employer connect

Two weeks to go

There are only two weeks left to go before the deadline for the Pay-As-You-Earn (PAYE) Interim Reconciliation expires. In this edition of Employer Connect you will find useful information to make your compliance with the requirements of the interim reconciliation a whole lot easier.

More...

Beat the Interim Reconciliation deadline

The Pay-As-You-Earn (PAYE) Interim Reconciliation runs from 1 September to 31 October 2012. It is as easy as one-two-three to do your reconciliation before the deadline as only minor changes have been introduced.

More...

Use the latest e@syFile™ Employer software

SARS designed e@syFile™ Employer as a software package to help you manage your engagements with SARS quickly, easily and conveniently on your computer, in the comfort of your office or home.

More...

New and reactivated source codes

Due to the introduction of the Medical Scheme Fees tax Credit, the IRP5/IT3(a) has been updated and code 4116 has been included. Several other source codes have also been included.

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SARS has made available an online tool, the PAYE Reconciliation Assistant, to assist employers to amend and correct (EMP501) declarations in order for the Monthly Employer Declaration (EMP201) and payments made to balance the IRP5 certificates.

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SARS
At Your Service

Beat the Interim Reconciliation deadline

The Pay-As-You-Earn (PAYE) Interim Reconciliation runs from 1 September to 31 October 2012. It is as easy as one-two-three to do your reconciliation before the deadline as only minor changes have been introduced.

To read more, see under the heading *Correspondence* the letter called 'Correspondence – PAYE Interim Reconciliation runs from 1 September 2012 – 31 August 2012' on the PAYE page.

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Use the latest e@syFile™ Employer software

SARS designed e@syFile™ Employer as a software package to help you manage your engagements with SARS quickly, easily and conveniently on your computer, in the comfort of your office or home.

This software can be used offline and you only need to connect to the internet when submitting to SARS. Where an internet connection is not available, e@syFile™ Employer allows you to create an encrypted disk that can be submitted to a SARS branch.

e@syFile™ Employer uses the information from all the tax certificates to automatically populate certificate totals for the EMP501. All you enter are the monthly liabilities and payments, and e@syFile™ Employer calculates the rest!

e@syFile™ Employer has been updated for this PAYE Interim Reconciliation. Only the latest version must be used as any information submitted to us using a previous version will not be accepted.

It is important to always backup the current PAYE information on your computer prior to updating the e@syFile™ Employer software or installing a new version as the installation may delete the current information.

Please note that if you wish to submit a **previous year's reconciliation** you will need to convert the files to the current CSV format and submit, as old or outdated CSV files will not be accepted.

You can download the latest version of e@syFile™ Employer at www.sarsefiling.co.za or call the SARS Contact Centre on 0800 00 SARS (7277) or visit your nearest SARS branch to request the latest version of the e@syFile™ Employer CD to be posted. (It may take more than two weeks to be delivered to you and will only be delivered to physical street addresses, not post boxes.)

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New and re-activated source codes

As part of our ongoing improvement of our systems, a number of changes are being introduced:

- The IRP5/IT3(a) has been updated due to the introduction of the Medical Scheme Fees Tax Credit and code **4116** Medical Scheme Fees Tax Credit taken into account by employer for PAYE purposes, has been included under the "Tax Credits and/or Employer's/Employee Contributions" section on the IRP5/IT3(a) certificate.

- The following new source codes have been included:

CATEGORY	CODE	DESCRIPTION
FRINGE BENEFIT CODE	3815 (3865)	Non-taxable bursaries and scholarships to employees and their dependents – Section 10(1)q – **Exempt portion only**.
LUMP SUM CODE	3922	Compensation in respect of death during employment (Excl/PAYE). Compensation lump sum payments in terms of Section 10(1)(gB)(iii) in respect of the death of an employee in the course of employment.

- The following previously de-activated source codes have now been re-activated. These source codes are valid from:

- 1999 – 2009 year of assessment and from the 2013 year of assessment
- 2002 – 2009 year of assessment and from the 2013 year of assessment for the Foreign Service Income [the source codes denoted in (brackets)].

CATEGORY	CODE	DESCRIPTION
NORMAL INCOME CODES	3603 (3653)	Pension (PAYE)
	3610 (3660)	Annuity from a Retirement Annuity Fund (PAYE)
FRINGE BENEFIT CODES	3805 (3855)	Accommodation (PAYE)
	3806 (3856)	Services (PAYE)
	3808 (3858)	Employee's debt (PAYE)
	3809 (3859)	Taxable bursaries or scholarships (PAYE)

Clarification

For the Interim Reconciliation, income source code 3922 Compensation in respect of death in the course of Employment must be declared as follows: **Only the excess amount above the R 300,000 exemption, paid by the employer, must be declared under income source code 3901.** Note that e@syFile™ will not accept code 3922 for the interim reconciliation ending August 2012.

 In addition, the source code 4005 cannot be equal to zero. Where this is the case employers must ensure that the value for source code 4005 is equal to 1. This only applies to the Interim Reconciliation for the period ending August 2012.

The above two rules are only applicable to the 2013 PAYE Interim Submission and the rules included in the Business Requirement Specification PAYE Employer Reconciliation version 10.1 must be applied to the final IRP5/IT3(a) certificate for the full reconciliation period (1 March 2012 to 28 February 2013). To read more, see under the heading *Guidelines for Employer Reconciliation* the BRS called 'Business Requirement Specification PAYE Employer Reconciliation version 10.1' on the PAYE page.

 Source code 3922 and the 4005 validation rule in terms of which the value of 4005 can be zero will therefore be applicable to the final certificates to be submitted for the final reconciliation period February 2013.

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Duplicate submissions

In an effort to increase our response time to you, a new process has been put in place to minimise the number of duplicate reconciliation declaration submissions that we receive.

The following changes have been implemented:

- e@syFile™ Employer will only allow changed IRP5/IT3(a)s to be submitted
- We will no longer accept a re-submission that is deemed to be a duplicate submission. You can use the PAYE dashboard on e@syFile™ Employer to confirm the status of your submission.

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Use the PAYE Recon Assistant

SARS has made available an online tool, the PAYE Reconciliation Assistant, to assist employers to amend and correct (EMP501) declarations in order for the Monthly Employer Declaration (EMP201) and payments made to balance the IRP5 certificates filed. To read more, see under the heading *eFiling & e@syFile™ Employer Guides* the Guide called *Using the PAYE Reconciliation Assistant on e@syFile™ Employer* on the PAYE page.

For a PAYE reconciliation process to be successful all three elements, the Employer Reconciliation Declaration (EMP501), the Monthly Employer Declaration (EMP201) and payments need to balance.

Employers will be notified by SARS to revise their PAYE reconciliation if the reconciliation was unsuccessful. The information displayed on the PAYE Dashboard will indicate the reason for the resubmission.

The reasons for this could be that employee tax certificates do not match your tax liability or your monthly declarations and payments do not match the amounts entered on the Employer Reconciliation Declaration (EMP501).

Once the employer has received notification from SARS, they can access the PAYE Reconciliation Assistant functionality by logging on to eFiling (www.sarsefiling.co.za).

The PAYE Recon Assistant will take you through a wizard where you will be able to do the following:

- Confirm Payments
- Reconcile your Monthly Employer Declarations (EMP201s) to your payments and Employer Reconciliation Declaration (EMP501)
- Raise cases for missing payments
- Allocate unallocated payments
- Make payments (if required).