

- The ITR12T form has been redesigned following a decision to move from Adobe to HTML software. As a result, the form has a new look. The move to a new platform is in line with industry benchmarking, and is also aimed at enhancing the user experience on eFiling
- If your internet browser is not compatible with the HTML version of eFiling, you will receive a message informing you to download a browser, which will allow you to become compatible with the HTML version.

#### Changes to the ITR12T form

- **Amendment of section 6quat of the Income Tax Act, No 58 of 1962 (“the Act”)**

A new wizard question and field within the ITR12T has been introduced to ensure that the ordering rules for claiming foreign tax credits (s6quat(1C)) and tax deductible donations (s18A) are applied correctly, and in line with the amendments made to the Act

- **Section 7F – Deduction of interest repaid to SARS**

Legislation was introduced in 2017 regarding the time and accrual of interest payable by SARS to a taxpayer (s7E). However, the taxpayer may repay that interest to SARS, wholly or partially, in subsequent years. A new section 7F was introduced in the Act to make provision for such cases. Therefore, a new wizard question catering for a deduction of interest paid back to SARS (s7F) has been included in the ITR12T. The Notice of Assessment for Trusts (ITA34T) will now also reflect a SARS interest rolling balance amount

- **Cryptocurrencies**

Due to the definition of financial instruments in the Act being extended to include cryptocurrencies, the ITR12T will now include a field for taxpayers to indicate whether they had entered into any cryptocurrency transactions relating to a local business and trading declared on the ITR12T, and whether a profit or loss resulted in any of these transactions and the corresponding amounts

- **Capital Gains**

New wizard questions and fields have been added to the ITR12T to cater for the declaration of capital gains received from other Trusts

- **Income received from a Foreign Trust**

New fields have been added to the ITR12T to allow for the declaration of income received from a foreign Trust

- **Mining schedule**

Taxpayers that submit via eFiling will now have to confirm whether a mining schedule and/or IT10 (where applicable) was attached as a supporting document(s) to the ITR12T. Links to the applicable documents will be available.

For more information, please visit the Trust page on the SARS website [www.sars.gov.za](http://www.sars.gov.za), or contact the SARS Contact Centre on 0800 00 7277.

## LARGE BUSINESS CENTRE (LBC) – MOVING AHEAD OF TIMES

The SARS Large Business Centre (LBC) moved into its new home at Woodmead North Office Park, 54 Maxwell Drive, Jukskeiview, Sandton at the end of July 2019.

The LBC was re-established at the end of 2018 to provide a differentiated and improved service to large business and high net-worth individuals, as part of its commitment to facilitate and improve cooperation with taxpayers. An interim LBC structure was announced, while the final structure is still under review. Mr Narcizio Makwakwa was appointed as Acting Head of the Interim LBC.

The LBC was housed at Megawatt Park for the past 15 years and has seen many changes. The new LBC will be providing an integrated end-to-end value proposition to its tax base, and will enhance relationship management.

“We need to do this because we want to drive a voluntary compliance culture and enhance our focus on revenue”, says Mr Makwakwa. By re-establishing the LBC, SARS has recognised the need to provide a dynamic service to the large taxpayer segment, in order to deliver on its mandate to collect all revenues due, ensure optimal compliance and service its clients optimally.

#### DISCLAIMER

The information contained in this leaflet is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the leaflet should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

For more information you may –

- Visit the SARS website [www.sars.gov.za](http://www.sars.gov.za);
- Visit your nearest SARS branch;
- Contact your registered tax practitioner;
- Contact the SARS National Contact Centre –
  - o If calling locally, on 0800 00 SARS (7277); or
  - o If calling from abroad, on +27 11 602 2093 (only between 8am and 4pm South African time).

# PRACTITIONER CONNECT

TAX INDABA ISSUE  
AUGUST 2019

#### Inside

The Employer Interim Reconciliation Enhancements to ITR12T  
LBC's new home

[www.sars.gov.za](http://www.sars.gov.za)  
0800 00 7277

  
At Your Service

## **PAY-AS-YOU-EARN (PAYE): EMPLOYER RECONCILIATION OPENING 16 SEPTEMBER 2019**

The PAYE Interim Reconciliation will open for submissions on 16 September and close on 31 October 2019.

The interim reconciliation period covers the six-month transaction period from 1 March to 31 August. The final annual reconciliation is for the full tax year 1 March to 28/29 February, and must be submitted during April and May.

During the reconciliation periods, employers are required to submit an EMP501 confirming or correcting the amounts declared for Pay-As-You-Earn (PAYE), the Skills Development Levy (SDL) and the Unemployment Insurance Fund (UIF), the payments made, as well as the tax values of the Employee Tax Certificates [IRP5/IT3(a)].

### **Changes to note**

For the 2019 Employer Interim Reconciliation, the following changes will be implemented:

- Legislative changes (new source codes on the IRP5/IT3(a) to incorporate the legislative changes)
- Non-legislative changes include:
  - o The Employment tax Incentive (ETI) end date has been extended for ten years to 2029
  - o Letters, Notices and Form changes
  - o Employment Taxes Calculation Validation for IRP5/IT3(a) certificates
- The ability to request a statement of account for periods prior to 2008.

- A new HTML5 form for eFiling (increased usability, better flow and real-time messaging).

### **Impact of Employment Taxes Calculation Validation for IRP5/IT3(a) certificates on Employers**

The income tax filing threshold determines that individuals who qualify are not required to submit an ITR12 return although PAYE was deducted monthly by their employers. Previously employers had to follow a laborious process to correct any errors that were made on the deduction of PAYE, SDL and UIF. To ease the burden on employers, SARS is introducing a process to validate the PAYE, SDL and UIF deductions captured on the IRP5/IT3(a) certificates submitted with the EMP501 reconciliation.

A set of criteria will be applied to include a limited number of certificates in the validation process. An algorithm will use the financial information captured on the certificate, re-calculate the PAYE, SDL and UIF and compare it with the values captured on the certificate. Any discrepancies will be communicated to the employer through a letter to the channel which was used for the submission. The detail of the certificates that failed the validation check will be communicated via a .TXT file which can be downloaded from the submission channel. Employers must rectify any errors and re-submit the corrected certificates.

SARS will provide a dedicated e-mail address for employers who wish to raise any issues or concerns, request assistance or need clarification.

More information can be accessed in the Business Requirements Specification, PAYE BRS for Employer

Reconciliation (2019 release), for the Employer Interim Reconciliation submission period 2019, available on the SARS website at [www.sars.gov.za](http://www.sars.gov.za).

### **Benefits of completing and submitting an EMP501 during the interim reconciliation period**

- The Interim Reconciliation prepares employers for the Annual Reconciliation by ensuring that their calculations and EMP201 submissions for the previous six months are correct and up-to-date
- This further ensures that employees' IRP5/IT3(a) calculations are correct and can be issued correctly and on time
- Employers qualifying for the Employment Tax Incentive (ETI) need to submit the EMP501 reconciliation to claim any monthly ETI amounts that might have over-run during the previous six months. If they do not submit and claim for the previous six months, they will not receive the pay-out of the over-run amounts, and they will be forfeited. If they wait to submit during the Annual Reconciliation period, they will only be able to claim over-run amounts for the second six month period, but not for the first six months
- The PAYE Interim Filing Season presents an opportunity for employers whose businesses have ceased to trade to de-register for PAYE to ensure that they do not reflect on SARS' records as non-compliant.

## **ENHANCEMENTS TO THE INCOME TAX RETURN FOR TRUSTS (ITR12T) AND SARS eFILING**

The Trusts Filing Season for the year of assessment ending on 28 February 2019 started on 1 July 2019. Several changes have been made to the eFiling platform, as part of SARS' on-going efforts to promote compliance, by increasing the efficiency and ease of doing business with SARS. These changes will be applicable from 16 September 2019:

### **Changes to note**

Taxpayers completing the Income Tax Return for Trusts (ITR12T) need to be aware of the following changes to the look and feel of the ITR12T:

- As from 1 July 2019, SARS eFiling will only be accessed via [www.sars.gov.za](http://www.sars.gov.za), instead of [www.sarsefiling.co.za](http://www.sarsefiling.co.za)
- Legislative changes will only be applicable to the updated ITR12T from 16 September 2019. However, if you submit the previous ITR12T between 1 July and 16 September 2019, none of the new fields will be presented for completion
- If you save the existing ITR12T between 1 July and 16 September 2019, and then continue on, or after 16 September, you will be presented with the following options:

**CONFIRMATION - RETURN REFRESH REQUIRED**  
This return currently exists in a format which is no longer supported.  
Please click on the 'Continue' button to issue a return in the new format.  
Click on the 'Cancel' button to return to the Income Tax Work Page.  
Click on the 'Print' button to print a copy of the old return.

Continue Cancel Print