



South African Revenue Service

Dear Employer

EMPLOYER INTERIM RECONCILIATION SUBMISSION: 19 SEPTEMBER TO 31 OCTOBER 2022.

As the South African Revenue Service (SARS) celebrates its 25th anniversary, we value your support and contribution to our country's economy and her prosperity. We strive to ensure that you understand what we expect from you and what your rights as a taxpayer are. We are committed to improving our service offering to make your compliance easy and seamless.

Reconciliation Season 2022

This year, the Employer Interim Reconciliation Declaration (EMP501) submission period opens on 19 September 2022 and closes on 31 October 2022. Employers are required to reconcile their Monthly Employer Declarations (EMP201) for the first six months of a Reconciliation Year (1 March 2022 to 31 August 2022). These reconciliations are based on the Monthly Employer Declarations (EMP201) submitted, with the tax values of the interim IRP5/IT3(a)s certificates generated, accurate payroll information, employees' tax (PAYE) payments made, thereafter an Employer's Reconciliation Declaration (EMP501) is submitted.

We help you comply

To reconcile easily and conveniently we would like to draw your attention to important information that you need to know.

- Employers, Tax Practitioners and Payroll Administrators need to download the latest Employers e@syFile version, which will be released on 16 September 2022. This can be done via SARS eFiling.
- Employers must submit all outstanding annual EMP501 reconciliations and make sure the monthly declarations (EMP201) for the reconciliation period have been submitted, and all payments due have been paid before submitting the interim EMP501 for 2022.
- 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 can register for income tax via eFiling or on the SARS MobiApp.

SARS Service Charter

Your Rights

- SARS will help by providing service, responses, instructions and access to information and systems.
- SARS will respect your constitutional right to privacy.

Your Obligations

- Always submit an accurate, fully paid declaration to SARS on time.
- Comply with all prescribed administrative processes and timeframes.

Accuracy and on-time filing are critical

It is very important for employers to capture the correct PAYE liability on the monthly EMP201 returns. The incorrect calculation of the monthly PAYE liability will result in imposition of penalties and interest. This includes corrections done on the EMP501 reconciliation and any shortfall is attributed to the last month of the reconciliation period.

The Employer Reconciliation process is a crucial first step in the wider income tax reconciliation process enabling SARS to issue individuals with their personal income tax return prepopulated with payroll data. Therefore, incomplete, or inaccurate information will negatively affect your employees' ability to meet their tax obligations.

Why is it important for you to submit an accurate EMP501 return on time?

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 percentage 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.

Notice on Employment Tax Incentive (ETI).

The monthly ETI data must be added to the end of the tax certificate information for every employee that qualifies for ETI. ETI data must be reported for all months in the reconciliation period. For the interim bi-annual submission, 6 months of ETI data (from March until August) must be reported, and for the final submission, 12 months of ETI data (from March until February) must be reported.

Submission channels

- Employers with fewer than 50 employees can use either SARS eFiling or SARS e@syFile™. If the employer has 50 or less IRP5/IT3(a) certificates, the payroll system will generate a tax certificate file, which can then be imported into eFiling.
- Employers with more than 50 employees can only file the EMP501 using the Employer e@syFile™.

Enhancements to e@syFile™ Employer

There will be no new features; only general software maintenance will be done.

Status of Submission

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

More information

For information on the completion of manual certificates, please consult the 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.

Compliant employers

We sincerely thank all the compliant employers, who successfully submitted previous declarations that are accurate and making the necessary payments on time.

Sincerely,

THE SOUTH AFRICAN REVENUE SERVICE

September 2022