



eFiling and e@syFile Employer

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YOUR KEY TO THE TAX COMMUNITY

Introduction and Welcome

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Topics covered: Discuss -

- eFiling ITR12 rejection reasons
- e@syFile EMP501 status updates

Why were they created and how do you resolve it. SARS systems and operational perspective

eFiling

Prepopulation of the IRP5 rules

- IRP5 is prepopulated on the ITR12 and locked – SARS uses a specific algorithm to do this, using the ID/income tax number
- No amendments allowed. If there is an error fix it in the PAYE space
- SARS **cannot** alter or delete any of the pre-populated IRP5/IT3(a) data provided by third parties.

Prepopulation of the IRP5 rules

- If any of the pre-populated data is incorrect you must request the third party to make the required corrections.
- Once the third party resubmits the corrected information to SARS and the **reconciliation is successfully processed**, the updated information will reflect on your return

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IRP5 vs Tax directive rejection

“Please note that this tax return was not processed because SARS issued a finalized tax directive, but no lump sum amount is declared on the return. Urgently contact the Fund Administrator /Employer to correct the error and submit the corrected tax return.”

IRP5 vs Tax directive rejection

“Please note that this tax return was not processed because SARS issued a tax directive No.12345678, but there is no Lump Sum amount declared on the return.”

Underlying issue

- Lumpsum has been received by the taxpayer and not declared on the ITR12.
- IRP5 has been issued without tax directive number or no IRP5 issued.

Tips on how to resolve

- Obtain the IRP5 or updated IRP5 with the correct tax directive number
- The employer is obliged to issue a correct and complete IRP5 in terms of the Fourth Schedule
- Employer must update (or issue) the IRP5, balance and resubmit their recon. Ensure that this recon has been **processed** to the PAYE account (has no PAYE validation errors).

Exceptions

- Beware of **prescription** and the **retention** of records provisions with respect to the employers EMP501 return.
- PAYE assessments prescribe 5 years after the original return has been submitted.
- The employer is only obliged to keep their records for 5 years. They may not have the original IRP5 in their possession (if one has not already received it)

Exceptions

- If the PAYE assessment has prescribed, what now?
- No update can be made to the employers submission and the return cannot be processed because of the tax directive error.
- Request that the **employer** book an appointment with SARS and update just that IRP5.
- SARS has the ability in their systems just to update one specific IRP5 and resubmit the recon.

Exceptions

- The issue with this approach, is the assessment has prescribed and technically no changes can be made.
- However, if the IRP5 cannot be adjusted the ITR12 cannot be submitted.
- This is the only available workaround for this.
- **NB!!** – Only the employer is allowed to do this (or their tax practitioner)

Exceptions

- What to do if no IRP5 was issued?
- With this scenario, the EMP501 for that employer is **incorrect**.
- The employer must resubmit the EMP501 and include that IRP5.
- Prescription can be set aside because non-disclosure provision.
- If the employer refuses to comply, you may log a suspicious activity report.

Exceptions

- What if the employer is no longer in existence or PAYE number defunct?
- Create an IRP5 container on the ITR12, capture a “fake” IRP5 containing just the tax directive information and submit this to SARS.
- Make sure to capture the certificate number in the correct format:

PAYE number + transaction year + 02 + alpha/numeric characters up to 30 digits

Exceptions

- This assessment will be routed for a verification audit because an IRP5 was captured that does not exist in the SARS PAYE repositories.
- Attach a letter explaining the situation to SARS. No IRP5 can be created or given to the taxpayer.
- SARS may accept this explanation if the lumpsum was the only remuneration received for that year.

IRP5 Error

“Due to an error on your IRP5 certificate SARS cannot process your return.”



Underlying issue

There are two scenarios that may produce this error.

1. You captured the return manually and the certificate number is incorrect.
2. SARS has another IRP5 in their repository that could not be prepopulated onto the return.

Certificate number incorrect

- The ITR12 IRP5 container only validates the certificate number.

Certificate No.

The certificate number must be supplied in the following format: HINTS: - First 10 digits must be the employer PAYE reference number - next 4 digits must be the Transaction Year - The next 2 digits must be the concluding calendar year month of the period of reconciliation. (If it is a bi annual submission 08 or 02 can be specified. If it is an annual submission only 02 can be specified.) - The remaining characters is a unique combination of Alpha and Numeric characters.

- How do you resolve this?
- Check that the certificate number is in the correct format.
- Check that the PAYE number declared on the IRP5 matches the certificate number.

Missing IRP5

- If you have checked the IRP5 information and it matches to the IRP5 issued to the taxpayer by the employer, this error could mean there is a missing IRP5 on the ITR12.
- Use the 3rd party data search function to locate the missing IRP5.
- Capture the missing IRP5 on the ITR12.
- This same type of error could display for other 3rd party data (e.g. RAF)

e@syFile

e@syFile status updates

- The EMP501 process is not complete after you have submitted it on e@syFile.
- There are a number of validations run in the SARS systems that may have an impact on your EMP501.

EMP501 processing



Excessive liability change (ELC)

Cert Number	Form Type	Response
7120712345	EMP501	The EMP501 reconciliation that you have submitted contained excessive liability updates and was routed for manual assessment
7120712345	EMP501	Manual Assessment

Underlying issue

- Where adjustments are made to the monthly liability amounts on the EMP501 that were not originally declared on the EMP201, this validation will kick in.
- If there was any drop in liability in the EMP501 compared to what was declared on the monthly EMP201.
- Done to stop the employer from making errors on the recon prior to account processing.

Underlying issue

- **NB!!!!** – The recon has not been processed to the account at this point, if you do not finalise this validation failure before the due date, you may be charged a **penalty**.

How to resolve

- SARS will issue a letter when this validation fails.
- The letter instructs the employer to call the SARS call centre and confirm that the recon is correct.
- If the employer reviews the recon once again and finds an error, resubmit the recon.
- If you do not respond to this letter, your recon will not be processed to the account.

ETI Compliance Check

Status Update		
Ref Number	Form Type	Response
	EMP501	Recon Failed Compliance
	EMP501	Recon Failed Compliance
Total Rows: 2		
Close		

Underlying issue

- The employer has an ETI refund but they are non-compliant according to the My Compliance Profile (MCP) on the tax compliance status system.
- Remember, ETI can only be refunded if the Employer is compliant.

How to resolve

- Fix the compliance issue.
- You have until the beginning of the next recon period to do so or else you forfeit your ETI refund.
- A forfeited refund cannot be reinstated unless there was a SARS system issue causing the non-compliance.
- Recon has been processed at this point.

Employment taxes validation (ETV)

EMPLOYMENT TAX CERTIFICATE VALIDATION FEEDBACK

The EMP501 reconciliation submitted for 202202 has been successfully processed. However, SARS identified discrepancies on one or more of the IRP5/IT3(a) certificates that you submitted. A file containing the problematic certificates has been sent to the channel from which it was submitted.

You are requested to view or download the tilde (~) delimited file on the relevant channel:

- e@syFile: The validation calculation file can be found on the EMP501 Status Dashboard. After clicking 'Update' to see the submission status, click the 'Download Employment Tax Validation' button located at the top of the screen to download the file.
- eFiling: The validation calculation file can be found on the EMP501 work page next to the EMP501 information. Click on 'View' under the View Certificate Errors heading. The file will be downloaded or an option to save will be displayed (depending on browser used).

Underlying issue

- During this validation, SARS recalculates a sample set of IRP5s (they may also recalculate all IRP5s).
- If the PAYE is excessive or under declared in relation to the remuneration earned, the system will reject the IRP5 and the employer must fix it.
- Most payrolls already do a recalculation of the PAYE in Feb of every year.

Underlying issue

- **NB!!!** – If the employer does not fix the IRP5 – SARS may not use it to prepopulate the ITR12 of the employee (it is flag as “rejected” in the SARS employer repository).
- Even though the EMP501 has been processed to the account, not fixing the IRP5, could result in an audit finding for the employer.

How to resolve

- Fix the IRP5, balance the EMP501 again and resubmit the recon.
- Allow me to offer some tips:
 - Check the period start and end dates
 - Check to see if you ticked the voluntary over deduction checkbox or not.
 - Check to see pay periods worked vs pay periods in the recon
 - Do a quick recalculation of the IRP5 using the PAYE tax tables

Exceptions

- What do you do if the PAYE is in fact over or under deducted?
- Over deducted – refund the employee and amend the IRP5
- Under deducted – recoup the amount owed from the employee and amend the IRP5.
- Do not ignore – this has implications on both the employer and employee.

Risk screening

- This is the verification audit process.
- Follow the instructions issued on the SARS letter and upload the necessary supporting documentation.



Thank you and happy filing

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