



South African Revenue Service

Dear Stakeholder

EMPLOYER ANNUAL RECONCILIATION: 1 APRIL 2021 TO 31 MAY 2021

The South African Revenue Service (SARS) constantly strives to improve its service offering to taxpayers. Changes introduced to SARS' systems are a vital part of our vision to have a more accurate reconciliation process. Correct information submitted on time to SARS leads to a seamless tax experience for both employees and employers.

Filing Season 2021

Filing Season 2021 for employers, during which they must file the annual Employer Reconciliation Declaration (EMP501), opens on 1 April 2021 and closes on 31 May 2021. The EMP501 must reflect accurate payroll information about their employees, employees' tax (PAYE) payments made and Tax Certificates (IRP5/IT3) (a)s generated, covering the full tax year from 1 March 2020 to 28 February 2021.

Making it easy

To reconcile easily and conveniently we would like to draw your attention to important information that you need to know. This is:

- Employers, Tax Practitioners and Payroll Administrators need to download the latest [e@syFile™ Employer version 7.1.0](#) which was released on 15 December 2020. This can be done via SARS eFiling.
- Employers must submit outstanding monthly declarations (EMP201) and annual reconciliations (EMP501) to SARS prior to submitting the EMP501 for 2021.
- Employers must register employees for income tax purposes using Single ("Individual ITREG") and bundle IT Registration ("Bundled ITREG") for existing tax numbers as well as new registrations available on e@syfile™ .
- First-time job seekers can register for income tax via eFiling or on the SARS MobiApp.
- Employers must issue IRP5/IT3(a)'s to employees on time.
- Employees need to check and verify if their details on their IRP5/IT3(a)'s are correct.

Penalties for Non-Compliance

An employer who files its EMP501 late will be penalised under the provisions of paragraph 14(6) of the Fourth Schedule to the Income Tax Act. The penalty will equal 1% of the year's PAYE, for each month that the return is late, up to 10% of the year's PAYE.

Criminal charges for failure to submit a return

Any employer who wilfully or negligently fails to submit a return to SARS is guilty of an offence and is liable, upon conviction, to a fine or to imprisonment for a period of up to two years. This applies to EMP201's as well as EMP501's.

Submission channels

Employers with up to 50 employees have a choice between using SARS eFiling or SARS e@syFile™. Employers with more than 50 employees must use SARS e@syFile™.

e@syFile™ enhancements

- Enhancement to the EMP501 declaration to include the employer's email address;
- New form for EMP211 letters in the Notification Centre;
- Single and bundle IT Registration will now return existing tax numbers as well as new registrations.
- The time required to download e@syFile™ varies due to network and Personal Computer (PC) configurations. In some instances, employers get a time-out notification while the download is running and they have to login again. To address this, we have introduced a pop-up message informing that the user cannot use e@syFile™ functions while the latest version is being downloaded;
- From V7.1.0 onward, a different JRE (AZUL) will be included in setup files for e@syFile instead of the ORACLE JRE that users typically use.

Status of Submission

Employers must always check the status of submissions to ensure their EMP501 has been successfully filed at SARS.

Accuracy and on-time filing is critical

It is very important for employers to file accurate and complete EMP501's. We use the information we receive through your submission of an EMP501 to populate auto-assessments and income tax returns on behalf of your employees. Incomplete or inaccurate information will negatively affect your employees' ability to meet their tax obligations. In practise, your

incomplete or inaccurate information may result in significant delays of refunds to your employees when due.

Compliant employers

Consistently compliant Employers will find it easy to meet their filing obligations, while non-compliant employers will find it progressively more difficult to engage with SARS. We sincerely thank all the compliant employers, who successfully submitted previous declarations that are accurate and making the necessary payments on time.

More information

For more information, please visit the Businesses and Employers page on the SARS website at www.sars.gov.za

Sincerely

THE SOUTH AFRICAN REVENUE SERVICE

March 2021