



South African Revenue Service

Dear Stakeholder

EMPLOYER ANNUAL DECLARATIONS (EMP501): 1 APRIL TO 31 MAY 2023

We thank all the compliant employers who submitted accurate reconciliations on previous declarations and made the required payments, your contribution continues to support and contribute to our country's economy and prosperity.

The South African Revenue Service's (SARS) higher purpose is to enable the government to build a capable state to foster sustainable economic growth and thus promote social development that serves the wellbeing of all South African citizens. To achieve this, we are committed to improving our service offering and, in this way, provide clarity and certainty and make it easier to help you meet your tax obligation.

Employees tax compliance starts with the Employer

This year, the Employer Annual Declaration **opens on 1 April and closes on 31 May 2023**.

During this period, employers are required to submit their annual reconciliation declarations (EMP501) that reflect accurate and the latest payroll information about their employees, monthly employer declarations (EMP201) for PAYE, UIF and SDL; payments made (excluding penalties and interest paid); and employee tax certificates (IRP5/IT3(a)s generated, covering the full tax year from 1 March 2022 to 28 February 2023.

We help you comply

To make it easier for you to reconcile, easily and conveniently we would like to draw your attention to essential information that you need to know:

- Before submitting the annual EMP501 for 2023, employers must submit all outstanding monthly declarations (EMP201) and annual reconciliations (EMP501), as well as make all payments due.
- Employers, Tax Practitioners and Payroll Administrators need to download the latest Employers e@syFile version. This can be done via SARS eFiling at www.sarsefiling.co.za.
- Where employees are not registered for income tax purposes, employers must register them 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 should be directed to register for income tax via eFiling or on the SARS MobiApp.

Accuracy and on-time filing are critical

The employer reconciliation process is an important first step in the wider income tax reconciliation process that enables SARS to issue individuals with an auto-assessment or a pre-populated income tax return (ITR12). Therefore, incomplete, or inaccurate information will make it difficult for your employees' ability to meet their tax obligations.

It is important for employers to issue IRP5/IT3 certificates to employees on time, as they will need the certificates to file their own income tax returns during tax season (if required).

Consequences for non-compliance.

If an employer submits the EMP501 late, administrative penalties will be charged. The penalty will equal 1% of the year's PAYE liability, which will increase each month by 1% point up to 10% of the year's PAYE liability. Furthermore, an employer who, wilfully or negligently, fails to submit an EMP201 or EMP501 return to SARS is guilty of an offence and is liable, upon conviction, to a fine or imprisonment for a period of up to two years. Please let's act to avoid this state of affairs.

What constitutes a criminal offence?

An employer is guilty of an offence and subject to a fine or imprisonment for a period not exceeding two years, where, amongst other offences, fails to:

- Deduct employees' tax from remuneration or pay tax to the Commissioner within the prescribed period.
- Deliver IRP5 or IT3(a) to employees or former employees within the prescribed periods.
- Uses employees' tax deducted or withheld for purposes other than the payment of such amount to the Commissioner.
- Apply for registration as an employer.

Submission channels

- Employers with less than 50 employees can use either SARS eFiling or SARS e@syFile™. If the employer has 50 or less IRP5/IT3(a) certificates, a tax certificate file can be generated from the payroll system and this file can be imported into eFiling.
- Employers that file EMP501 for more than 50 employees must use the Employer e@syFile™.

- Any amendments to, or cancellation of, or capturing of certificates can be done on eFiling, if the total number of certificates does not exceed 50.

Enhancements to e@syFile™ Employer

Maintenance and general enhancements, such as software version upgrades, will be made.

Status of Submission

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

Employer Records

The employer must keep a register that contains personal and financial particulars of each employee. This register must be maintained in such a format, including any electronic form, or as may be prescribed by the Commissioner. The records must be kept for, at least 5 years, following the submission of a tax return or other data to SARS. The employer must keep such records and make them available for scrutiny by the Commissioner.

More information

For information on the completion of manual certificates, please consult the guides e@syFile™ Employer User Guide or A Step-by-Step Guide to the Employer Reconciliation Process under Businesses and Employers page on the SARS website at www.sars.gov.za.

Sincerely,

THE SOUTH AFRICAN REVENUE SERVICE

March 2023