

**STEPS FOR UTILISING THE COVID-19 DEFERRAL RELIEF
FOR EMPLOYEES' TAX (PAYE) AND PROVISIONAL TAX**

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Disclaimer:

Please note that every effort has been made to ensure that the advice given in this document is correct. Nevertheless, that advice is given purely as guidance to only members of SAICA to assist them with particular problems relating to the subject matter of this document and SAICA will accept no responsibility for any claim of any nature whatsoever that may arise out of, or relate to, the contents of this document. SAICA members remain responsible to seek further professional advice where more clarification is required.

1. Introduction

On 21 April 2020 President Ramaphosa announced additional measures to assist employers to provide financial stability to their employees. One of these measures includes a 35% deferral on the monthly PAYE liability owed to SARS for the months of April, May, June and July. Another relates to the deferral of a portion of the payment of the first and second provisional tax liability to SARS, without SARS imposing penalties and interest for the late payment of the deferred amount.

The purpose of this document is to set out a high level overview of the steps that must be followed to utilise the deferral relief and to request a remission of penalties and interest where it is necessary to do so.

For further information on the aspects covered in this guide, please refer to our [Technical Guidance on the Covid-19 Tax Relief Measures And Other Practical Matters](#).

2. Covid-19 Employees' Tax (PAYE) Deferral Relief

2.1. **Step 1:** Do you qualify for the relief?

To qualify, employers must:

- be either an:
 - individual;
 - partnership;
 - trust; or
 - company / close corporation / shareblock / co-operative, that conducts a trade.
- have a gross income of R100 million or less during the year of assessment ending on or after 1 April 2020, but before 1 April 2021; and
 - that gross income must not include more than 20% in aggregate of interest, local and foreign dividends, royalties, rental from letting of fixed property and any remuneration received from an employer;
 - if the rental of fixed property is the primary trading activity and the rental income is substantially the whole of the gross income (at least 90%), disregard this exclusion test; and
 - for purposes of a partnership, use the aggregate partner's gross income from the partnership; or
 - is a qualifying micro business that meets the requirements set out in the Sixth Schedule; and
- be fully tax compliant meaning:
 - is registered for all required taxes;
 - has no outstanding returns for any taxes registered for;
 - has no outstanding debt for any taxes registered for;
 - is registered for PAYE as at 1 March 2020.

Tip: Once you have ascertained that you comply with the above qualifying criteria in step 1, check your compliance status.

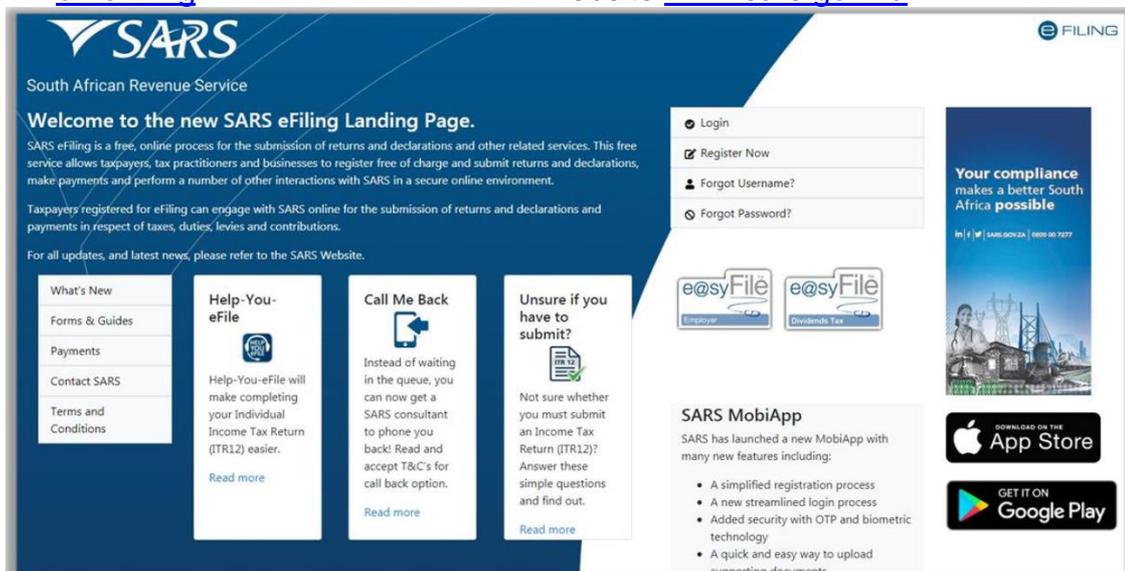
2.2. **Step 2:** Check your compliance status

To determine if you are tax compliant, you can:

- request the latest Statement of Account for the taxes you are registered for to confirm if you have any outstanding returns or debt;
- call the SARS Contact Centre to request your compliance status; or
- view your My Compliance Profile (MCP) page on eFiling.

How to view your MCP on eFiling:

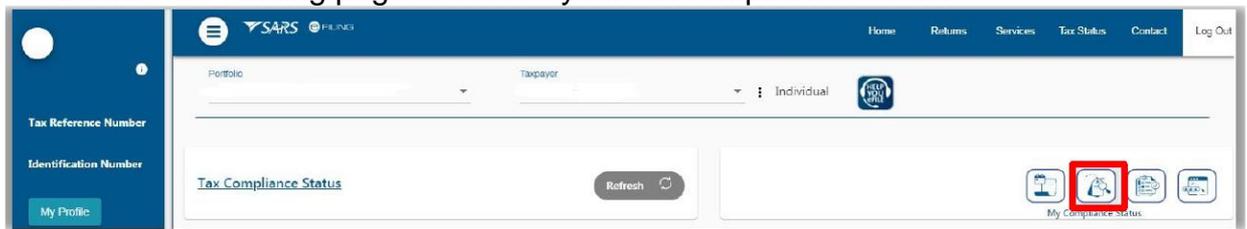
- Go to www.sarsefiling.co.za. Click on “LOGIN” if you are a registered eFiler (Individual/Organisation). If you are not registered for eFiling, click on “Register Now” and follow the quick steps to register for eFiling.
- For further assistance with eFiling registration or portfolio management, refer to the “[How to register, manage users and change user password on eFiling](#)” available on the SARS website www.sars.gov.za.



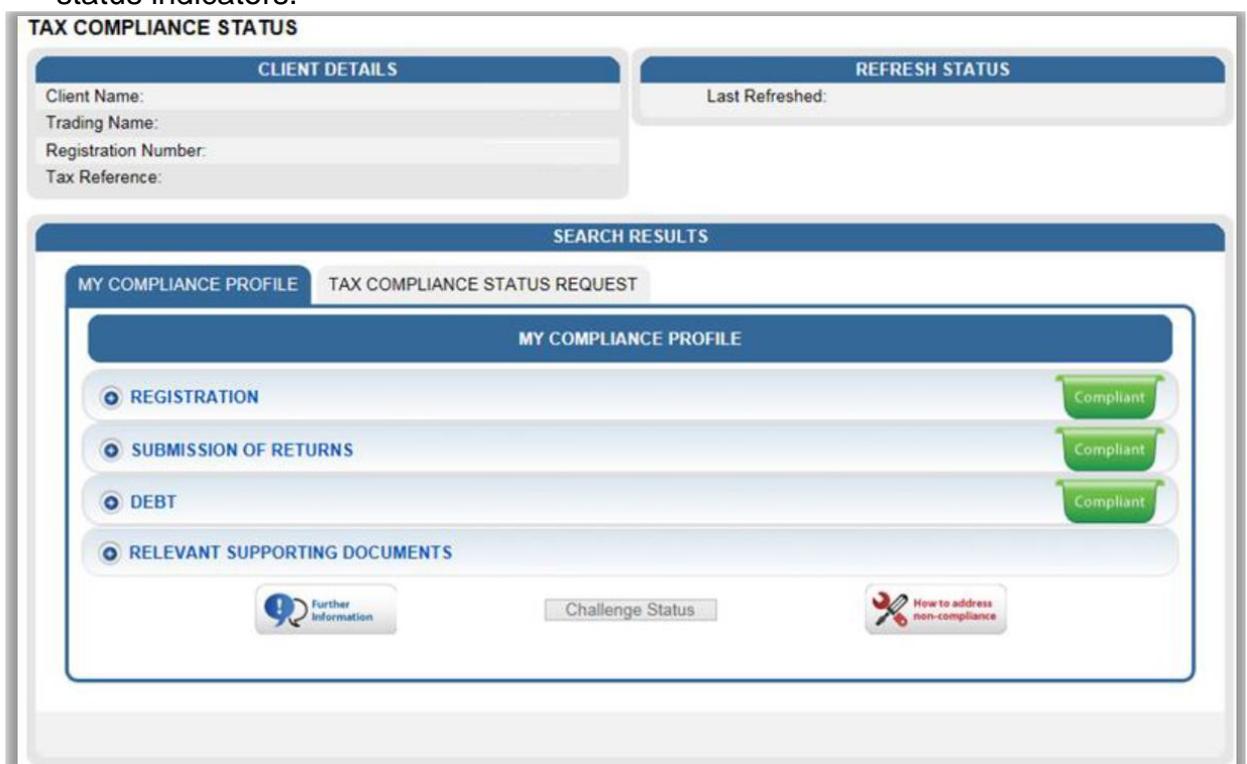
- On the eFiling landing page, select “My Compliance Profile” under the “Tax Compliance Status” menu.



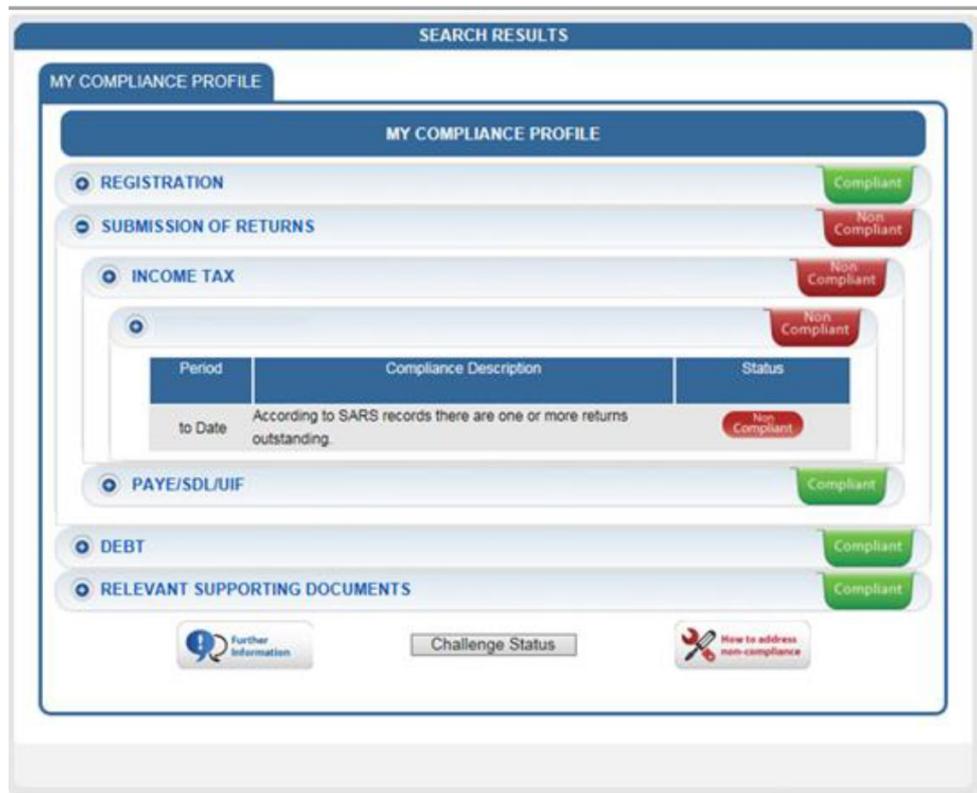
- Alternatively, select the “My Compliance Status” icon on the eFiling Dashboard landing page to access your tax compliance status.



- If there is data available for the eFiler, a similar screen as indicated below will be displayed that indicates the different tax products as well as the status indicators.



- The status indicator and description reflect the summary status with respect to each compliance requirement.
- Status indicators will be displayed using the following colours:
 - Green - shows that the taxpayer is tax compliant
 - Red – shows that the taxpayer is tax non-compliant
- By selecting the expand buttons on the left hand side of Registration, Returns Submission, Debt and Relevant Supporting Documents, more information regarding the compliance status will be displayed for the eFiler.



Tip: It is important to take a screenshot of the MCP dashboard reflecting the date and compliance status as this information may be used to support a request for remittance of penalties and interest. See step 4 below for more information in this regard.

2.3. **Step 3:** Submit the return and make payment

The steps to submit a return and make payment are as follows:

- Complete the EMP201 as per normal with the full PAYE liability
Note: The form will calculate the PAYE payable at 100%. You cannot change this value.
- Determine the actual amount payable to SARS as follows:
 - Submit the EMP201 to SARS. SARS will issue a statement of account, which will reflect the COVID-19 Tax Relief (deferred amount) for PAYE and the total amount payable for that respective period; or
 - Calculate the Total Payable as (65% of the PAYE Liability) plus SDL payable plus UIF payable.

Note: Check your statement of account 48 hours after submitting the EMP201 to ensure SARS has not revoked the discount due to non-compliance. Please note that no amounts reflecting or indicating the COVID-19 Tax Relief for PAYE will be displayed on the EMP201 form. You have to view your statement of account to see the effect on your account.

Tip: It is important to ensure that you meet **all** qualifying criteria (including tax compliance across taxes), and that you make the current payment on time before submitting the EMP201 return. Should you not meet all the qualifying criteria, you may apply for deferment. For the process, click [here](#).

2.4. **Step 4:** Penalties and interest

Any late submission of returns or late payment of taxes will attract the normal interest and penalties.

Should SARS impose penalties for underpayment or late payment, submit a request for remittance of penalties and interest through:

- [SARS eFiling](#); or
- [a SARS Branch Office](#).

Tip: Include as documentation the screenshot of your MCP dashboard immediately before applying the relief.

3. Covid-19 Provisional Tax Deferral Relief

3.1. **Step 1:** Do you qualify for the relief?

- A taxpayer can only access this deferral relief if the taxpayer is a 'qualifying taxpayer' (see 2.1 above in relation to the PAYE deferral relief).
- Micro businesses can also access this relief – the criteria are the same as a 'qualifying taxpayer' other than the requirement to have a gross income of R100 million or less and the 20% requirement for passive income/remuneration. A micro business must be a taxpayer that is tax compliant as stipulated above.

3.2. **Step 2:** Check your compliance status

Please follow the steps referred to 2.2 above to check your compliance status.

3.3. **Step 3:** Submit the return and make payment

- The amount that must be declared on the IRP6 (provisional tax return) is the total estimated tax liability (as per normal process);
- If the taxpayer is a 'qualifying taxpayer', then they must only pay 15% (first provisional tax period) of the estimated tax liability or 65% (second provisional tax period) of the estimated tax liability reduced by the first provisional tax payment paid, by the relevant due dates.
- When applying for the COVID-19 relief, make sure that you capture the gross income amount in the turnover block (must not be zero) on the IRP6 return.

3.4. **Step 4:** Penalties and interest

Please follow the steps referred to 2.4 above to request a remittance of penalties and interest.

SAICA urges members to regularly check the [SARS COVID-19 website](#) for more updated details.