



SARS Operations and eFiling

**SAIT Webinar
11 May 2023**

YOUR KEY TO THE TAX COMMUNITY

Anchors:

- **Yolisa Dyasi** – (Tax Technical Consultant at SAIT)
Yolisa is the Tax Technical Consultant at SAIT. She is responsible for management of the SAIT Tax Technical Helpline, SARS escalations and SARS operational submissions.

- **Cecile Bothe** – (Consultant at SAIT)

Cecile Bothe is Consulting to SAIT (ex SARS) with 44 years of experience at SARS. Specialises in Income Tax, Provisional tax, Deceased and insolvent estates, Donations Tax and Estate duty.

Anchors:

- **Rhona van Taak** - A well-known tax expert in the South African payroll industry and for the last ten years provided employment tax related advice to PAGSA members. Rhona have served at SARS for 27 years until 2011 where she was responsible for the operational policies and procedures, issuing of rulings and design of the EMP501 reconciliation process as the Process manager for PAYE, SDL, UIF and VAT. She boast an in-depth knowledge of payroll tax legislation and related administrative processes. Her role at PAGSA is primarily to provide advise on queries submitted to ensure that members have access to accurate advice on employment tax related issues. She is also advising SAIT members on employment related tax issues.

Agenda:

This session will contain a brief overview of SARS Operations, reporting and eFiling including the following aspects:

- ❖ General SARS Ops updates
 - ✓ Important filing, payment and/or reporting dates
 - ✓ Current challenges in the SARS operational space
 - ✓ New procedures, systems and SARS implementations
 - ✓ New matters affecting the tax practice management
- ❖ Expert Corner; and
- ❖ Question and Answer Session



Important filing, payment and/or reporting dates

Important filing, payment and/or reporting dates

Value-Added Tax	25/05/2023	Manual VAT201 submissions and payments
Value-Added Tax	31/05/2023	Electronic VAT201 submissions and payments
Employment Taxes	31/05/2023	End of the annual employer EMP501 reconciliation submissions
Other	31/05/2023	Close of the annual third-party submissions period
Employment Taxes	07/06/2023	EMP201 submissions and payments

Current challenges in the SARS operational space

Turnover tax challenges and delays

1. Extensive delays in the processing of assessments after the submission of all the relevant and necessary returns and supporting documents.
2. The issuance of assessment at the ordinary corporate/personal income tax rate, rather than at the turnover tax rates
3. SALT Advisory detailing the qualifying criteria, registration process and required returns.

New procedures, systems and SARS implementations

Changes to the Tax Compliance Status system

Following these enhancements, a taxpayer may now apply for two types of TCS pins:

1. **Good Standing:** This compliance status is issued when a taxpayer wants to confirm that their tax affairs are in order with SARS.
2. **Approval International Transfer:** This functionality allows a taxpayer to apply for the transfer of funds internationally.

With specific reference to the 'Approval International Transfer' application, where the transfer will be made by a non-resident for tax purposes, the requestor must indicate when they ceased to be a South African tax resident and where they are currently a tax resident. These are mandatory fields in order to submit the application.

No TCS is required for yearly transfers up to R1 million.

The [required supporting documents](#) in respect of 'Approval International Transfer' TCS applications have also been updated to reflect the recent changes in the Foreign Exchange Control processes

Tax directives enhancement

For Retirement Annuity Fund Transfers

- The effect of the amendment was that the word 'total' was deleted, and the following conditions were inserted:
 - The value of **each** contract being transferred from one retirement annuity fund to another retirement annuity fund must exceed R371 250; **and**
 - The value remaining in the retirement annuity fund after the transfer must exceed R371 250.

To align with the above legislative change, the tax directive process was enhanced. Where a taxpayer opts to transfer one or more policies/contracts to a new RAF, a **separate** tax directive application for **each** transfer must be completed.

Dispute Resolution Enhancements

- **Calculation of disputed amount for purposes of a suspension of payment:** Upon submission of a dispute, the value of the amount disputed will be automatically calculated.
- **Updating of contacts for representatives chosen for dispute purposes:** Taxpayers will now be able to amend their contact details for purposes of their tax dispute on eFiling. This will allow a taxpayer to include the contact details of their representative chosen for purposes of resolving the tax dispute.
- **Request for remission:** The request for remission functionality has been extended to include remission requests for provisional underestimation penalties levied in terms of paragraph 20(1) of the Fourth Schedule to the Income Tax Act.
- **Request for reasons:** New automated request for reasons outcome letters have been implemented. Previously, if SARS agreed that reasons for the assessment had to be supplied, manual letters were issued.
- **Notice of objections:** Where SARS requires additional substantiating documents to enable it to consider an objection, it is now able to issue up to three (3) requests to the taxpayer for the supply of the requested documents.
- **Notice of appeals:** Automated letters have been introduced for appeals administration for Alternative Dispute Resolution (ADR) process:
 - Notice confirming that an appeal is suitable for ADR;
 - Notice extending the period of ADR proceedings;
 - Notice terminating the ADR proceedings; and
 - Notice confirming the outcome of an appeal.



New matters affecting the tax practice management

Latest updates on Filing Season 2023

- The accept/reject option on auto-assessments will not be reinstated. Original estimated assessments will be issued to qualifying taxpayers.
- The 40 business days extension period will coincide with the non-provisional tax filing deadlines.
- The 'request for extension' and 'request for correction' process has been aligned through a system fix. Where an extension has been requested, the 'request for correction' button will be greyed out until the request for extension has been finalised and granted.
- Where an extension is requested, there will be an 'acknowledgement of receipt' and an 'outcome' letter issued.
- Debit assessments will be allowed a 30-day grace period for payment from the end of filing season.

Key takeaways from the 2022 tax practitioner compliance audit

Increased enforcement of tax practitioner compliance

- **Individual/Personal Tax Compliance**
- **Criminal-free Status**
- **Continued Professional Development (CPD)**

Strict deregistration rules and 6 month cooling off period

Expert Corner

Employees' Taxes Employer Obligations, Bi-Annual Returns, ETI requirements and Tax Directives

Employees' Taxes

- Employer Obligations
- Bi-Annual Returns
- UIF to SARS vs UIF to DoL
- ETI requirements
- Tax Directives

Employer Obligations

(1) Every—

(a) employer who is a resident; or

(b) representative employer in the case of any employer who is not a resident,

...who pays or becomes liable to pay any amount by way of remuneration to any employee shall...deduct or withhold from that amount...from the employee's benefit or minimum individual reserve ...in respect of the liability for normal tax of that employee...

Registration of employer and employee functionality



Step 1

Logon to [eFiling](#)



Step 2

Navigate to *SARS Registered Details* functionality:

- On the Individual portfolio, select *Home* to find the *SARS Registered Details* functionality
- On the Tax Practitioner and Organisation eFiling portfolios, the *SARS Registered Details* functionality is under the Organisations menu tab



Step 3

Select SARS Registered Details
Select *Maintain SARS Registered Details*



Step 4

The *Maintain SARS Registered Details* screen will display. Select *I Agree* to confirm that you are authorised to perform maintenance functions of the registered details of the company or individual.

Registration of employer and employee functionality

> Step 5

Select the *Payrolls taxes menu item* under *My tax products > Revenue* on the left menu

> Step 6

Select *Add new product registration* to register new or additional PAYE:

A message will display to indicate that demographic information is prepopulated on the RAV01 form. You will be able to provide additional addresses and contact details if the existing demographic details are not used for PAYE.

Registration of employer and employee functionality

> Step 7

The RAV01 form will open with the Payroll Taxes Registration Options container:

- **PAYE status:**

- Would you like to register for PAYE? (Y/N)
- If you select "Y", the PAYE container will display, indicating the mandatory fields.
- If you select "N", the PAYE container will not be displayed.

- **SDL status:**

- Would you like to register for SDL? (Y/N)
- If you select "Y", the Skill Development Levy and Particulars of Exemptions containers will display, indicating the mandatory fields.
- If you select "N", the SDL container will not be displayed.

Based on the selection of the answers to the above questions, the status fields are updated. If both answers are "N", the status is indicated as "Not Registered". If you answer "Y", the status changes to "New Registration".

- **UIF status:**

- Will change to "New Registration" once you have indicated that you want to register for PAYE.

Registration of employer and employee functionality

> Step 8

If you select the business activity code field, the PAYE Business Activity box will display to select the Business Activity Code applicable to your business.

> Step 9

Select the "Ok" button to continue after selections have been made.

> Step 10

Deactivate – this tick box will be disabled and the representative of the entity or the entity themselves, in the case of an individual, will be required to visit a SARS branch to initiate a request for deactivation.

Registration of employer and employee functionality

Register through your Employer via SARS eFiling:

SARS eFiling offers the SARS registration function which allows employers to submit employee income tax registrations to SARS. For more information, see the [Guide on Tax Reference Number \(TRN\) Enquiry Services on eFiling](#).

Bi-Annual Returns

It involves an employer submitting an accurate Employer Reconciliation Declaration (EMP501), Employee Tax Certificates [IRP5/IT3(a)s] to be issued and if applicable, a Tax Certificate Cancellation Declaration (EMP601) for the:

- Interim period – which is for the six month period 1 March to 31 August
- Annual period – which is for the full year 1 March to 28/29 February.

UIF to SARS vs UIF to DoL

Section 56: Information to be supplied by employer.—

- (1) Every employer must, as soon as it commences activities as an employer, provide the information referred to in [subsection \(2\)](#) regarding its employees to the Commissioner, irrespective of the earnings of such employees.
- (2) The information contemplated in [subsection \(1\)](#) must—
 - (a) include the street address of the business, and any of its branches, of the employer;
 - (b) if the employer is not resident in the Republic, or is a body corporate not registered in the Republic, include the particulars of the authorised person who is required to carry out the duties of the employer in terms of this Act; and
 - (c) include the names, identification numbers and monthly remuneration of each of its employees, and must state the address at which the employee is employed.
- (3) Every employer must, before the seventh day of each month, provide the Commissioner with all information for the previous month in terms of [subsection \(1\)](#).
- (3A) The Minister will issue regulations on a special dispensation applicable to domestic employers and small businesses or enterprises regarding the submission of information in [subsection \(3\)](#).
- (4) The Commissioner may request the employer to provide such additional particulars as may reasonably be required to give effect to the purpose of this Act within 30 days of the request, or within such extended period as the Commissioner may allow.

Therefore, if you are obliged to pay UIF to SARS, you are still obliged to register for UIF declaration purposes at UIF as per section 56 above.

ETI requirements

1. Eligible employer

- a. Is the employer register for PAYE at SARS
- b. Is the employer NOT a government employer in the national, provincial or local spheres
- c. Is the employer NOT disqualified from receiving ETI

If all the above is satisfied, the employer is an eligible employer

ETI requirements

2. Does the employer comply with a wage regulating measure in respect of the specific employee

- a. Is the amount of wage paid to the employee NOT lower than the highest of-
 - (i) A wage regulating measure (if applicable) and
 - (ii) National minimum wage; OR
- b. If a. above is not applicable (there is no wage regulating measure AND the employer is exempt from paying the national minimum wage) –
 - (i) If the employee was employed and paid for at least 160 hours, the amount must not be less than R2000
 - (ii) If the employee was employed and paid for less than 160 hours, the amount must not be less than $R2000 \div 160 \times \text{hours employed and paid}$

Wage regulating measure is either a –

- s23 (Labour Relations Act) collective agreement, or
- s51 (Basic Conditions of Employment Act) sectoral determination; or
- s31 (labour Relations Act) binding bargaining council agreement including extended agreements 9s32)

HOURS is ordinary hours as defined in s1 of Basic Conditions of Employment Act.

- The SARS Non Binding Private Opinion issued to the PAGSA confirms that ‘wage’ as referred in the ETI Act is as defined in the Basic Conditions of Employment Act. In terms of this definition, wage is: “The amount of money paid or payable to an employee in respect of ordinary hours of work, or if they are shorter, the hours an employee ordinarily works in a day or week”.
- The use of the term ‘money’ means that wage can only be an amount paid in cash i.e. that appears on the earnings side of the payslip, and does not include payments in kind, being benefits or employer-paid contributions of any nature. This makes it clear that other types of payments to the employee such as a housing allowance or the provision of a house, do not constitute wage as has been suggested by some.

ETI requirements

3. Is the employee a Qualifying employee

- a. Is the employee between 17 and 30 years old on the last day of the month; OR
- b. Does the employee render service in a special economic zone where a qualifying company carries on trade; OR
- c. Is the employee employed by an employer in a designated industry;

AND

Do the employee have an identity card OR asylum seeker permit OR ID document

AND

Is not a connected person to the employer

AND

Is not a domestic worker

AND

Was employed by employer or associated employer after 30 September 2013

AGE:

- “With regards to the age requirement under section 6(a)(i) of the ETI Act, an employee will qualify in the month in which they turn 18 and will cease to qualify in the month in which they turn 30.”
 - For example, if an employee turns 29 on 31 January, this person will qualify for ETI for January and the next 11 months as he has not yet turned 30. This employee will cease to qualify in January of the following year when the employee turns 30.
- Note that the qualifying age test is applied at the end of each month based on the employee’s age in that calendar month.

ETI benefits

- It will reduce the employers cost of hiring young people through a cost-sharing mechanism with government, by allowing you to reduce the amount of Pay-As-You-Earn (PAYE) you pay while leaving the wage received by the employee unaffected.
- Employers will be able to claim the incentive for a 24 qualifying month period for all employees who qualify.
- The incentive amount differs based on the salary paid to each qualifying employee and whether the qualifying employee was employed after the inception of the ETI programme on 1 October 2013. ETI may only be claimed for a total of 24 qualifying months.
- This incentive will complement existing government programmes with similar objectives e.g. learnership agreements.
- The aim of the ETI is to facilitate the increased employment of young work seekers.

Tax Directives

Commission earners;

Retrenchments;

Retirement amount(fund)

PAYE non-compliance penalties

The non-compliance can include:

- Non-submission of an Employer Reconciliation Declaration (EMP501) on or before the due dates
- Failure to submit IRP5 or IT3(a) Employee's tax certificates (i.e. missing IRP5/IT3(a)s)
- Submission of incorrect, incomplete or inaccurate data relating to the IRP5/IT3(a)s, even where the EMP501 has been submitted on time
- Late payment of Employees' Tax.

Penalties include

- Late payment penalties are levied as a once-off charge of 10% of the tax that should have been paid by the due date.
- 1% penalty each month that the employer continues to fail to remedy the non-submission.

(In total, the penalty may not exceed 10% of the total amount of Employees' Tax deducted or withheld)

e@syFile™ Employer AA88 system enhancements

The following enhancements have been made:

- Improvement and fixes to the “delta” synchronisation process when users synchronise using an existing production database
- A new function to clear all previous AA88 data to do a new full synchronization
- The unique AA88 Transaction Number was added as new filter and search option
- The status code “07” for defaulted transactions will be grouped with Inactive status codes, “04” and “09”
- Fix applied to Assessed Tax AA88 duplication check



Questions



Thank you