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**Dear Stakeholder**

**ESTIMATED ASSESSMENTS AND IMPOSITION OF ADMINISTRATIVE  
NON-COMPLIANCE PENALTIES FOR EMPLOYEES' TAX**

We have just ended the 2021 year of assessment, and we are heading into the final month of the financial year.

***Estimated Assessments***

There have been a number of questions flowing from SARS issuing auto original estimated assessments. Just a few aspects in this regard:

- The estimated assessments have been issued in instances where taxpayers had received SMSs that they were eligible for "Auto Assessment" and had failed to action by either accepting or first editing the return and then submitting.
- It must be noted that according to the public notice for submission of returns, a taxpayer is not required to submit a return if (1) selected for auto assessment (by receiving a SMS); and (2) the information at disposal of the Commissioner is complete and accurate.
- Should the taxpayer or tax practitioner submit a tax return after receiving the estimated assessment, the return will be routed for manual intervention and will be verified by a SARS official thereafter the taxpayer will be informed of the outcome in due course. Please note that the usual turnaround times may be outside the agreed service charter timelines.

### ***Submission of EMP 501 return***

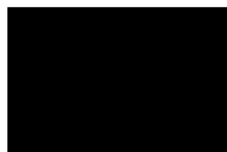
This time of the year SARS also start preparing for the third party data returns that must be submitted by 31 May 2021. This includes the submission of the EMP501 returns and the related IRP5 certificates by employers.

In terms of paragraph 14(6) of the Fourth Schedule of the Income Tax Act 58 of 1962, if an employer fails to submit the EMP 501 return by the relevant due date, the Commissioner may impose an administrative non-compliance penalty for each month that the employer fails to submit a complete return. The penalty can be charged up to **10% per cent of the total amount of employees' tax** deducted or withheld or which should have been deducted or withheld by the employer from remuneration for that recon period.

SARS has taken a decision to impose this penalty for 2021/02 EMP501 return for employers who have not submitted the return by 31 May 2021. The penalty will be imposed at 1 per cent for each month that the employer fails to submit the complete return. For example, if the return is outstanding for three months, SARS will impose 1 per cent penalty per month and notice of penalty assessment (EMP 301) will be issued at the end of every month.

Note, that if an employer ceases to be an employer from 1 March 2021 onwards, a final reconciliation return must be submitted within 14 days from the date the employer ceased to be an employer. In these instances, as well, if the return is not received timeously, SARS will impose this penalty. Employers are encouraged to submit the EMP 501 return by the relevant due date to avoid the imposition of any penalties.

Yours Sincerely,



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**Mark Kingon**

**Head: Stakeholder Relations, Anti-Corruption & Integrity**

5 March 2021