

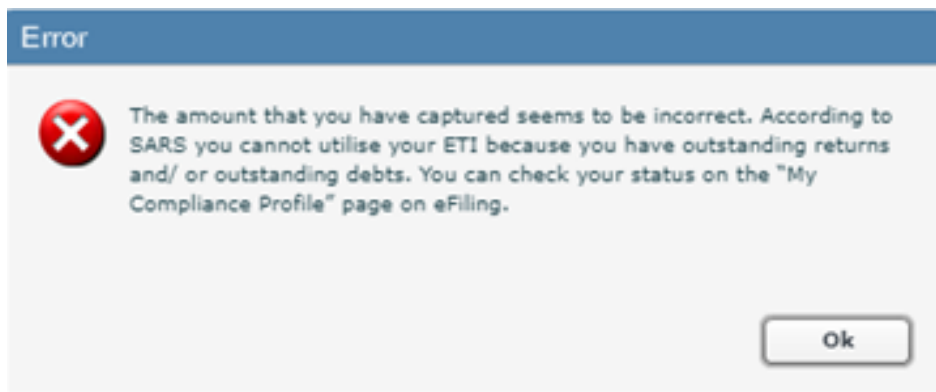
**TAX ALERT**

**EFILING ISSUE TO CLAIM EMPLOYMENT TAX INCENTIVE (ETI) CLAIMS**

**12 OCTOBER 2017**

The ETI was introduced from 1 January 2014 and is an incentive encouraging employers to hire young work seekers. The ETI (provided the requirements are met), in summary, reduce the employer's cost of hiring young people through a cost-sharing mechanism with government, allowing employers to reduce the amount of Pay-As-You-Earn (PAYE) they pay, while leaving the wage received by the employee unaffected.

Taxpayers are experiencing challenges in submitting their EMP201 PAYE reconciliations due to the tax compliance status not updating when taxpayers submit their ETI claims. The following error notification appears:



The above notification is triggered due to non-compliance, i.e. either where an outstanding tax return has not been submitted or where an outstanding tax debt has not been paid.

However, the above notification also appear when:

- a minimal amount is outstanding as per the Tax Compliance status on eFiling;
- an amount is outstanding on a tax assessment on the same date of submission of the EMP201, but such outstanding amount per the assessment is only due and payable on a later date; or
- taxpayers rectified the non-compliance and refreshed the data.

The South African Institute of Chartered Accountants (SAICA) has engaged with the South African Revenue Service (SARS) on this aspect and has discussed practical examples in this regard.



SARS is therefore aware of the issues and are working on a solution, but have in the meantime referred members to the solution on its [FAQ](#).

SAICA has raised some concerns on the matter and have engaged with SARS to clarify how the FAQ in correcting this error will impact taxpayers that submitted the EMP201 late or submitted an incorrect EMP201 and how these matters will be addressed and resolved without creating challenges in the dispute process.

SAICA will communicate as soon as more clarity has been provided by SARS on these matters.