

IMPLEMENTATION OF TAX DIRECTIVE SYSTEM ENHANCEMENTS SCHEDULED FOR 9 DECEMBER 2022

The introduction of Par 2(2B) of the Fourth Schedule requires that employees' tax be calculated and withheld at a fixed tax rate from an annuity, if a taxpayer receives remuneration from more than one source during a year of assessment and where one or more of those sources is from an employer who is a retirement fund or is licensed as an insurer under the Insurance Act.

These employers are required to apply the fixed tax rates prescribed and made available on e@syFile™ Employer or eFiling by SARS. The policy intention is to ensure that the monthly employees' tax is calculated correctly so that the taxpayer does not have a substantial tax shortfall due by you to SARS or due to you by SARS on assessment of their personal income tax return. These tax rates are calculated using prevailing tax rates and information pertaining to the taxpayer at the time of processing.

1. Given that such information may change and require a revised tax rate, an enhancement is required to cater for specific individual fixes as and when necessary. In addition to providing an indication to the retirement fund or a long-term insurer whether the tax rate results from:
 - An initial full run
 - A re-run
 - A partial run
 - A full year.
2. As is currently the process, once the tax rates have been calculated, the cover letter and tax rate file are generated, and made available to the employer on e@syfile™ Employer and eFiling (*for employers with 50 or less employees*).
3. Enhancements to the user roles on eFiling will be implemented to specify and provide clarity for the various user profiles with respect to the following functionalities:

- View – the user will be able to only view the letter containing the fixed tax rates related to Par 2(2B) of the Fourth Schedule.
 - Completion – the user will be able to view and download the file and complete application forms.
 - Submission – the user will be able to view and download the file, complete and submit application forms.
4. The IRP3(s) form has been improved to allow for employer share schemes that are longer than 5 years. The fields to indicate the qualifying periods during which the exemption under section 10(1)(o)(ii) may apply and other relevant fields were increased from 5 to 15 fields.