From the 2020 year of assessment, directors of a Private Company / member of a CC must be included.

    II)   Is not an Asylum Seeker, Pensioner or Refugee.

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

D)   M = Asylum Seekers.

E)   N = Retirement Fund Lump Sum Recipient/Pensioner.

F)   R = Refugee.

x)   **Non-natural person:**

A)   D = Trust.

B)   E = Company / CC.

C)   F = Partnership

D)   G = Corporation.

E)   H = Personal Service Provider.

xi)   Note: If an employee's nature of person changed from a natural person to a non-natural person (or vice-versa), then the original certificate must be cancelled and a new certificate must be created/issued.

xii)   **ETI Indicator**

A)   Indicates that the certificate contains an ETI value.

B)   Select 'Y' or 'N'.

C)   If Yes is selected the Employment Tax Incentive Details section will be added to the certificate.

D)   ETI is allowed only if

    I)   Nature of person is A or C, or R and Id number is valid; or If Nature of person is M and Alternate Identification Number is populated;

    II)   If ETI Employment date is on or after 01/10/2013;

        •   Year of Assessment is equal to Transaction Year;

    III)   If any of the above rules fail, then the value must be N (No).

4.2   EMPLOYEE INFORMATION

Alternate Identification No. 🔒	Passport No.
Passport Country	Home Tel No.
Bus Tel No.	Fax No.
Cell No.	Contact Email

a) Complete the applicable details for each employee.

i) **Employee Number** – A unique number allocated by the employer - Employee number is mandatory for Nature of Person B and N**;**

ii) **Surname/Trading Name** – As explained above**;**

iii) **First two Names** – The first two names only of the employee for which the certificate is issued in the case of a natural person**;**

iv) **Initials** - As explained above**;**

v) **Date of Birth** (CCYY/MM/DD)' – Capture the date of birth of the employee in the case of a natural person and 'Date of Birth - Select from the online date picker;

vi) **ID No.** – Capture the ID number of the employee in the case of a natural person**;**

vii) **Income Tax Ref. No.** – To ensure certificates are correctly pre-populated; ensure that this number is completed.

viii) **Alternate Identification type** - The type of alternate identification that will be provided other than ID or passport. Select an appropriate identification type from the following list:

A) South African Company / Close Corporation Registration Number;
B) South African Trust Registration Number;
C) Asylum Permit Number.

ix) **Alternate Identification No** – The number to identify the employee, this field is mandatory if an alternative identification type is selected.

x) **Passport No –** Capture the passport number in the case of an individual**;**

xi) **Passport Country/Country of Origin -** Select the passport country of origin number in the case of an individual**;**

xii) **Home Tel No -** Capture home telephone number in the case of an individual**;**

xiii) **Bus Tel No -** Capture the business telephone number
A) **Note:** Where the service of the employee is terminated for any reason and new contact details are available, the new details must be provided in this field.

xiv) **Fax No -** Capture the fax number**;**

xv) **Cell No -** Capture the cellphone number in the case of an individual**;**

xvi) **Contact Email –** Capture the email address in the case of an individual**.**
A) **Note:** Where the service of the employee is terminated for any reason and new contact details are available, the new details must be provided in this field.

4.2.1 Employee Address - Residential Address

Employee Address Details

| Residential Address ⓘ | Postal Address ❗ |

Unit No.	Complex (if applicable)	Street No.
Street / Name of Farm *	Suburb / District *	City / Town *
Street Name/Name of farm is a mandatory field.	Surburb/District is a mandatory field.	City/Town is a mandatory field.
Postal Code	Country Code *	
	Country Code is a mandatory field.	

a) This is the physical address of the employee –

i) The actual flat or townhouse unit number must be inserted in "unit no"
ii) The name of the block of flats or townhouse complex must be inserted in "complex,"
iii) Street number;
iv) Street/Name of farm;
v) Suburb/District;
vi) City/Town; and
vii) Postal code.

4.2.2 Employee Address - Postal Address

a) Select one of the following options for the Postal Address Structure:

i) Structured Physical Address (same as Residential Address).
ii) Structured Postal Address.
iii) Structured Physical Address (not the same as Residential Address).
iv) Unstructured 4-line Postal Address.
v) Complete the applicable postal address fields based on the above selection made.

4.2.3 Bank Account Details

a) Mark here with an "X" if not paid electronically or if foreign bank account

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

ii) **Account Type** - select the applicable option:

A) Cheque/current.
B) Savings.
C) Transmission.
D) Bond.
E) Credit Card.
F) Subscription Share.

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

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

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

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

vi) **Account Holder Relationship** - select the applicable option:

A) Own;
B) Joint;
C) 3rd Party.

4.3 EMPLOYER INFORMATION

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

i) PAYE Ref No.;
ii) SDL Ref No.;
iii) UIF Ref No.;
iv) Trading or Other Name.

4.3.1 Employee Physical Work Address

a) Complete the relevant employee physical work address on the form.

i) The number of the building in the office park must be inserted in the "Unit No"
ii) The name of the office park must be inserted in "Complex," if applicable,
iii) Street number;
iv) Street/Name of farm;
v) Suburb/District;
vi) City/Town; and
vii) Postal code.

4.4 TAX CERTIFICATE INFORMATION

a) Complete the fields relating to the employment and financial details.

4.4.1 Pay Periods

a) Complete the fields relating to the employment and financial details.

   i) Employee number - The employee number must be unique per employee and must not be used for another employee.

   ii) **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.

   A) If ETI Indicator is Y, then this field is mandatory;
   B) If ETI indicator is N, then this field is optional;
   C) If ETI indicator is not completed, then this field must not be completed
   D) Must be in the format CCYYMMDD;
   E) Cannot be later than "Certificate Tax Period Start Date."

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

   A) Must be in the format CCYYMMDD;
   B) Cannot be greater than the current date;
   C) Cannot be greater than the date completed in "Certificate Tax Period End Date" ;
   D) If YOA is greater or equal to 2000, then this field must be greater or equal to 1 January of the YOA minus 1 year.

   iv) **Certificate Tax Period End Date (CCYYMMDD)** - End date of tax period in the relevant Year of Assessment declared on this certificate.

   A) Must be in the format CCYYMMDD;
   B) Cannot be less than the date completed in "Certificate Tax Period Start Date"
   C) If the certificate type is ITREG this field must not be completed;
   D) If YOA is greater or equal to 2000, then:
   I) If current date is less than the last day of the Period of Reconciliation, then this field cannot be greater than the current date plus 30 days;
   II) 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.

   v) **Periods in Year of Assessment** - The pay intervals at which the employee is remunerated.

   A) Mandatory field;
   B) Must have a decimal point (4 digits after the decimal point must be specified even if the decimal value is zero).
   C) Lump sum payments: If the lump sum is the only income on the certificate, the value must be indicated as 1.0000.

    D)   If the certificate type is ITREG this field must not be completed.

    E)   **Note:** Number of pay periods the employer divided his / her year into and is normally determined according to intervals the employees are remunerated, e.g.

        I)   Weekly(52);

        II)   Fortnightly(25);

        III)   Monthly(12);

        IV)   Daily remunerated employees (365).

vi)   **No. of Periods Worked** - The number of periods indicated in Periods in Year of Assessment for which the employee actually worked.

    A)   Number of equal pay periods the employee has worked in the year of assessment (pay periods worked which are shorter than a full pay period must be indicated as a decimal fraction of such pay period)

    B)   Must have a decimal point and 4 digits after the decimal point must be specified even if the decimal value is zero

    C)   Cannot be greater than the value for pay periods in year of assessment

    D)   Lump sum payments: If the lump sum is the only income on the certificate, the value must be indicated as 1.0000

vii)   **Voluntary Over Deduction** – Indicates if the employee requested voluntary over deduction of PAYE. These requests must be submitted in writing to the employer.

    A)   Select yes or no;

        I)   From 2020 Year of Assessment (YOA), this field is mandatory, and value must only be Y or N for an IRP5;

    B)   If YOA (source code 3025) is greater or equal to 2021 and Voluntary Over-deduction Indicator (code 3195) is "Y" then PAYE (source code 4102) must be less or equal to the sum of Non-taxable income (source code 3696) and Gross Employment Income (taxable) [source code 3699];

    C)   If YOA (source code 3025) is greater or equal to 2021 and Voluntary Over-deduction Indicator (code 3195) is "N" then PAYE (source code 4102) must be less or equal to Gross Employment Income (taxable) [source code 3699];

    D)   If certificate type is IT3(a), then this field must not be completed.

viii)   **Fixed Rate Taxation Indicator –** Indicates if the employee's tax was calculated at a fixed rate as a result of non-standard employment or par 2(2B) of the Fourth Schedule instruction.

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

    B)   Select yes or no.

        I)   From 2020 Year of Assessment this field is mandatory, and value may only be Y or N for an IRP5

    C)   If certificate type is IT3(a), then this field must not be completed.

4.4.2 Directives

a)   Complete the directives issued by SARS.

b)   Notes: If the directive number is less than 15 characters, the field can be padded to the left with zeros.

c)   For fixed PAYE rate/amount directives (excluding par 2 (2B)), **ONLY** the directive number and directive type indicator must be completed.

d)   **Directive** - The directives (up to 5).
  i)   If the 'Transaction Year' is from 2022 and onwards, up to 5 directive details can be captured on the certificate.
  ii)   If the 'Transaction Year' is for 2021 and prior, up to 3 directive numbers can be captured on the certificate.

e)   Complete the applicable fields:

  i)   'Directive No'- The directives are issued by SARS relating to the specific lump sum income or to a fixed rate or a fixed amount to be deducted for PAYE.

  ii)   'Directive Type Indicator'- Indicates whether the directive is a lump sum directive or a fixed PAYE rate/amount directive, excluding par 2(2B).

      A)   A Lump sum will be indicated by an **'L'** and fixed PAYE rate/amount will be indicated by an **'F'.**
      B)   If Directive Number is completed, then Directive Type Indicator is optional;
      C)   If Directive Number is not completed, the Directive Type Indicator will not be completed.

  iii)   'Date Issued'-The date the directive was issued by SARS.
  iv)   'Source Code'- The specific income source code indicated on the directive issued.
  v)   'Amount' –The value of the lump sum or taxable benefit as per the directive issued.

      A)   If Directive Income Source code (code 3232) or Directive Income Amount (code 3233) fields has been completed, then Directive Issued Date (code 3231) is mandatory must be completed;
      B)   If Directive Issued Date (code 3231) or Directive Income Amount (code 3233) fields has been completed, then Directive Income Source code (code 3232) is mandatory must be completed;
      C)   If Directive Issued Date (code 3231) or Directive Income Source code (code 3232) fields has been completed, then Directive Income Amount (code 3233) is mandatory must be completed;
      D)   This field caters for rands only.

  vi)   For lump sum directives - 3230,directive no,3234,directive type indicator,3231,directive issued

date,3232,directive income source code,3233,directive income amount, 3230,directive no, 3234,directive type indicator,3231,directive issued date,3232,directive income source code,3233,directive income amount;

    vii)   For fixed PAYE rate/amount directives - 3230, directive no,3234, directive type indicator,3230, directive no,3234, directive type indicator.

f)   **Note:** The Directives must correspond to the directives issued and 9999999 numbers is not allowed.

    i)   If code 3608/3658, 3614/3664, 3707/3757, 3718/3768, 3901/3951,3902/3952, 3903/3953, 3904/3954, 3905/3955, 3909, 3915, 3920, 3921, 3922, 392 and / or 3924.

    ii)   are completed with values, then Directive Number is mandatory and MUST NOT BE zeros;

    iii)   If Year of Assessment is greater or equal to 2021 and codes 3907/3957, 3908 are completed, then Directive Number is mandatory and MUST NOT BE zeros;

    iv)   If Year of Assessment is 2018 and codes 3719/3769 and/or 3720/3770,3721/3771 and/or 3723/3773 are completed with a value, then Directive number is mandatory, and MAY BE zeros;

    v)   From 2019 Year of Assessment, if codes 3719/3769 and/or 3720/3770, 3721/3771 and/or 3723/3773 are completed with a value, then Directive number is mandatory and MUST NOT be zeros;

4.5   FINANCIAL INFORMATION

a)   Complete the financial information

b)   **'Income Received'**

   i)   Capture the source codes and amounts applicable to the various income that the employee received.
   A)   3601 to 3621,3622, 3651 to 3669, 3670, 3672.
   I)   3622 and 3672 applicable from 2023 onwards.
   B)   3701 to 3724, 3751 to 3773.
   C)   3801 to 3810, 3813, 3815, 3816, 3817, 3820 to 3822, 3825, 3828 to 3834;3835; 3851 to 3860, 3863, 3865, 3866, 3867, 3870 to 3872; 3875, 3878 to 3884;3885
   I)   3835 and 3885 are applicable from 2023 onwards.
   D)   3901 to 3909, 3915, 3920 – 3924; 3951 to 3957.

   ii)   This includes all remuneration paid/payable to the employee by the employer and must be specified as per the "list of codes" allocated to each source. The description of the code must not be included in the electronic import file.

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

   iv)   Non-Taxable Income (3696) – This is the sum total of all income amounts indicated as non-taxable.

   A)   3602/3652, 3622/3672 (Excluding), 3703/3753, 3714/3764, 3815/3865, 3821/3871, 3822/3872, 3830/3880, 3832/3882, 3834/3884, 3835/3885 (Excluding), 3908, 3922 (Excluding)
   B)   3922 (Excluding) to be added under this code only if the value does not exceed R300,000
   C)   3622/3672 (Excluding) and 3835/3885 (Excluding) to be added under this code only if the sum of 3622/3672 and 3835/3885 does not exceed R5,000

   v)   This field will be auto calculated on the form and is the sum of all the non-taxable income source code amounts.

   vi)   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.

   vii)   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.

   viii)   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.

   A)   If the sum of 3622/3672 (PAYE) and 3835/3885 (PAYE) value exceeds R5,000, the full amount must be included under this code.

   ix)   **Note:** Tax certificates require at least one income code with a value greater than zero, except for remuneration in respect of code 3615, which may be zero.

c)   **'Deduction/Contribution/Information'**

i) This includes all deductions including employer information codes (e.g., 44-codes) and must be specified as per the "list of codes" allocated to each source. The description of the code must not be included in the electronic import file.

ii) If any value (whether zero or greater than zero) is completed next to a deduction/contribution/information code, this field is mandatory and if no value is completed next to a deduction/contribution/information code, then this field must not be completed;

iii) Capture the source codes and amounts of deductions and contributions applicable to the employee.

d) **'Tax Credits and/or Employer/Employee Contribution'**

i) **SITE** (4101) – insert the applicable amount for Standard Income Tax on Employees. This field is not applicable from the 2014 year of assessment.

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

iii) **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, 3915, 3920, 3921, 3922, 3923 and 3924.

iv) If the only value completed is for code 3901 and certificate type (code 3015) is IRP5 and PAYE (code 4102) equal to zero, then code 4115 must be greater than zero.

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

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

vii) **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).

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

ix) **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.

x) **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:
A) **03** or 3 = Independent contractor or Directors fees for RSA resident NED (only valid from 1 March 2017).
B) **04** or 4 =Non-taxable earnings (including nil directives and income protection annuities from 1 March 2015) (see notes under code 3602).
  I) Value 4 or 04 is valid if transaction year is < 2024.
  II) Value 4 or 04 is only valid from transaction year >= 2024 if directive information has been completed or (the value of source code 3696 is greater than zero and the value of 3699 is zero)
C) **05** or 5= Exempt foreign employment income.
D) **06** or 6 = Director's remuneration – income quantified in the following year of assessment (only valid from 1 March 2002).
E) **07** or 7 = Labour Broker with valid IRP 30 (only valid from 1 March 2004).
F) **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 is 65years and is allowed (only valid from 1 March 2016).
G) **09** or 9 = Par 11A (5) Fourth Schedule notification – No withholding possible (Only valid from 1 March 2013).

e) **'Total Deduction/Contribution'**

i) Total of all values specified under 40-deduction, 44-contribution and 45 –information codes.

ii)   Note: Use rand and cents when completing these fields.

5   EMPLOYMENT TAX INCENTIVE (ETI) DETAILS

a)   The monthly ETI data must be added to the end of the tax certificate information for every employee that qualifies for ETI. ETI data must be reported for all months in the reconciliation period. For the interim bi-annual submission, 6 months of ETI data (from March until August) must be reported, and for the final submission, 12 months of ETI data (from March until February) must be reported. The ETI data must be reported in the following manner:

i)   If the employee does not qualify for ETI in terms of the ETI Act (Employment Tax Incentive Indicator = N) in the reconciliation period, then the ETI fields must not be completed.

ii) If the employee qualifies for ETI in terms of the ETI Act (Employment Tax Incentive Indicator = Y) for one or more months in the reconciliation period, then all ETI codes and values must be completed for all the months in the reconciliation period as per the validation rules for each code;

iii) **Note:** No ETI related fields must be printed on the IRP5/IT3(a) certificate that is issued to the employee.

b) As part of the COVID tax relief, ETI refunds will be paid on a monthly basis for the 4 months the relief will be applicable.

    i) **'ETI SIC Code'**- Refers to an internationally accepted set of codes for the standard classification of all economic activities prescribed by Department of International Economic and Social Affairs of the United Nations.
       A) Select the SIC Code from the list displayed on the popup screen.
       B) ETI cannot be claimed for the some SIC codes. Refer to the SIC codes listed in section 4.2.1 above.

    ii) **'ETI Qualifying Cycle'-** This indicates the 12-month ETI cycle for which the employee qualifies for ETI. If the employee does not qualify for ETI for the specified month, this value must be 0.

       A) This field is only applicable from the 2018 tax year onwards
       B) The values can either one of the following:
          I) 0 = Not qualifying for this month;
          II) 1 = Qualifying for this month in first 12-month cycle;
          III) 2 = Qualifying for this month in second 12-month cycle;
          IV) 3 = COVID19 extended ETI.
       C) Option 1 is applicable to the 2022 year of assessment if:
          I) The month is 03, 04, 05, 06 or 07 and the ETI employment date is on/after 1 Oct 2013;
          II) The month is 08, 09, 10 or 11; no SEZ code is completed and the ETI employment date is on/after 1 Oct 2013;
          III) The month is 08, 09, 10 or 11 and a SEZ code is completed (the ETI employment date may be before/on/after 1 Oct 2013);
          IV) The month is 12, 01, 02 and the ETI employment date is on/after 1 Oct 2013;
       D) Option 2 is applicable if ETI Employment date is on/after 1 Oct 2013;
       E) Option 3 is applicable to:
          I) The 2021 YOA if the month is 04, 05, 06, or 07;
          II) The 2022 YOA if the month is 08, 09, 10 or 11.
       F) Option 1 and 2:
          I) If YoA is greater equal to 2023, is only applicable
          II) If ETI Employment date (code 3190) is on or after 01/10/2013;

    iii) **'ETI SEZ Code' -** The code of the Special Economic Zone in which the employer operates through a fixed place of business and within which the employee mainly renders services to that employer, if applicable.

       A) Select the applicable one from the pop-up list.
       B) Note: If the employee does not render services to the employer mainly (more than 50%) within a Special Economic Zone in which the employer also has a fixed place of business, this field must not be completed.

    iv) **'ETI Hours' -** The actual number of hours for which the employee was employed and paid remuneration in the specified month

       A) Note: Only report to a maximum of 160 hours.

    v) **'Minimum Wage' -** This indicates the minimum wage which is the higher of: The national minimum wage, or the minimum wage according to the wage regulating measure.

       A) Note: If the employer is exempt from the national minimum wage after successful application and there is no wage regulating measure, then this field must be zero.

       B) The same minimum wage rate (hourly, weekly, or monthly) that is used for code 7003 must be used for 7008.

vi) **'Wage paid' –** The actual wage that is paid for the specified month.

    A)   Note: The same rate at which the wage is paid (hourly, weekly, or monthly) that is used for code 7003 must be used for code 7008).

    B)   If the ETI Qualifying Cycle value is "0" then this field may be zero.

vii) **'ETI Monthly Remuneration Paid' -** This is the actual remuneration (as defined in the Fourth Schedule and referred to by the ETI Act) paid to the employee for the specified month.

    A)   If the remuneration is "0", then this field may be equal to zero (0.00).

viii) **'Monthly Calculated ETI' -** This indicates the amount of the employment tax incentive available to the employer for the employee.

    A)   Mandatory.
    B)   Decimal digits are mandatory even if the decimal value is zero.
    C)   Must be decimal point (comma invalid).
    D)   Insert the 'ETI Calculated' per month for the employee. The value entered must include cents.
        I)   This field must be zero (0.00) if:
        III)   The YOA is 2018 or prior and the employee's age is less than 18 or greater than 29 for the specified ETI month.
        IV)   The YOA is 2019; the employee's age is less than 18 or greater than 29 and the ETI months are for March to July.
        V)   The ETI 'Qualifying Cycle' indicator is "0"
    E)   If the ETI 'Qualifying Cycle' indicator = '1' the ETI Calculated amount cannot be greater than:
        I)   R1000 if the YOA is before 2021 or after 2022.
        II)   R1000 if the YOA is 2022 and the month is 03, 04, 05, 06, or 07.
    F)   R1750 if the YoA is 2022 and the month is 08, 09, 10 or 11;
    G)   R1000 if the YoA is 2022 and the month is 12, 01 or 02;
    H)   If the ETI 'Qualifying Cycle' indicator = '2' the ETI Calculated amount cannot be greater than:
    I)   R500 if the YoA is before 2021 or after 2022;
        I)   R500 if the YOA is 2022 and the month is 03, 04, 05, 06, or 07.
        II)   R1250 if the YOA is 2022 and the month is 08, 09, 10 or 11.
        III)   R500 if the YOA is 2022 and the month is 12, 01 or 02.
    J)   If the ETI 'Qualifying Cycle' indicator = '3' the ETI Calculated amount cannot be greater than R750 if the YOA is 2022.
    K)   If ETI qualifying 12-month cycle indicator is= is 1, and the YOA is greater equal to 2023 then value cannot be greater than R1500;
    L)   If ETI qualifying 12-month cycle indicator is = 2 and the YOA is greater equal to 2023 then value cannot be greater than R750;
    M)   Irrespective of the employee's age, an amount greater than zero (0.00) will be accepted in this field if a SEZ code is entered, the YOA is from 2019.
    N)   The following totals will be auto calculated:

        I)   'Total (1st ETI Period)'.
        II)   'Total (2nd ETI Period)'.
        III)   'Total ETI Calculated (Code 4118)'.

c)   Click on 'Validate' to process the certificates captured.

    A)   A pop-up message will display to indicate the number of certificates processed successfully or failed validation. Click on 'OK'.
    B)   Select an IRP5/IT3(a) certificate from the list on the left to edit it or to delete it.

6   HOW TO REGISTER ON EFILING

a)   To submit reconciliations electronically via e@syFile or eFiling, the employer must be registered as an

eFiler and be activated to submit reconciliations.

b)   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.

c)   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.
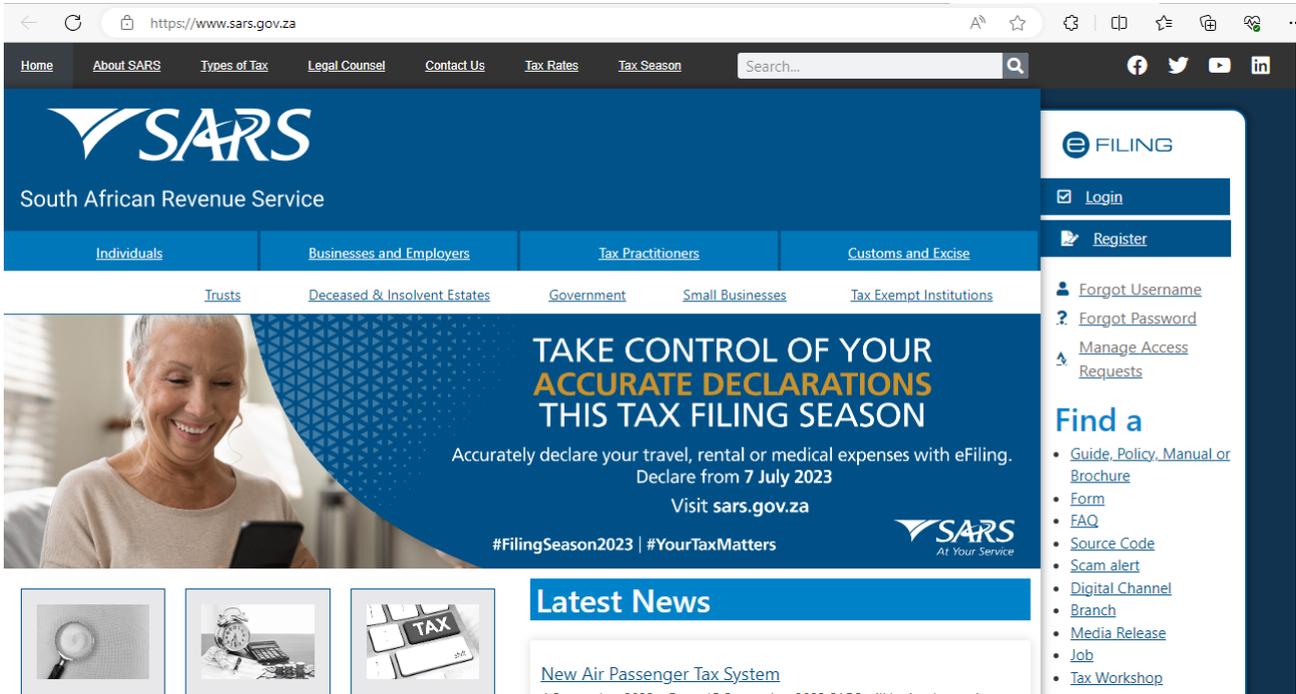
d)   Once registered, click on "**Login**", and enter your username. Once completed click on "**Next**."

e)   Enter your password and click on the "**Login**" button.
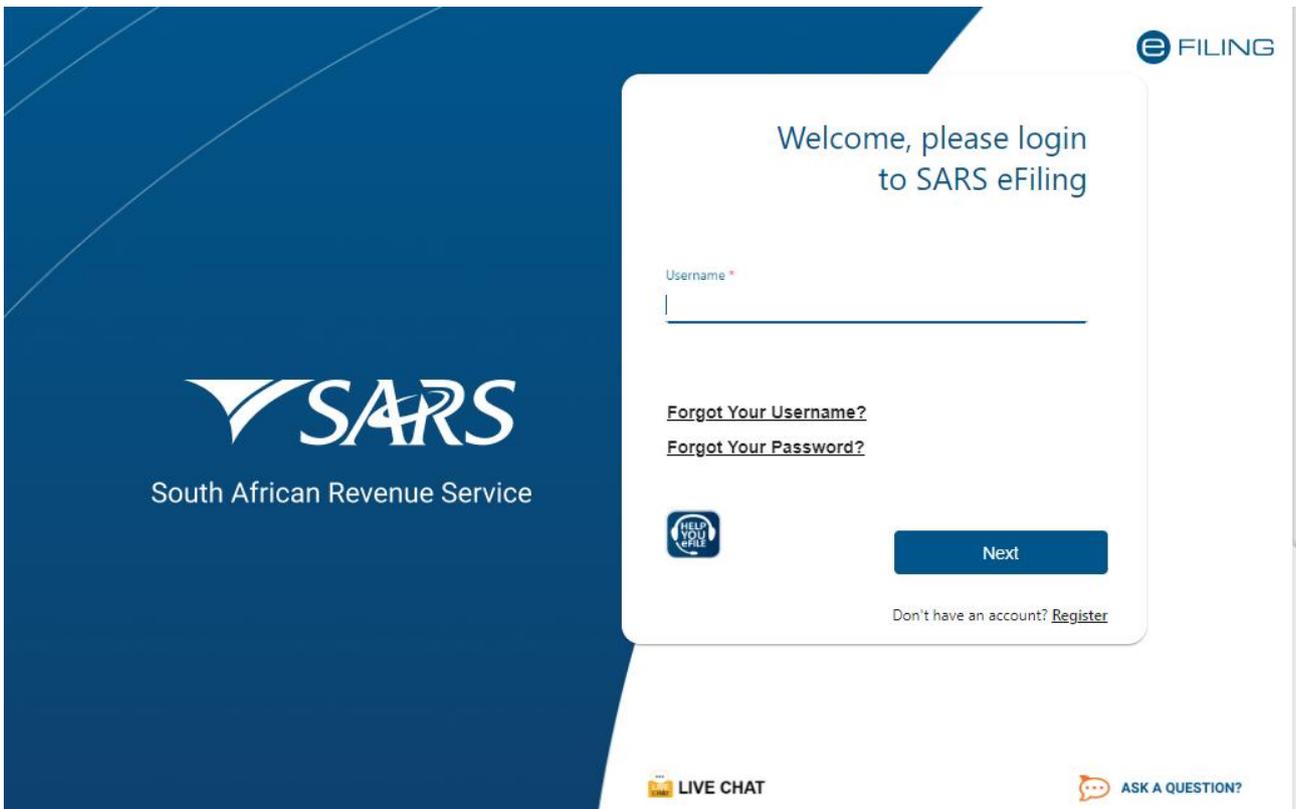
6.1 CHAT BOT

a) 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.

  i) Type a question in the input text box.
  ii) Click on the button on your screen and press <Enter> on your keyboard to submit the question.
  iii) Lwazi, the online assistant, will process your request and display the answer on your screen.

6.2 LIVE CHAT

a) The Live Chat service is an addition to the current Chat Bot capability, only available during office hours and this service is currently only available for Personal Income Tax, as per the screen shot.

b) Live Chat is a functionality that allows taxpayers to communicate live via text with a SARS Service Agent, making use of their smart digital devices. The digital platforms that the taxpayer may use is eFiling or the SARS MobiApp. To access the Live Chat service, users not logged in to eFiling or the SARS MobiApp will be requested to provide a valid South African ID number for authentication. If the taxpayer is logged in to their eFiling or SARS MobiApp profile, they will not be requested to provide an ID number.
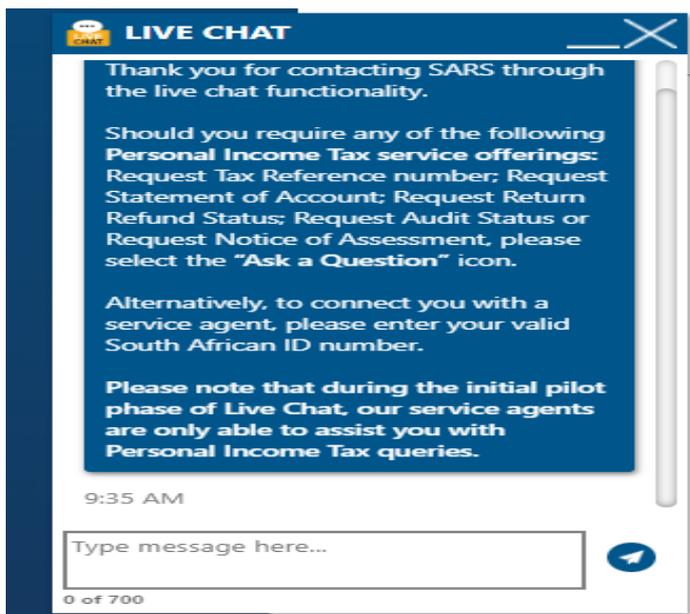
7 HOW TO USE EFILING TO DO YOUR RECONCILIATION

a) 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.

b) To activate the organisation tax type of EMP501 submission:

    i) Go to the SARS website www.sars.gov.za and logon to eFiling

c) Select 'Organisations' that will be on the top menu.
    i) Select **'Organisation'** from the left menu.
    ii) Select '**Tax Types**' from the menu on the left.
    iii) Select 'Manage Tax Types.'
    iv) Select 'the EMP501-Submission tick box and click on Submit' .

8 REQUEST YOUR EMPLOYER RECONCILIATION DECLARATION (EMP501) ON EFILING

a) To request a return for the applicable reconciliation period:

    i) Select **'Returns'** from the menu on the top.
    ii) From the menu on the left click on '**Returns Issued'** and select '**Employees Tax (EMP501)**'.
    iii) Select the period of reconciliation from the drop-down list, and click on **'Request Return'**
    iv) Click on 'Open' to access the EMP501 work page.

b) Note: If you have selected a final reconciliation before the 1st of March, this is an exception process and should not be used, other than if the employer is deceased, liquidated, insolvent, or deceased trading.

c) Note: If the reason selected on the drop down is "Other" an additional space is displayed to provide your reason(s).

d) The following screen will display, and you will be required to confirm that you wish to continue and provide a reason:
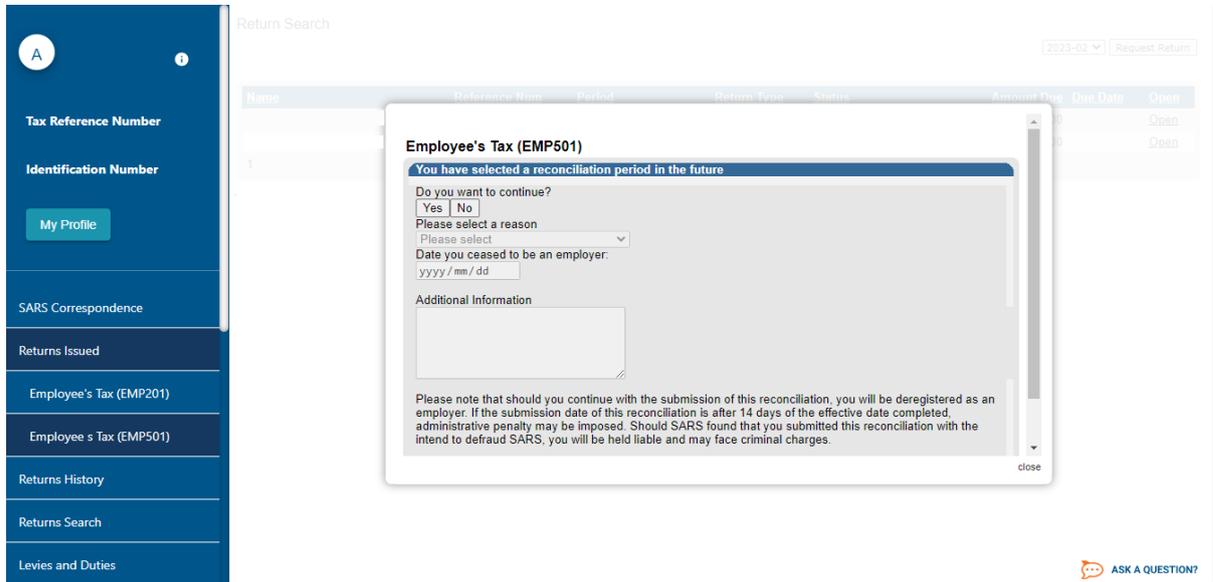
e) If you selected 'No' on the above screen, you will be redirected to this screen:
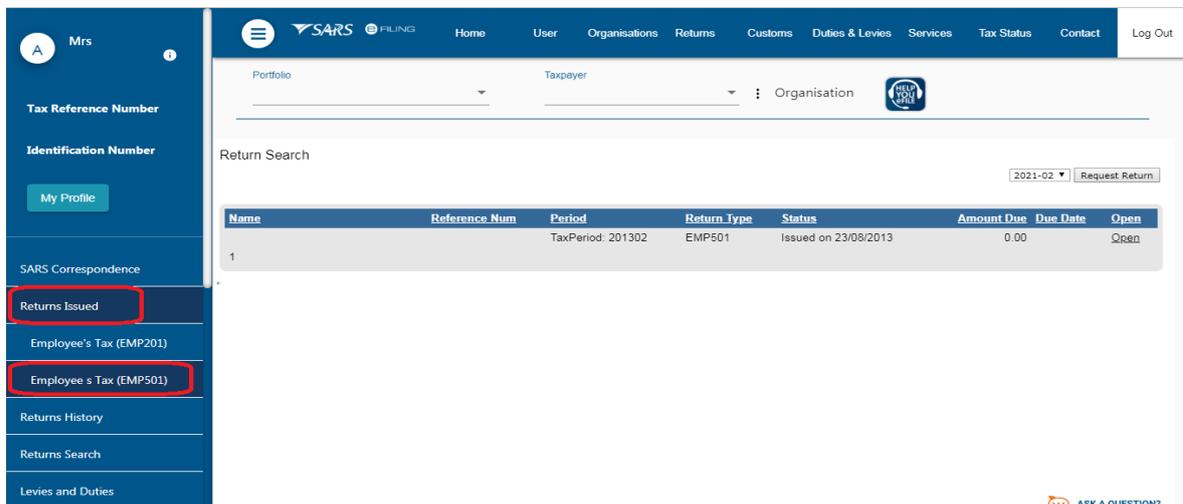
f) Select the period of reconciliation from the drop-down list and click on '**Request Return.'**
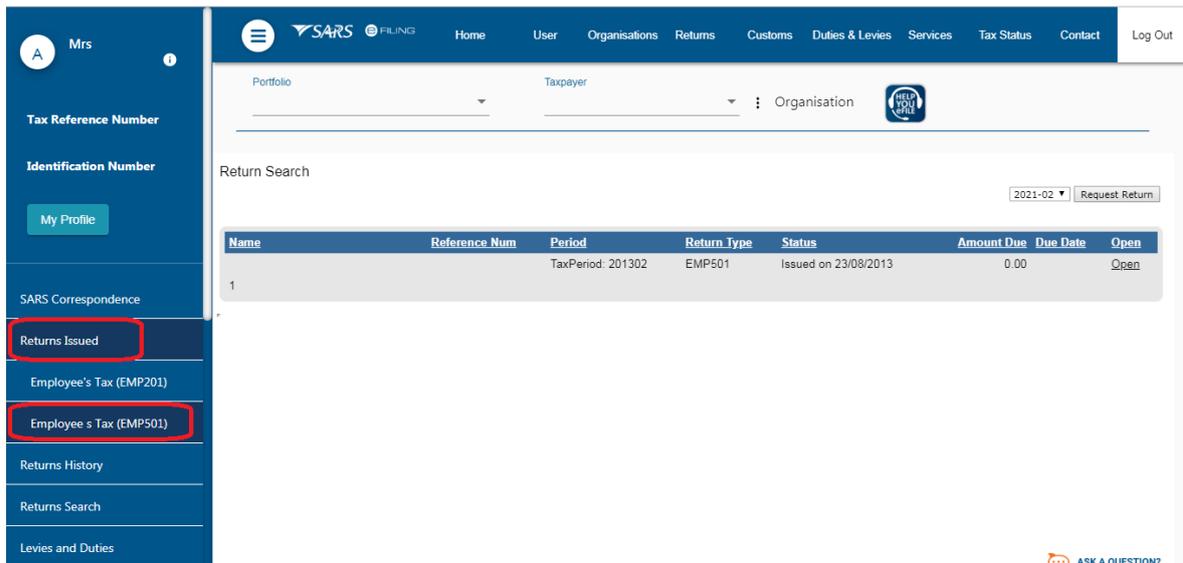
g) Click on 'Open' to access the EMP501 work page.

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

i) 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.

    i) 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.

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

j) Click on '**Continue**' to continue to the EMP501 work page and to complete the EMP501 refer to **Section 5.**
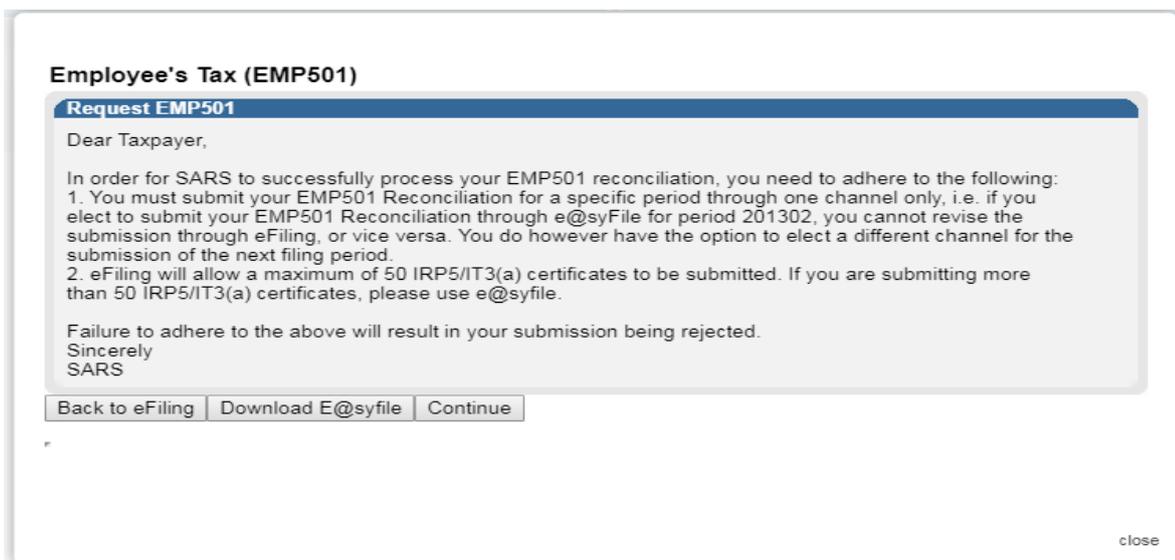
k) Please note: if the Monthly employer declaration (EMP201) was not completed, the following message will be displayed, and a letter will be sent to you with instructions on what to do. Refer to EMP-GEN-01-G01-How to Complete the Monthly Employer Declaration EMP201-External Guide for more information.
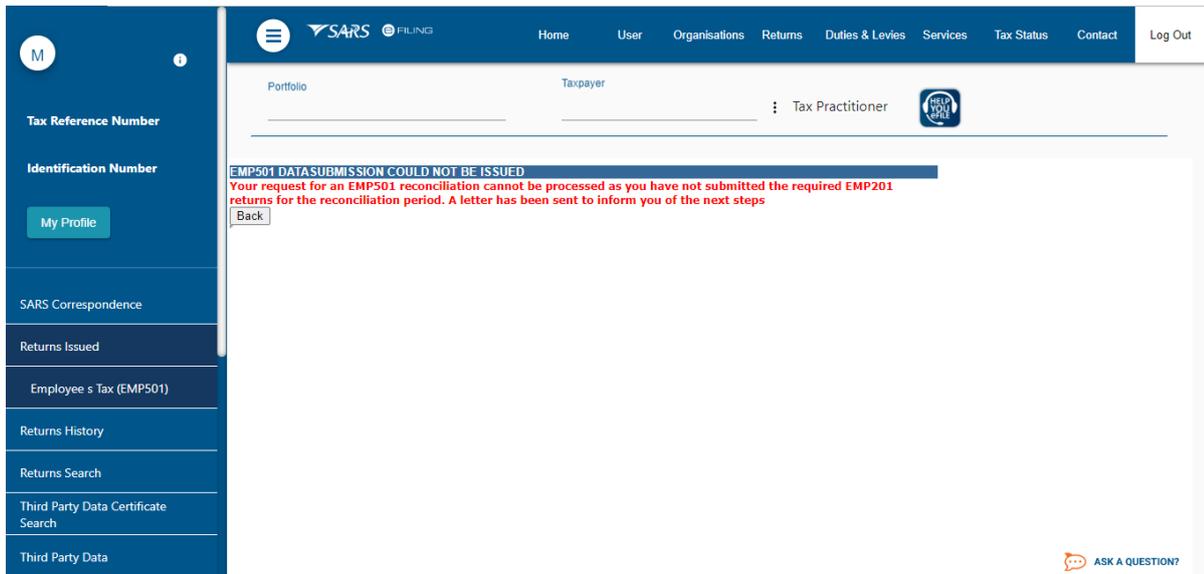
8.1 YOUR EMP501 WORK PAGE ON EFILING

8.1.1 Refresh Historic Data

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

   i)   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.

b)   Click the **'OK'** button on the message displayed.
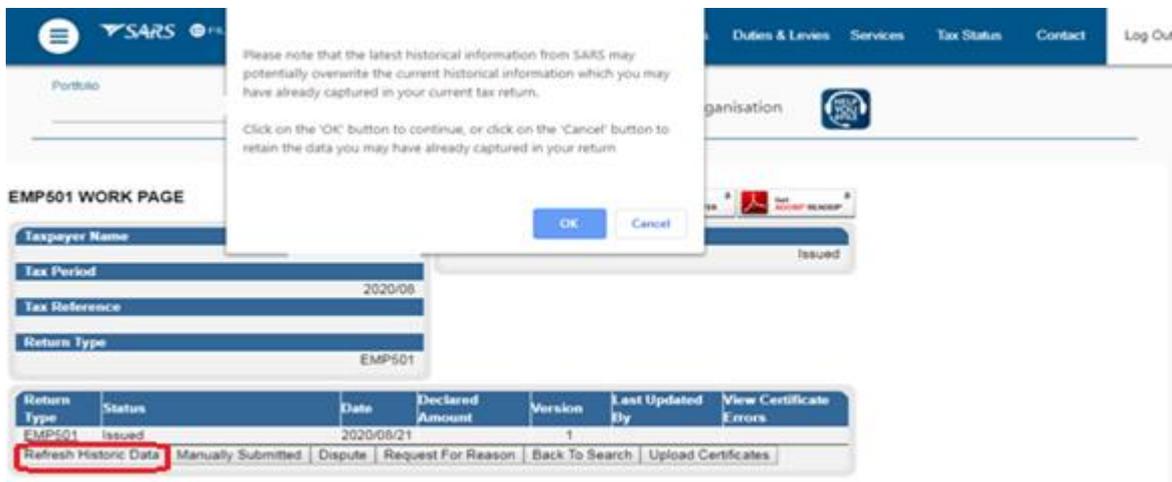
c)   Note: this option will overwrite any information that you may have already captured on the return and click the "**Continue**" button.
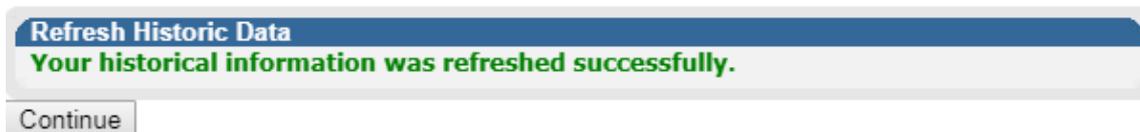
d)   You will be redirected to EMP501 work page and to complete the EMP501 refer to **Section 4.**

8.1.2 Manually Submitted

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

b)   Click 'Ok' if you wish to set the return as manually submitted.
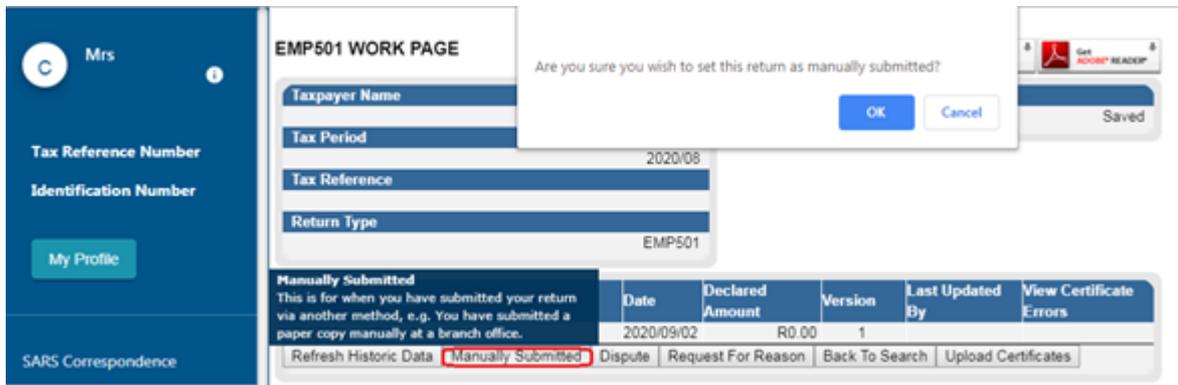
8.1.3 Dispute

a)   By clicking 'Dispute' button, a dispute for EMP501 can be initiated.
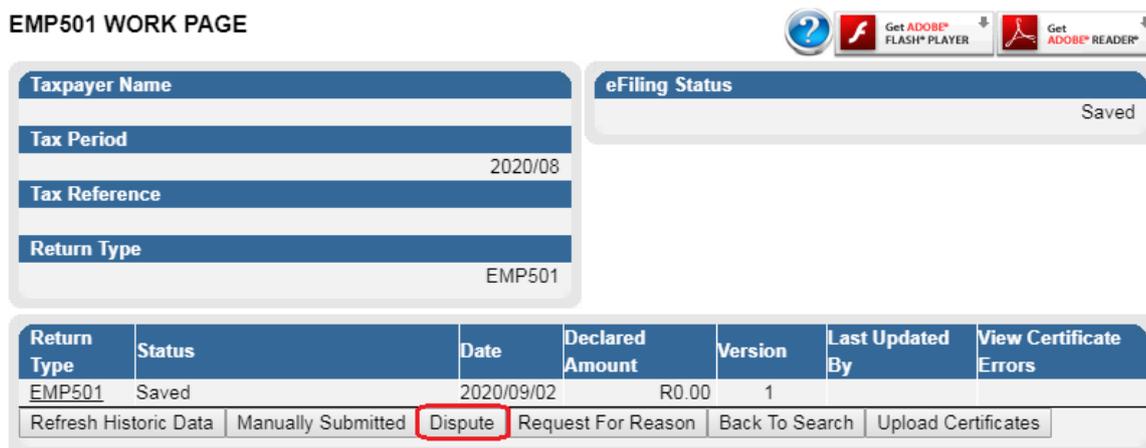
b)   When you click 'Dispute' button, the following screen will be displayed: complete the Tax type and the period you want to file/lodge a dispute and click 'Next'.
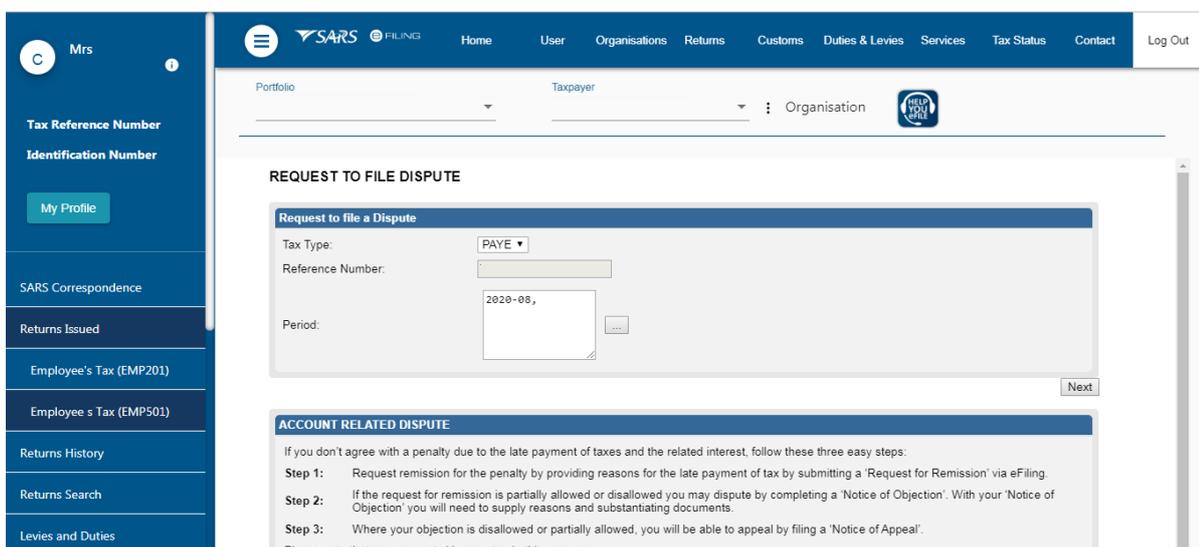
ASSESSMENT RELATED DISPUTE

If you don't agree with an assessment by SARS, including understatement penalties, follow these two easy steps:

Step 1: Lodge an objection by submitting a 'Notice of Objection'. When filing a 'Notice of Objection' it is mandatory to supply substantiating documents.

Step 2: Where your objection is disallowed or partially allowed, you will be able to appeal by submitting a 'Notice of Appeal'.

Please note that you may not skip any step in this process.

Objections:

You need to lodge your Notice of Objection (NOO) against any assessment or decision within 30 business days from the date of assessment. Late objections may be considered invalid. Should you require a condonation for the late submission of the objection, you need to state your reasons for late submission in the condonation section of the objection. Please bear in mind the requirements of section 104(4) and (5) of the Tax Administration Act.

Appeals:

You need to lodge your Notice of Appeal (NOA) against the disallowance or partial disallowance of an objection within 30 business days from the date of the objection. Late appeals may be considered invalid. Should you require a condonation for the late submission of an appeal, you need to state your reasons for late submission in the condonation section of the objection. Please bear in mind the requirements of section 107(1), (2) and (3) of the Tax Administration Act.

8.1.4 Request for Reason

a) By clicking '**Request for Reason'** button, a dispute for EMP501 can be initiated.

b) 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.

c) 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.

d) If there is no request , the following screen will be displayed:

Request For Reason

No dispute items could be found

Request For Reason	
Tax Type:	PAYE ▾
Reference Number:	
Period:	2020-08,

Next

8.1.5 Back to Search

a)   By clicking '**Back to Search'** button, you will be directed to the main page EMP501.

EMP501 WORK PAGE

Taxpayer Name	eFiling Status
	Saved

Tax Period	
	2020/08

| Tax Reference | |

Return Type	
	EMP501

Return Type	Status	Date	Declared Amount	Version	Last Updated By	View Certificate Errors
EMP501	Saved	2020/09/02	R0.00	1		

Refresh Historic Data | Manually Submitted | Dispute | Request For Reason | **Back To Search** | Upload Certificates

8.1.6 Upload Certificates

a)   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.

EMP501 WORK PAGE

Taxpayer Name	eFiling Status
	Saved

Tax Period	
	2020/08

| Tax Reference | |

Return Type	
	EMP501

Return Type	Status	Date	Declared Amount	Version	Last Updated By	View Certificate Errors
EMP501	Saved	2020/09/02	R0.00	1		

Refresh Historic Data | Manually Submitted | Dispute | Request For Reason | Back To Search | **Upload Certificates**

b)   The following screen will be displayed and click 'Ok' to continue.
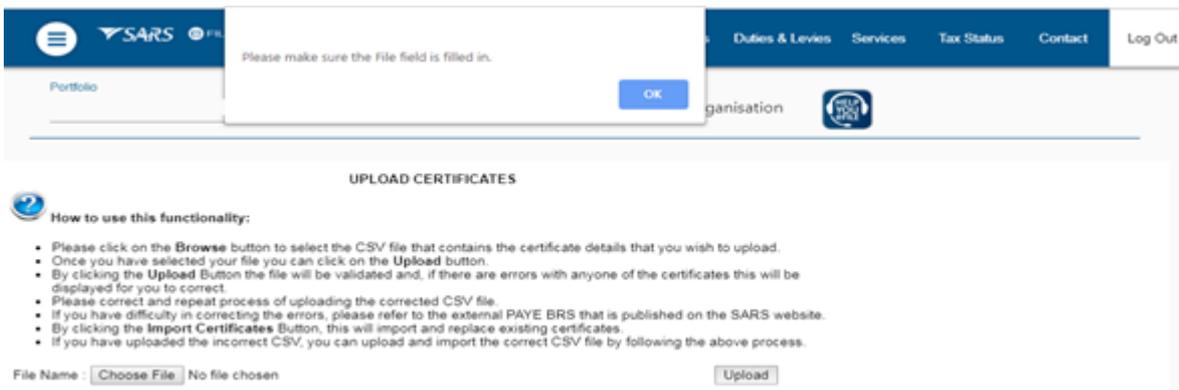
c)   Click '**Choose File'** to upload the certificates and click 'Upload' button.

d)   When you have completed to upload the certificates and there are errors, the following screen will be displayed:
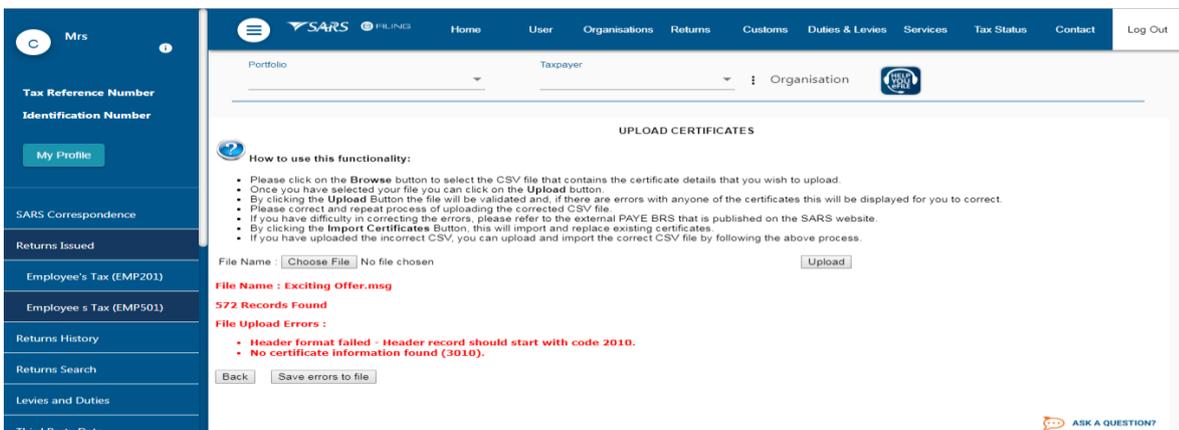
e)   Click '**Save errors to file'** button to save those errors and rectify.

f)   If all the certificates are uploaded correctly and they do not have any errors, click '**Back'** button.

g)   You will be redirected to EMP501 work page and to complete the EMP501 refer to **Section 4.**
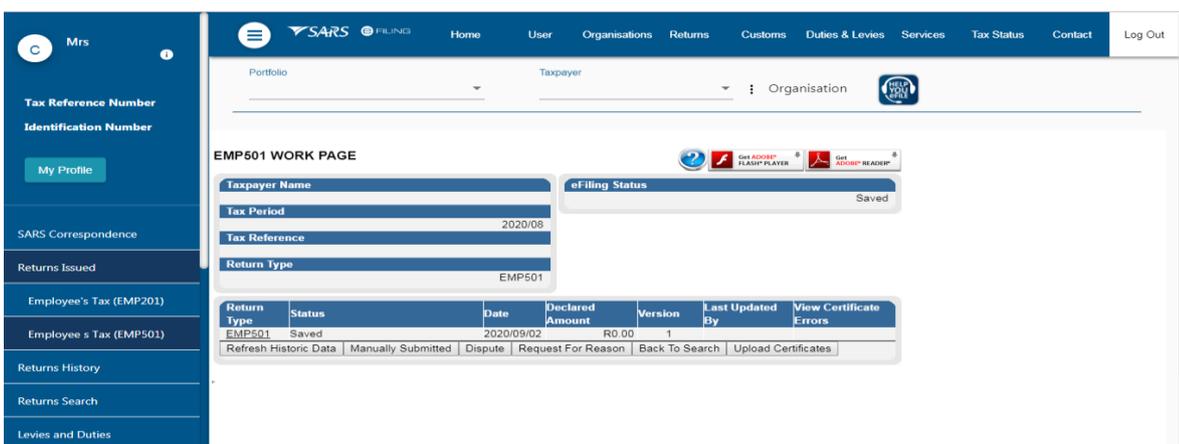
9   COMPLETING THE EMP501 DECLARATION FIELD BY FIELD ON EFILING

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

   i)   Employer Information.
   ii)   Tax Practitioner Details (if applicable);
   iii)   Financial Particulars.

b) Each heading has subheadings. The following subheadings will be available under 'Employer Information' heading to type or select from the dropdown list.

c) This section describes the steps to follow when completing the EMP501 declaration when preparing the certificates on eFiling.

d) For the completion of the fields for the Declaration and Certificate, refer to **Section 4, 5 and 6**.

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

10 COMPLETING THE EMPLOYEE TAX CERTIFICATES [IRP5/IT3 (A)] FIELD BY FIELD ON EFILING

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

   i) Employee Information.
   ii) Employer Information.
   iii) Tax Certificate Information.
   iv) Employment Tax Incentive.

b) Each heading has subheadings. The following subheadings will be available under 'Employer Information' heading to type or select from the dropdown list.

c) 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).

d) For the completion of the fields for the Declaration and Certificate, refer to **Section 4, 5 and 6.**

11 SUBMISSION OF THE RECONCILIATION DECLARATION ON EFILING

a) From the menu, select '**My Reconciliation Declaration**' to open the return.

b) Complete the fields on the return as described in the section 'Completing the EMP501' above.

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

c) Once the declaration has been completed, you can either click on the:

    ii) '**Save'** button to save the return to complete later.
    iii) **'Submit**' button to file/submit the return.

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

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

e) The declaration must be read carefully before submitting the return.

f) I declare that:

    i) This reconciliation is true and correct that all tax, levies, and contributors required to be deducted has been declared and all payments declared have made. I hereby accept liability for any difference due.

g) Date picker will display a calendar with year, month, and date at once.

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

i) The 'Disagree' and 'Agree' button will be displayed and your required to click either disagree/agree;
   i) If the 'Disagree' button is selected, the form will not be submitted and the screen form will remain as.
   ii) If 'Agree' button is selected, the screen below will display indicating that your return has been successfully submitted.

j) Click on '**Continue**,' button.

k) The systems will return to the EMP501 work page.

12   CHECK THE STATUS OF YOUR SUBMISSION

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

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

c)   Click on '**Query SARS Status**.'

d)   On the PAYE Reconciliation Status screen:
e)   Select the appropriate tax year.
f)   Click on 'Request Status'
g)   Your return status at SARS will display.

13 REQUESTING CORRESPONDENCE AND PAYE DASHBOARD ON EFILING

a) Requesting correspondence on the PAYE Dashboard can be used as part of checking and verifying recon info and Employers are encouraged to go and view the effect of their reconciliation (e.g., If ELC is issued, then this must be done only after ELC is finalized).

b) Click on '**SARS Correspondence'** and select '**Search Correspondence'**.

c) On the '**Search Correspondence'** page, select the following:

   i) The Tax type, Tax year from the drop-down list.
   ii) Complete received date from and received date to.
   iii) Letter types.
       A) ETI Credit Status Letter;
       B) Requirement To Submit Supporting Documents;
       C) EMP501 Reconciliation Result;
       D) Final Demand to Submit Supporting Documents.
   iv) Notice types.
       A) EMP217 Assessment Notice;
       B) EMPSA Statement of account;
       C) ETI Credit Status letter;
       D) Finalisation of verification of Payroll Taxes declaration EMP201;
       E) Revised EMP501;
       F) Finalisation of Excessive Liability change;
       G) Notice of Penalty Assessment EMP301.
       H) EMP501 Reconciliation Results,
       I) Notice of Reassessment.
   v) Message types.
   vi) Reference number.

d) **Note:** Go green principles will be applied when issuing all the PAYE Notices and letters to the employer.

e) Click 'Search' button to continue.
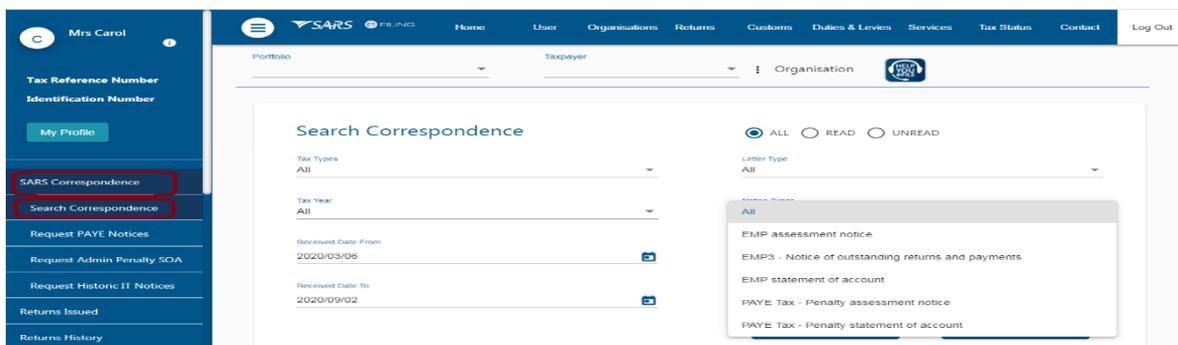
14 REQUESTING A STATEMENT OF ACCOUNT ON EFILING

a) Click on '**SARS Correspondence**' and select '**Request PAYE Notices**'.

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

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

d)   Click on the link to view your statement of account.

e)   Your statement of account will be downloaded.

15   THE EMPLOYER STANDARD INDUSTRY CLASSIFICATION CODES

a)   T**he** E**mployer** S**tandard** I**ndustry** C**lassification** C**ode can be found on** Statistics SA (**www**.**statssa.gov.za**)

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

a)   Refer to the Guide for Codes Applicable to Employees Tax Certificates on the SARS website.

17   DEFINITIONS, ACRONYMS AND ABBREVIATIONS

a)   The definitions, acronyms and abbreviations can be accessed via the following link: Glossary webpage.

18   DOCUMENT MANAGEMENT

	Date	Version	Description
Detail of Change	13-09-2021	14	Updated with PAYE 2021 Interim Filing Season and PAYE Administrative Penalties
	15-09-2022	15	Updated with PAYE 2022 Interim Filing Season
	15-09-2023	16	Updated the template and PAYE 2023 Interim Filing Season (minor changes)

DISCLAIMER
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•   Visit the SARS website at www.sars.gov.za;
•   Make a booking to visit the 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); or
•   If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm)