

Media Releases 2009

Penalty letters to employers

25 June 2009 – The South African Revenue Service (SARS) has since yesterday issued penalty letters to about 7 000 employers in the country who failed to submit their payroll information to SARS by this year's deadline of 31 May.

Employers have a legal obligation to submit annual payroll reconciliation to SARS that reflect the taxes they have deducted from salaries of their employees – PAYE and SITE - and the payment of these taxes to SARS on behalf of their employees.

By 31 May 2009 more than 193 000 companies of all sizes had submitted their payroll information to SARS. This represents an increase of 10% from 2008 and contains the income information of some 12 million workers. SARS wants to thank these businesses and their owners for contributing to our national effort to improve the levels of tax compliance in the country. Employers who have failed to meet this year deadline will now face penalties of up to 10% of their payroll tax deductions per annum.

Disappointingly, the number of non-compliant employers at this stage may be as high as 65 000 and includes public and private institutions, State-Owned Enterprises, academic institutions and political parties.

Efforts are also underway to serve summonses on 4 000 employers who have failed to make PAYE payments to SARS which they have deducted from employee salaries. In such instances further legal action will follow.

SARS gave an undertaking to various committees in Parliament earlier this week that, in the current context of slower economic growth and declining revenue, SARS will act decisively to address leakage in and abuse of the tax system.

SARS takes a very strong view when employers withhold PAYE deductions instead of paying it over to SARS. Essentially this practice amounts to abuse of the fiscus to finance businesses.

SARS also wants to remind individual taxpayers that the filing period of Tax Season 2009 to submit their returns starts next week Wednesday on 1 July 2009!

ENDS