

REQUIREMENTS FOR EMPLOYEE TAX CERTIFICATES

Relaxed validations for 2010 PAYE reconciliations

SARS has relaxed the requirement for employers to provide certain information for this Tax Season, which will now only be mandatory for the biannual PAYE reconciliation in August 2010. This includes:

- **Income Tax Reference number:** SARS will release a facility on the e@syFile™ Employer software during the August/September submission period for employers to verify their employees' Income Tax Reference numbers or register their employees for Income Tax.
- **Employee Address:** This includes the employee's physical, postal and business address.
- **Contact numbers:** The business or cellphone number.
- **Bank details:** The account holder relationship.

For all the information relating to the relaxed validations, please refer to the updated Business Requirements Specification (see **Preparing for the 2010 tax season** to find out how to obtain this document).

NEW EMP201 FORM EFFECTIVE FOR MARCH DECLARATION ONWARDS



EMPLOYER'S RESPONSIBILITY	WHAT YOU NEED TO DO
Completing and submitting your Employer Monthly Declaration (EMP201)	<ul style="list-style-type: none"> • Use the new EMP201 form. • Make payment using the unique payment reference number.

Employers submitting their EMP201 monthly declarations to the South African Revenue Service will be required to do so using the new EMP201 form for the March declaration which is due on 7 April.

The new EMP201 form essentially simplifies and aligns the employer's monthly declaration process with the yearly reconciliation process (Employers' Tax Season). During the employer monthly declaration process, employers declare their payments to SARS, and then reconcile these at the end of the tax year during the Employers' Tax Season.

The new form requires employers to only declare their payments, and not liabilities, to SARS using a unique nineteen digit payment reference number (PRN) that is pre-populated onto the form. Employers will then reconcile their liabilities during the Employers' Tax Season using the Employer Reconciliation Declaration (EMP501) form. The EMP201 form has also been integrated, so that employers need only make one payment for Pay-As-You-Earn (PAYE), Skills Development Levy (SDL) and Unemployment Insurance Fund (UIF). These payments will then be recorded as the employer's provisional liability for each tax type for the relevant period.

Other significant changes include:

- Employers will now be allowed to adjust previous declarations and reallocate credit amounts to other periods using the PRN.
- The PRN must also be used when making payments and lodging queries.
- Employers using eFiling and e@syFile™ Tax Practitioner will have to request the form using the relevant request option within these electronic channels as SARS will no longer issue it automatically.

Last month SARS launched a step-by-step guide to the new EMP201 to help employers get to grips with the new form and their payment requirements.

FIND A SARS BRANCH NEAR YOU

REGION	BRANCH	ADDRESSES
Eastern Cape	Mthata	PRD 1 building, cnr Sutherland and Durham Street
	Port Elizabeth	Sanlam Building, Chapel Street
	Uitenhage	No.1 Young Street
	East London	No. 3-36 Philip Frame Road, Waverley Park, Chiselhurst
Free State	Bloemfontein	Central Gov building, cnr Nelson Mandela & Aliwal Street
	Kimberly	Hyesco building, Hyesco Arcade, Old Main Road
	Welkom	SARS building, cnr Graaff and Tulbagh Street
	Kroonstad	LMC Centre, cnr Hill & Steyn Street
KZN	Durban	201 West Street
	Pietermaritzburg	209 Pietermaritz Street
	Richardsbay	Shop No. 12, The Bayside Mall
	Pinetown	36 Kings Road, 2nd floor
	Mount Edgecombe	Lower ground floor, Blake House, 32 Flanders Drive
Mpumalanga	Witbank	Cnr Botha Avenue & Paul Kruger Street
	Nelspruit	Nedbank building, 7th Floor, 30 Brown Street
	Standerton	29 Church Street, cnr Church & Princess Street
Limpopo	Polokwane	Polokwane, 40 Landdros Mare Street, Government building, ground floor
	Lebowakgomo	Old Parliamentary building, 1st Floor Finance Wing
	Giyani	Department of Justice building, ground floor, Main Road
	Sibasa	756 P. West Main Road, Thohoyandou
Western Cape	Cape Town	17 Lower Long Street
	Bellville	Cnr Teddington and Lange Street
	Paarl	19-20 Market Street, Rhoba building, ground floor
	Worcester	Naude building, 59 Church Street
	George	York Park building, 93 York Street
North West	Rustenburg	39 Heystek Road
	Mmabatho	Revenue House, cnr Barokologabi & Batlaping Road
	Klerksdorp	39 Leask Street, Revenue building
Gauteng	Pretoria Central	Cnr Schoeman & Van der Walt Street
	Pretoria East	46 Lebombo Road, Ashlea Gardens
	Krugersdorp	40 Kobie Krige Street
	Randfontein	39 Stubb Street
	Rooedeport	Horizon View Shopping Centre, cnr Sonop & Ontdekkers Street
	Soweto	2223 Mncube Street, Ekhaya Centre, Dube
	Springs, Brakpan	No. 20, Sanlam building, 7th Street, Springs
	Nigel	Cnr Hendrik Verwoerd Street and 4th Avenue
	Vereeniging	Cnr Joubert & Merriman Avenue
	Benoni	65 Howard Avenue
	Germiston	Outeniqua Building, No. 72 Victoria Street
	Carlton Centre	Level 200 Basement, cnr Main & Von Wielligh Street
	Alberton	49 New Quay Road, New Red Ruth
	Boksburg	IDEM building, cnr Leeuwoort and Short Street
Johannesburg Central	No. 4 Rissik Street	
Randburg	Cnr Kent & Hill Street	

0800 00 SARS (7277)

www.sarsefiling.co.za

www.sars.gov.za

2010 EMPLOYERS' TAX SEASON

1 April to 31 May 2010

Your guide to a more accurate, hassle-free PAYE reconciliation process

Each tax season employers are required to submit an annual Employer Reconciliation Declaration to the South African Revenue Service (SARS). The Commissioner has prescribed this date to be 1 April 2010 to 31 May 2010 for the 2010 Employers' Tax Season.

The past two years has seen SARS modernise and simplify tax processes in line with international best practices. You will remember that in 2007 SARS launched its Modernisation Programme aimed at transforming the income tax process from a largely paper-based, labour-intensive one, to an increasingly automated and electronic process.

In 2008 and 2009, SARS went on to enhance the Pay-As-You-Earn (PAYE) process, aligning it with the modernisation drive.

For the 2010 Employers' Tax Season, we continue fine-tuning the PAYE process, introducing entirely new elements including new mandatory fields. The changes are a vital part of SARS's long-term vision to have a more accurate reconciliation process. More information means a less cumbersome tax process, as tax returns are increasingly pre-populated. It also means a more efficient tax service, with faster turnaround times.

In making these changes, SARS engaged with the public over the past two years. We took your valuable feedback into account, together with the feedback we received from payroll administrators, tax practitioners and other stakeholders in the PAYE process. The results are contained in our latest e@syFile™ Employer software package, which will be released on 1 April 2010.

Employers will now be required to submit additional information as SARS rolls out its PAYE reforms. These reforms were published in September last year, and impact employers, payroll administrators, payroll software providers and developers, and others involved in the PAYE process.

You have an important role to play by partnering with SARS in working towards our vision. There are now critical steps you should take as an employer to ensure that you have a smooth Employers' Tax Season. This guide will help you understand what your responsibilities are as an employer with regard to the new requirements, and what you should be doing to fulfil your tax responsibilities.



www.sars.gov.za



www.sars.gov.za



PAYE RECONCILIATION TIMEFRAMES

Please note that any submission done using previous versions of e@syFile™ Employer will **NOT** be accepted.

EMPLOYER'S RESPONSIBILITY	TIMEFRAMES	WHAT YOU NEED TO DO
1. Preparing for the 2010 Employers' Tax Season	March 2010	<ul style="list-style-type: none"> - Collate employees' demographic information as per 2010 requirements. - Capture this information into your payroll system (where applicable). - Gather all other information required, i.e. EMP201s, and payments in respect of the EMP201s, for the period March 2009 to February 2010. <p><i>For a detailed explanation please read the corresponding section.</i></p>
2. Completing and submitting your Employer Reconciliation Declaration	1 April to 31 May 2010	<ul style="list-style-type: none"> - Ensure that you have the latest version of e@syFile™ Employer which will be available from 1 April 2010. - Complete your Employer Reconciliation Declaration (including EMP501, IRP5/IT3(a) and EMP601) along with all employee tax certificates for the 2010 transaction year and submit to SARS. - Copies of your submitted documents must be kept for five years. <p><i>For a detailed explanation please read the corresponding section.</i></p>
3. Issuing Employee Income Tax Certificates [IRP5/IT3(a)s]	June 2010 or immediately after reconciling	<ul style="list-style-type: none"> - Issue employee tax certificates [IRP5s and IT3(a)s] to all employees. <p><i>For a detailed explanation please read the corresponding section.</i></p>
4. Preparing for the first biannual PAYE reconciliation	1 June to biannual submission period	<ul style="list-style-type: none"> - This will be the first biannual reconciliation for employers, and is for the period 1 March 2010 to 31 August 2010. - The new fields on the IRP5/IT3(a)s will be mandatory for the biannual submission. - You should be in the process of collating the necessary information. <p><i>For a detailed explanation please read the corresponding section.</i></p>

NB!

Don't leave it to the last minute because if there are any problems you will need time to sort them out.

NB!

Please note the XML file is automatically generated by e@syFile™ Employer, and contains all your completed reconciliation documents.

NB!

Remember: Don't leave your submission to the last minute. If there are any problems you will need time to sort them out.

DETAILED EXPLANATION OF PAYE RECONCILIATION TIMEFRAMES

1. Preparing for the Employers' 2010 Tax Season

As an employer, the responsibility rests on you to provide certain mandatory demographic information on your employees. SARS has relaxed the requirement for employers to provide certain information for this Tax Season – for more information on this, see 'Requirements for employee tax certificates' on the back page.

You should have collated, or be in the process of collating, this information for use in the reconciliation process.

Collating information:

- **Perform a 'data clean-up'** – ensure that the information conforms to the pre-defined formats specified in our updated Business Requirements Specification: PAYE Reconciliation 2010 document. You can access the document by visiting www.sars.gov.za and clicking on the 2010 Employers' Tax Season link. You will then see the link to download the document under PAYE Changes for 2010.
- **Bridge the 'information gap'** – You should now have a thorough understanding of what information you still need in order to complete your reconciliation, which will allow you to implement a system within your company to obtain this information. For example, employees can be requested to fill out an electronic form detailing the necessary information.
- **You will need** all your EMP201s for the twelve month period (March 2009 until February 2010) in order to:
 - Declare your liability for each month.

- Calculate the actual payments made in respect of your liabilities for the twelve month period.
- Separate any liabilities, payments and/or certificates which do not relate to the current reconciliation transaction year.
- Reconcile the sum of your monthly declarations against the sum of the taxable portion on your employee tax certificates.

NB!

Remember that the new monthly declaration form (EMP201) has come into effect, and will be compulsory for the March declaration (see 'New EMP201 form effective for March declaration onwards' on the back page)

If you use a payroll system

- Your payroll system administrator should be aware of the changes to the Employee Tax Certificate [IRP5/IT3(a)], which necessitates critical changes to your payroll system.
- The IRP5/IT3(a) has been restructured to include new fields pertaining mainly to employee demographic information.
- You need to ensure that all the necessary information has been captured in your payroll system.

2. Completing and submitting your Employer Reconciliation Declaration

- Reconciliation documents [EMP501, IRP5/IT3(a), EMP601 and EMP701] are available from all SARS branches or on our free e@syFile™ Employer application. To download the latest version of e@syFile™ Employer, go to www.sarsefiling.co.za from 1 April 2010.
- You must submit your annual reconciliation to SARS between 1 April 2010 and 31 May 2010.

NB!

Please ensure that you have the latest version of e@syFile™ Employer. Any submission done using previous versions of e@syFile™ Employer will not be accepted.

- Import your PAYE CSV files into e@syFile™ Employer. A PAYE CSV file is electronic data of your employee tax certificates [IRP5/IT3(a)s], which is generated using your payroll system.
- Reconcile your liabilities against employee tax certificates for the year. You will need:
 - Your employer monthly declarations (EMP201s) for the twelve month period (March 2009 until February 2010); and
 - To calculate the actual payments made in respect of the liabilities for the twelve month period (according to your EMP201s).
- Remember to complete the now mandatory employer demographic information on your EMP501.
- Complete the demographic and financial information related to your IRP5/IT3(a)s.
- Where necessary, complete a Reconciliation Declaration Adjustment (EMP701) form to update a declaration in respect of prior years. You will also need to submit the respective IRP5/IT3(a) certificates which you wish to amend or add, and an EMP601 if you wish to delete a

certificate for this particular reconciliation submission.

You have the following submission methods available to you:

- **For e@syFile™ Employer submissions (XML file format):**
 - **Making electronic-only submissions:** Using e@syFile™ Employer, you can make your submission electronically via eFiling.
 - **Completing your submission electronically and submitting it manually:** if you are submitting your reconciliation on disk to a SARS branch, you must include signed hardcopies of the EMP501, and, if applicable, an EMP601 and EMP701.

➤ **For manual submissions:**

- **Submitting manual documents only:** You will need to submit signed hardcopies of all your reconciliation documents to your nearest SARS branch.
- **Submitting manual and electronic documents:** Using your payroll system, generate the CSV file containing your employee IRP5/IT3(a) certificates, and burn this file onto disk. Your submission must include:
 - The disk;
 - A signed hardcopy of your EMP501 or EMP701 (for prior years);
 - Hardcopies of IRP5/IT3(a)s (if applicable); and
 - An EMP601 (if applicable).

3. Issuing Employee Income Tax Certificates [IRP5 IT3(a)s]

- Once you have submitted your Employer Reconciliation Declaration to SARS, you must make Employee Tax Certificates [IRP5/IT3(a)s] available to all employees;
 - By the end of the employer filing season; or
 - Within seven days of an employer ceasing to be an employer (i.e. you have ceased to be an employer in relation to all your employees).
- You must make Employee Tax Certificates [IRP5/IT3(a)s] available within fourteen days of an employee leaving your service (i.e. you have ceased to be an employer in relation to the employee concerned).
- Copies of the IRP5/IT3(a)s and the EMP501 submitted to SARS must be kept by the employer for five years.

4. Preparing for the first biannual PAYE reconciliation

August 2010 brings with it big changes, as the first ever biannual PAYE reconciliation is introduced.

- You should be in the process of collating the information for the mandatory fields on the IRP5/IT3(a)s to be prepared for the biannual reconciliation.
- The August/September release of e@syFile™ Employer will include a simple facility which allows you to verify all employee income tax reference numbers. You will also be able to register employees not yet registered for income tax using e@syFile™ Employer.
- SARS will publish more information pertaining to the biannual PAYE reconciliation closer to the time.

REGISTERING AN EMPLOYEE

SARS will gladly assist employees at their workplace with the completion and/or collection of their completed IT77 Application for Registration forms.

- Employees earning MORE than R60 000 per annum must apply to SARS to be registered as taxpayers. You can email one of our regional managers to schedule an appointment should you require assistance registering your employees.
- Your employees will need to have the following documents ready:
 - An IT77 completed and signed by the taxpayer or his / her representative.
 - **Proof of identity:**
 - A certified legible copy of the taxpayer's ID or passport.
 - Drivers licences are not acceptable.
 - Bank details – you will require one of the following documents:
 - A cancelled cheque; or
 - A certified legible copy of or original bank statement which clearly indicates the account holder name, the account number and the branch number; or
 - An original letter from your banker (on an official letterhead) which confirms the account holder name, the account number and the branch number.

➤ Details of income received:

- Income details for the last three years must be supplied. Please include copies of documents [e.g. IRP5/IT3(a)] where applicable.
- You can access the latest version of the IT77 Application for Registration on our website www.sars.gov.za. Click on the link for all forms, then click on income tax. To download the form, click on IB-IT 77 - Application for registration as a taxpayer or changing of registered particulars Individual - 15 October 2009. Alternatively, please obtain the form from your nearest branch office.
- Please email one of our regional managers below to schedule an appointment:

REGION	REGIONAL MANAGER	CONTACT INFORMATION
Eastern Cape	Mr. Seeiso Vuza	svuza@sars.gov.za
Western Cape	Mr. Francoise Engelbrecht	fengelbrecht@sars.gov.za
KwaZulu-Natal and Free State	Mr. Themba Maphalala	tmaphalala@sars.gov.za
Gauteng (Pretoria/ JHB/North West)	Mr. Thokoza Mzantsi	tmzantsi@sars.gov.za
Limpopo and Mpumalanga	Mr. David Cele	dcele@sars.gov.za

Employers are requested NOT to refer employees who earn LESS than R60 000 per annum to their local SARS branch offices to be registered for income tax purposes, but to rather register these employees using the e@syFile™ Employer software facility which will be released in August / September.