

GUIDE FOR COMPLETION AND SUBMISSION OF EMPLOYEES TAX CERTIFICATES 2014

EXTERNAL GUIDE - GUIDE FOR COMPLETION AND SUBMISSION
OF EMPLOYEES' TAX CERTIFICATES 2014
PAYE-AE-06-G08

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DISCLAIMER

The information contained in this guide is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the guide should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

For more information about the contents of this publication you may:

- Visit the SARS website at www.sars.gov.za
- Visit your nearest SARS branch
- Contact your own tax advisor/tax practitioner
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 SARS (7277)
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm South African time).

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1 PURPOSE

- The purpose of this guide is to assist employers in understanding the rules for issuing and completing Employees' Income Tax certificates (IRP5 and IT3(a)).

2 SCOPE

- This guide prescribes the rules for issuing and submitting Employees' Income Tax certificates.
- Validation rules relating to a specific field on an Employees' Income Tax certificate as well as rules relating to a specific income or deduction codes, refer to external guides: PAYE-AE-06-G07 - Guide for Validation Rules Applicable to Reconciliation Documents 2014 and PAYE-AE-06-G06 – Guide for Codes Applicable to Employees' Income Tax Certificates 2014.
- The employer's demographic information is no longer part of the certificate as the "Certificate Number" now contains the PAYE reference number of the employer, which links the employer demographic information to the employee.

3 REFERENCES

3.1 LEGISLATION

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	Fourth Schedule to the Income Tax Act No. 58 of 1962: Paragraphs 13, 14 and 30 Income tax Act No. 58 of 1962: Section 4(1)(c)(iv) and 69(1)(a) Skills Development Levies Act No. 9 of 1999: Section 3, 3(4) Tax Administration Act No. 28 of 2011 Unemployment Insurance Contributions Act No. 4 of 2002: Section 6
Other Legislation:	Identification Act, No. 72 of 1986
International Instruments:	None

3.2 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
PAYE-AE-06-G05	Guide for creation of CSV for IRP5 Tax certificates 1999 to 2014 - External Guide	All
PAYE-AE-06-G06	Guide for codes applicable to Employees' Tax certificates 2014 - External Guide	All
PAYE-AE-06-G07	Guide for validation rules applicable to reconciliation declarations 2014 - External Guide	All
PAYE-AE-06-POL01	Completion and submission of reconciliations - External Policy	Withdrawn

4 DEFINITIONS AND ACRONYMS

4th Schedule	<ul style="list-style-type: none"> The Fourth Schedule to the Income Tax Act No.58 of 1962
Alpha field	<ul style="list-style-type: none"> An alpha field will include: <ul style="list-style-type: none"> Alphabet A until Z Upper Case and Lower Case Dash (-) Space () Comma (,) Apostrophe (') Characters such as ê, ë etc.
Alphanumeric field	<ul style="list-style-type: none"> An alphanumeric field will include: <ul style="list-style-type: none"> Any alphabetic letters (i.e. A to Z) in upper or lower case; Dash (-) Space () Comma (,) Apostrophe (') Alphabetical characters such as ê, ë, etc. Numbers 0 to 9
Alternate period	<ul style="list-style-type: none"> A period, whether of 12 months or not, commencing on the day following the last day of the preceding alternate period in relation to the employer and ending on a date falling not more than 14 days before or after the last day of February
Certificate type	<ul style="list-style-type: none"> Type of certificates for which tax is to be levied. Types of certificates include: <ul style="list-style-type: none"> IRP5 IT3(a); ITREG (to be used when registering an employee for income tax) <p>Note: Additional certificate types may be added at a later stage.</p>
Commissioner	<ul style="list-style-type: none"> The Commissioner for the South African Revenue Service
Computerised employer	<ul style="list-style-type: none"> Employer with a PC which has the e@syFile™ installed
Conditional fields	<ul style="list-style-type: none"> Fields that must be completed subject to defined conditions, e.g. mandatory if related fields have been completed
CSV file	<ul style="list-style-type: none"> Comma Separated Value file
e@syFile™	<ul style="list-style-type: none"> The package supplied by SARS which has the functionality to create reconciliation documents in the prescribed formats and produced an electronic file in ZipCentralFile format submission purposes
EMP701	<ul style="list-style-type: none"> Reconciliation adjustment declaration form Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submissions for 1999 – 2008 transaction years. The EMP701 is not applicable for transaction years 2009 onwards.
Employee	<ul style="list-style-type: none"> An employee for Employees' Tax purposes is defines as: <ul style="list-style-type: none"> A natural person who receives remuneration or to whom remuneration accrues; A person (including a company) who receives remuneration or to whom remuneration accrues by reason of services rendered by such person to or on behalf of a labour broker; A labour broker; A person or class or category of persons whom the Minister of Finance by notice in the Government Gazette declares to be an employee; A personal service provider; A director of a private company.

	<ul style="list-style-type: none"> • An Employee for UIF purposes is defines as any natural person who receives any remuneration or to whom remuneration accrues in respect of services rendered or to be rendered by that person but excluding an independent contractor • An employee for taxable benefit purposes is defined as any person who receives remuneration or to whom remuneration accrues and includes any director of a company but excludes persons who retired before 1 March 1992 except for purposes of the provisions which deal with the payment of an employee's debt or the release of an employee from an obligation to pay a debt
Employee Income Tax certificates	<ul style="list-style-type: none"> • A certificate in the form prescribed by the Commissioner which shows the remuneration paid or payable to the employee/former employee by the employer and the sum of amounts of Employees' Tax deducted or withheld by the employer from such remuneration. • The Employees' Income Tax certificate format is prescribed on the: <ul style="list-style-type: none"> ▫ 1999 to 2007 format: IRP5 and IT3(a); and ▫ From 2008 format: IRP5/IT3 (a)
Employees' Tax	<ul style="list-style-type: none"> • Means the tax required to be deducted or withheld by an employer in terms of paragraph 2 of the 4th Schedule from remuneration paid or payable to an employee.
Employer	<ul style="list-style-type: none"> • Any person who pays or is liable to pay a person an amount by way of remuneration including a person responsible for the payment of an amount by way of remuneration to a person under the provisions of a law or out of public funds or out of funds voted by parliament or Provincial Council. This definition excludes any person not acting as a principle but includes any person acting in a fiduciary capacity or in his/her capacity as trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund or any other fund.
Foreign Bank Account	<ul style="list-style-type: none"> • Bank Account with a financial institution not recognised by BANKSERV (refer to www.bankservafrica.com)
Free text field	<ul style="list-style-type: none"> • A free text field may include the following: <ul style="list-style-type: none"> ▫ Alphabet A until Z ▫ Upper and Lower Case Characters ▫ Number 0 to 9 ▫ Dash (-) ▫ Space () ▫ Inverted Commas ("") ▫ Back slash(\) ▫ Forward slash (/) ▫ Question Mark (?) ▫ At sign (@) ▫ Ampersand (&) ▫ Dollar sign (\$) ▫ Exclamation Mark (!) ▫ Hash (#) ▫ Plus (+) ▫ Equals (=) ▫ Semi colon (;) ▫ Colon (:) ▫ Comma (,) ▫ Apostrophe (') ▫ Left and Right Brackets (()) ▫ Full Stop (.) ▫ Characters such as ê, ë etc. ▫ All special characters are allowed, however for XML development

	<p>purposes the following standard must be adhered to: ISO-8859-1 encoding or informally referred to as Latin-1. The definition of this standard can be found on: http://en.wikipedia.org/wiki/ISO/IEC_8859-1</p>
ID-number	<ul style="list-style-type: none"> The 13 digit identity number indicated in the green bar-coded identity document issued in accordance with the Identification Act, No. 72 of 1986
Interim reconciliation process	<ul style="list-style-type: none"> An administrative process at a specific point in time which is not subject to the same legal requirements (e.g. issuing an Employee Tax certificate to an employee, etc.) as those for the end of the Employer's Tax period or the end of the tax year
IRP 5/IT 3(a)	<ul style="list-style-type: none"> Employees' Income Tax certificate
IRP5	<ul style="list-style-type: none"> An Employees' Income Tax certificate where Employees' Tax deducted or withheld are indicated
IT Act	<ul style="list-style-type: none"> The Income Tax Act No.58 of 1962
IT3(a)	<ul style="list-style-type: none"> An Employees' Income Tax certificate where no Employees' Tax was deducted or withheld and a reason for the non-deduction are indicated
ITREG	<ul style="list-style-type: none"> An electronic record with all the Employees' Income Tax certificate information for purposes of: <ul style="list-style-type: none"> registering and employee for income tax
Leviable Amount	<ul style="list-style-type: none"> The leviable amount is applicable to SDL and means the total amount of remuneration paid or payable or deemed to be paid or payable by an employer to his/her employees' during any month as determined for Employees' Tax purposes, whether or not such employer is liable to deduct or withhold Employees' Tax (it therefore means that the remuneration paid or payable to employees' who earn below the tax threshold must be included into the total remuneration for determining the leviable amount)
Liabilities	<ul style="list-style-type: none"> The amount of Employees' Tax, SDL and UIF which an employer is obliged to deduct, withhold and/or contribute in terms of the provision of the 4th Schedule, SDL Act and UIF Act
Mandatory fields	<ul style="list-style-type: none"> Fields that must be completed as a rule, permitting no option and cannot be disregarded
Manual employer	<ul style="list-style-type: none"> Employer completing an EMP 501 reconciliation and Employee Income Tax certificates manually and do not create the relevant information with a PC which has the e@syFile™ installed
Nature of Person	<ul style="list-style-type: none"> Nature of person includes: <ul style="list-style-type: none"> A for an individual with an identity or passport number B Partnership C Company/CC/Co-operative (CIPC reg. entity) D Government/Public or Local Authority E Association not for Gain G Club H Welfare Organisation I Trust K Foreign Individual L Foreign Government (Foreign Embassies) M Unincorporated Body of Persons N Retirement Funds O Section Title Entity (Sectional Title Act No. 85 of 1996 – Non CIPC Body Corporates)
Numeric field	<ul style="list-style-type: none"> Numbers from 0 to 9
Optional fields	<ul style="list-style-type: none"> Fields that can be completed based on applicability and availability. These fields are not mandatory fields
PAYE	<ul style="list-style-type: none"> Pay-As-You-Earn (Employees' Tax)
Payroll authors	<ul style="list-style-type: none"> This refers to a group of companies who supply and support computerised payroll systems on a commercial basis
Payroll employer	<ul style="list-style-type: none"> Employer who creates a CSV file from electronic payroll information

PSV File	<ul style="list-style-type: none"> • Pipe separated value
Reconciliation declaration	<ul style="list-style-type: none"> • The reconciliation declaration is the EMP501 document on which an employer's PAYE, SDL and UIF liabilities are declared with associated payments, certificate values and the resulting net effect of setting off payments against liabilities
Reconciliation submission process	<ul style="list-style-type: none"> • This is the process through which an employer submits all required PAYE, SDL and UIF documentation to SARS for processing i.e. IRP5/IT3(a), EMP501, EMP601 and an EMP701 if applicable. • Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submissions for 1999 – 2008 transaction years. • The EMP701 is not applicable for transaction years 2009 onwards.
SARS	<ul style="list-style-type: none"> • The South African Revenue Service
SARS' website	<ul style="list-style-type: none"> • The website can be accessed on the following address: www.sars.gov.za
SDL levy	<ul style="list-style-type: none"> • Means the skills development levy referred to in section 3 and any administrative penalty leviable under this Act; • Subsection (1) comes into operation on a date determined by the Minister of Finance by notice in the <i>Gazette</i>.
Tax period	<ul style="list-style-type: none"> • In relation to any employer, as a period of 12 months ending on the last day of February of the relevant tax year or at the option of the employer, an alternate period, in respect of which remuneration is paid or has become due • In relation to an employee, a tax year (1 March to 28/29 February of the next year) or any unbroken period during the tax year: <ul style="list-style-type: none"> ▫ during which the employee was employed by one employer in the Republic in standard employment; or ▫ during which any annuity was paid or became payable to him/her by one employer; or ▫ such period as the Commissioner considers appropriate in the circumstances, where the Commissioner has in relation to the employment of any employee, issued a ruling to the employer
Tax year	<ul style="list-style-type: none"> • The tax year is basically the same as the definition of transaction year for purposes of reconciliation documents submitted to SARS prior to the availability of the e@syFile™
Taxpayer	<ul style="list-style-type: none"> • In terms of the Tax Administration Act No. 28 of 2011, taxpayer means: <ul style="list-style-type: none"> ▫ a person chargeable to tax; ▫ a representative taxpayer; ▫ a withholding agent; ▫ a responsible third party; or ▫ a person who is the subject of a request to provide assistance under an international tax agreement
Transaction year	<ul style="list-style-type: none"> • The tax year during which the employer deducted and paid employees' tax in respect of remuneration paid or payable to an employee. This could include employees' tax on remuneration which accrued during a previous tax year. • The Transaction year may only be a year subsequent to the 'Year of Assessment' in the case of 'Variable Remuneration' as defined in section 7B and other exceptional circumstances.
UIF contributions	<ul style="list-style-type: none"> • Contributions to the UIF are the compulsory contributions payable in terms of the UIC Act to fund the benefits available to workers in terms of the UI Act. Effective 1 April 2002, contributions collected by SARS are transferred to the UIF which is administered by the UI Commissioner.
XML	<ul style="list-style-type: none"> • Extensive Mark-up Language
Year of assessment	<ul style="list-style-type: none"> • The year of assessment in which the remuneration paid or payable to the employee accrued

5 BACKGROUND

5.1 LEGISLATION BACKGROUND

- The 4th Schedule to the Income Tax Act place, amongst other things, the following obligations on an employer:
 - To furnish employees' to whom remuneration is paid or has become payable with Employees' Income Tax certificates within the prescribed period; and
 - To submit all reconciliation documents to SARS within the prescribed period.
- **Employee tax certificates relating to half-yearly reconciliation declarations:**
 - Employee tax certificates may only be issued to an employee where:
 - the employer has ceased to be an employer in relation to the employee concerned (e.g. death, retirement, resignation or immigration of the employee); and
 - the employer has ceased to be an employer (e.g. employer stops trading).
 - The financial information (e.g. remuneration, deductions, etc.) of the relevant employee that must be reflected on the certificates must be for the period 1 March to 31 August (6 months).
 - Employees' Tax may be reflected under code 4102 (PAYE).
 - **Note:** In cases where the employer's payroll program does the split programmatically, it will be accepted.

Note: The legal requirements will apply if the employer ceased to be an employer or the employee die, retire, resign or immigrate before the closing of the half-yearly period (e.g. 31 August). A final tax calculation at the end of the employee's tax period must be done and the certificate must be issued as a final tax certificate with a calendar month indication of "02" in the certificate number.

- *Paragraph 13(1B) of the 4th Schedule* prescribes that where an employer has exercised an option to apply an alternate period to all his/her employees' or any class of his/her employees', any remuneration paid or payable to such employee(s) during such alternate period shall be deemed to have been paid or to have become payable to such employee(s) during the year of assessment ended on the last day of February of the calendar year in which such alternate period ended.
- *Paragraph 13(2) of the 4th Schedule* prescribes that the employer must deliver to each of his/her employees' an Employees' Income Tax certificate within:
 - sixty (60) days after the end of the year of assessment if the employer has not ceased to be an employer in relation to the employee concerned;
 - fourteen (14) days after an employee has left the employer's service (i.e. the employer has ceased to be an employer in relation to the employee concerned);
 - seven (7) days after the employer has ceased to be an employer (i.e. the employer has ceased to be an employer in relation to all his/her employees'); or
 - such further period as the Commissioner may approve in any particular case.
- *Paragraph 14(5) of the 4th Schedule* prescribes that no Employees' Income Tax certificate shall be delivered by the employer to the employee until such time that an acceptable EMP501 has been rendered to SARS. This rule only relates to the 60 and 7 days submission requirements above.
- *Paragraph 13(4) of the 4th Schedule* prescribes that the employer may not show amounts on any Employees' Income Tax certificate which have already been included in any other Employees' Income Tax certificate, unless such other certificate has been cancelled by the employer.
- *Paragraph 13(7) of the 4th Schedule* states that it shall be sufficient compliance with regards to the delivery of an Employees' Income Tax certificate to any employee or former employee, if such certificate is sent to the employee, former employee, the employee's authorised agent or the representative taxpayer by a registered post, where delivery cannot conveniently be effected by personal delivery.

- Paragraph 13(15) of the 4th Schedule states that any Employees' Income Tax certificate on which appears the name or any trade name of any employer shall until the contrary is proved be deemed to have been issued by such employer if such certificate is in a form prescribed by the Commissioner.

6 EMPLOYEES' TAX CERTIFICATES [IRP5/IT3(a)]

6.1 FORMATS OF EMPLOYEES' TAX CERTIFICATES

- The following different formats for Employees' Income Tax certificates were prescribed by the Commissioner, namely:
 - 1999 format;
 - 2008 ADOBE format;
 - 2010 ADOBE format;
 - 2011 ADOBE format;
 - 2012 ADOBE format;
 - 2013 ADOBE format; and
 - 2014 ADOBE format.
- Each of the different formats has different fields and each field has its own applicable validation rules which must be adhered to when completing the Employees' Income Tax certificate.

6.2 ISSUING OF EMPLOYEES' TAX CERTIFICATES

- Employees' Tax certificates may only be issued to an employee where:
 - the employer has ceased to be an employer in relation to the employee concerned (e.g. death, retirement, resignation or immigration of the employee);
 - the employer has ceased to be an employer (e.g. employer stops trading).
- The financial information (e.g. remuneration, deductions, etc.) of the relevant employee that must be reflected on the certificates must be for the transaction period 1 March to 31 August (6 months).
- Employees' Tax may be reflected under code 4102 (PAYE).

Note: In cases where the employer's payroll program does the split programmatically, it will be accepted.

6.3 RULES APPLICABLE FOR ISSUING IRP5/IT3(a)

- Applicable format that must be used by the employer
 - All Employees' Tax certificates submitted to SARS after 28 February 2014 should be completed or created and submitted in the 2014 format.
 - Manual completed Employees' Income Tax certificates should be completed on the new 2014 Adobe format.
 - A CSV file (which contains the Employees' Income Tax certificates) should be created according to the rules prescribed under the heading "Validation rules/codes applicable for submissions after 28 February 2010".
 - ZipCentralFile should be created by e@syFile™ Employer which contains the relevant Business Requirements Specification (BRS) PAYE reconciliation rules which is available on SARS website www.sars.gov.za.
 - Only manual Employees' Income Tax certificates relating to an employer reconciliation declaration (EMP501) submitted to SARS before 1 March 2008 should be completed on the 1999 manual format.
 - All standards and validation rules prescribed in the Guide for employers in respect of Employees' Tax for the 2014 year of assessment must be adhered to.

Note: If a certificate needs to be cancelled or a replacement certificate is issued in respect of an employer reconciliation declaration submitted to SARS before 1 March 2008, such certificate should be completed in the 1999 manual format and the cancellation should be recorded on the 1999 EMP501 format.

- General rules
 - All fields are mandatory;
 - Pre-printed blank EMP501's will no longer be accepted;
 - The pre-printed blank EMP501's will be accepted for periods prior to 31 May 2011;
 - All manual Employees' Tax certificates must be completed in black ink;
 - All electronic Employees' Tax certificates may only be printed in black ink;
 - Tippex (correction fluid) **may not** be used on any reconciliation document;
 - Corrections **may not** be made to any financial information completed on a reconciliation document. This should be done by cancelling the incorrect certificate and completing a new certificate;
 - All income and deductions should be reflected in the appropriate space on the certificate;
 - Under no circumstances may a blank certificate be issued to an employee;
 - A separate certificate may not be issued to an employee in respect of remuneration reflected on another certificate;
 - All fields completed must comply with the validation rules applicable to the specific field;
 - Employees' Income Tax certificate must at least have one income code with a value greater than zero. However, where the remuneration for the director of a private company or a member of a close corporation cannot be determined at the end of the tax year, code 3615 with a zero value may be reported on the tax certificate;
 - For employees' whose services were terminated before the closing of the interim period e.g. resigned, retrenched, retired, died, immigrated or employer ceased to be an employer, the calendar month in the tax certificate number (code 3010) must be specified as "02" to indicate that this is a final certificate for the tax year and not an interim certificate;
 - It is optional to consolidate foreign employment income onto one tax certificate. Therefore only one certificate may be issued to an employee if the employee's remuneration consists of local and foreign remuneration for the period employed by the same employer during a transaction year. All additional mandatory information must be completed;
 - Where an employer does not employ an employee on a permanent basis but employs an employee frequently for shorter periods during a year of assessment, the employer may issue only one IRP5/IT3(a) certificate for that year of assessment or they can submit multiple certificates.
 - The first date from and the last date until which that employee is employed during the relevant year of assessment should be specified under the "Date Employed From" (field 3170) and "Date Employed To" (field 3180);
 - Although the employee is not employed on a full time basis, the values to be specified under – o "Pay periods in year of assessment" (field 3200) should be correctly specified in terms of the date the "Date Employed From" (field 3170) and "Date Employed To" (field 3180), and o "Pay periods worked" (field 3210) should contain the number of pay periods for which the employee was paid during the relevant year of assessment;
 - All other requirements applicable to IRP5/IT3(a) certificates must be complied with.
 - All income and deductions must be classified according to the different codes allocated for income and deductions. Note that certain source codes have been specified as "sub-codes" and their values must be consolidated into a main source code on the certificate;
 - The total income codes may not exceed 13 and the total deduction codes may not exceed seven (7). In cases where this total is exceeded, the following rules must be applied:
 - If the same code is repeated on the certificate, combine the values and reflect the total value under the relevant code;
 - Ignore codes 4003 if there are still more than 7 codes present.
 - All codes used on a certificate must be in numeric sequence with the exception of the gross totals.
 - Each field completed must comply with the validation rules applicable to that field.
 - A unique certificate number must be allocated according to the prescribed rules to each certificate issued by the employer for the specific transaction year.
 - The certificate number must comply with the following:
 - must be unique for each employee;

- may not be used more than once by the employer. The number may be used twice only if the employer replaces a certificate submitted to employee already;
- may not be duplicated in either the current or in the previous transaction years.
- The year of assessment to which the income on the certificate relates must be completed.
- All numeric fields must be completed from right to left.
- The following codes may only appear once on a certificate:
 - 2010 to 2080;
 - 3010 to 3262 except for 3230;
 - 3696 to 3699;
 - 4497;
 - 4101 to 4102;
 - 4115;
 - 4141 to 4142;
 - 4149;
 - 4150.

6.4 ISSUING OF DUPLICATE EMPLOYEE INCOME TAX CERTIFICATES

- *Paragraph 13(8) of the 4th Schedule* prescribes that the employer must issue a duplicate certificate to any employee where such employee request a duplicate certificate and such duplicate certificate must disclose the full details of the original certificate.
- *Paragraph 13(9) of the 4th Schedule* states that no duplicate certificate may be issued by the employer unless:
 - it was at the request of the employee
 - it discloses the full details of the original certificate.

6.5 CANCELLED EMPLOYEES' TAX CERTIFICATES

- *Paragraph 13(10) of the 4th Schedule* prescribes that any cancelled or spoiled certificate may not be destroyed by the employer concerned but must be retained until the Commissioner requires it to be surrendered to him/her.
- Where an employer cancels a certificate, SARS must immediately be notified in writing of all such certificate numbers by means of a Tax certificate cancellation declaration (EMP601).
- A certificate must be cancelled if the written or printed information thereon is incorrect.

Note: It is not necessary to submit the original certificate to SARS when the original certificate is cancelled unless SARS has requested such cancelled certificates.

6.6 UNUSED MANUAL CERTIFICATES

- *Paragraph 13(11) of the 4th Schedule* prescribed that:
 - the Commissioner shall control the issue of stock to employers of unused Employees' Tax certificates;
 - the Commissioner may prescribed the conditions in regard to the manner in which such unused certificates may be used or as to the surrender of unused stock of such certificates;
 - every employer shall account to the Commissioner for used, unused, cancelled or spoiled certificates as and when required by the Commissioner.
- *Paragraph 13(13) of the 4th Schedule* prescribes that the employer must surrender all unused certificates in his/her possession to SARS within 14 days of his/her ceasing to be an employer, unless the Commissioner otherwise directs.

6.7 DESTRUCTION OF EMPLOYEES' TAX CERTIFICATES

- Due to the different formats of reconciliation documents introduced by SARS since 1999, employers are instructed to adhere to the rules mentioned below with regards to unused stock of manual reconciliation documents.
- **Pre-1999 format:**
 - All unused stock of Employees' Tax certificates should be destroyed by the employer;
 - The numbers of the IRP5 certificates destroyed by the employer should be recorded and kept for a period of five (5) years since the day of destruction;
 - The employer must be able to provide the numbers of these IRP5 certificates destroyed to SARS when required, provided that it falls within the prescribed 5 year period for record purposes;
 - This format may under no circumstances be used for the issuing and submission of reconciliation documents from 1 March 1999.
- **1999 manual format:**
 - All unused stock of Employees' Tax certificates should be destroyed by the employer, provided that:
 - SARS has successfully processed and finalised all reconciliation documents submitted by the employer before 1 March 2008;
 - The employer is not required to replace any reconciliation document submitted to SARS before 1 March 2008, due to any reason (e.g. error, cancellation, etc.).
 - The numbers of the IRP5 certificates destroyed by the employer should be recorded and kept for a period of 5 years since the day of destruction;
 - The employer must be able to provide the numbers of these IRP5 certificates destroyed to SARS when required, provided that it falls within the prescribed 5 year period for record purposes;
 - This format may under no circumstances be used for the issuing and submission of reconciliation documents from 1 March 2008, unless SARS has not successfully processed and finalised any of these reconciliation documents submitted in this format.
- **2008 ADOBE format:**
 - All unused stock should be destroyed by the employer;
 - This format may under no circumstances be used for the issuing and submission of reconciliation documents from 1 January 2010.
- **2010 ADOBE format:**
 - All unused stock should be safeguarded by the employer, unless the Commissioner otherwise directs;
 - This format must be used for the issuing and submission of reconciliation documents from 1 January 2010 until 31 March 2011.
- **2011 ADOBE format:**
 - All unused stock should be safeguarded by the employer, unless the Commissioner otherwise directs;
 - This format must be used for the issuing and submission of reconciliation documents from 1 April 2011 until 31 March 2012.
- **2012, 2013 and 2014 ADOBE format:**
 - All unused stock should be safeguarded by the employer, unless the Commissioner otherwise directs;

6.8 SUBMISSION OF A RECONCILIATION DECLARATION

- *Paragraph 14(3) of the 4th Schedule* prescribes that:
 - the employer is obliged to render a reconciliation declaration as prescribed to the Commissioner
 - by such date/dates as prescribed by the Commissioner by notice in the Government Gazette;
 - within 14 days after the date on which the employer has ceased to carry on any business or other undertaking or to be an employer, if:
 - the employer ceases to carry on any business or other undertaking in respect of which the employer has paid or becomes liable to pay remuneration to any other employee;
 - otherwise ceased to be an employer.

Note: The submission period relating to the interim reconciliation process will also be published in the Government Gazette. The legal requirements will apply if the employer ceased to be an employer or the employee dies, retires, resigns or immigrates before the closing of the interim period (e.g. 31 August). A final tax calculation at the end of the Employee's Tax period must be done and the certificate must be issued as a final tax certificate with a calendar month indication of "02" in the certificate number.

- *Paragraph 14(5) of the 4th Schedule* prescribes that no Employees' Income Tax certificate shall be delivered by the employer to the employee until such time that an acceptable reconciliation declaration has been rendered to SARS.

Note: This rule only relates to certificates which must be delivered in terms of paragraph 13(2) of the 4th Schedule within 60 days after the end of the year of assessment and within 7 days after the employer has ceased to be an employer.

- *Paragraph 14(6) of the 4th Schedule* prescribes that if an employer fails to render a reconciliation declaration within the prescribed period, such employer shall be required to pay a penalty equal to 10% of the total amount of Employees' Tax deducted or withheld from the remuneration of employees' during the relevant year of assessment.
- The Commissioner may remit the penalty or a portion thereof if he/she are satisfied that the circumstances warrant it.

6.9 RULES APPLICABLE FOR COMPLETION OF RECONCILIATION DECLARATIONS

- Applicable format that must be used by the employer
 - All reconciliation declarations submitted to SARS after 28 February 2014 should be completed or created and submitted in the 2014 format.
 - Manual reconciliation declarations should be completed on the 2013/14 Adobe format;
 - CSV files (which contains the Employee Income Tax certificates) should be created according to the rules prescribed under the heading "Validation rules/codes applicable for submissions after 28 February 2014";
 - ZipCentralFile should be created by e@syFile™ Employer which contains the relevant Business Requirements Specification (BRS): PAYE reconciliation rules which is available on SARS website www.sars.gov.za.
 - Only manual reconciliation declarations relating to a reconciliation declaration submitted to SARS before 1 March 2008 should be completed on the 1999 manual format.

Note: If reconciliation declaration should be amended (e.g. due to cancellation of certificate, etc.) in respect of a reconciliation declaration submitted to SARS before 1 March 2008, such declaration should be completed in the 1999 manual format and not on the 2010 Adobe format.

Note: SARS will only accept an EMP701 for adjustments between the years 1999-2008. From the years 2009 going forward, adjustments for reconciliation submissions must be made by resubmitting a modified EMP501.

- General rules
 - Always accept original copies;
 - All manual reconciliation declarations must be completed in black ink;
 - All electronic reconciliation declarations may only be printed in black ink;
 - Tippex (correction fluid) **may not** be used on any reconciliation document;
 - Corrections **may not** be made to any information completed on a reconciliation document. This should be done by replacing the declaration with a corrected declaration;
 - All information should be reflected in the appropriate space on the declaration;
 - All mandatory fields must be completed.
 - **EMP501:**
 - Transaction year;
 - Period of reconciliation;
 - Employer PAYE, SDL and/or UIF reference number;
 - Business information;
 - Business Physical address details;
 - Postal address details;
 - Employerbank account details;
 - Contact details;
 - Representative
 - Contact person
 - Tax practitioner
 - Reason for over/underestimation of declaration;
 - Financial particulars;
 - Transaction year;
 - Period of reconciliation;
 - Employer PAYE, SDL and/or UIF reference number;
 - Employees' Tax, SDL and/or UIF monthly liabilities(rands only, no cents);
 - Total monthly liabilities (rands only, no cents);
 - Total payments of Employees' Tax, SDL and/or UIF total liabilities as well as payments for the transaction year (rands only, no cents);
 - Annual total of Employees' Tax, SDL and/or UIF
 - Difference – Liability and certificates Values of Employees' Tax, SDL and/or UIF
 - Total Employees' Tax, SDL and/or UIF value of manual and electronic certificates(rands only, no cents);
 - Signature of individual employer or representative employer.
 - **EMP601:**
 - Transaction year;
 - Period of reconciliation;
 - PAYE reference number;
 - Number(s) of certificates cancelled;
 - Signature of individual employer or representative employer.
 - **EMP701:** (will only be required for 2008 and prior years adjustments)
 - Employer PAYE, SDL and/or UIF reference number;
 - Employer's trading name;
 - Transaction year for the relevant reconciliation documents;
 - Total Employees' tax, SDL and/or UIF previous declared liabilities;
 - Total Employees' tax, SDL and/or UIF revised liabilities;
 - Total amount of previous declared payments;
 - Total amount of revised payments;
 - Total amount due by/due to the employer;
 - Signature of individual employer or representative employer.
 - All fields completed must comply with the validation rules applicable to the specific field.
 - All manual declarations must be signed by the individual employer or representative employer.

Note: The reconciliation declaration should reflect certain prescribed information according to the specific format of the document. The EMP601 and EMP701 are not applicable to the pre-1999 and 1999 formats.

- **Reconciliation declarations in respect of the interim submissions:**
 - The actual liability per month for the first 6 months of the tax year must be completed on the declaration.

7 LAYOUT ON EMPLOYEES' TAX CERTIFICATES

7.1 LAYOUT FOR 2014 ADOBE FORMAT

- The 2014 ADOBE format were divided into four main sections, namely:
 - Header;
 - Employee information;
 - Employee remuneration bank account details;
 - Tax certificate information.
- Each of the main sections (except for the header) consists of sub-sections (e.g. address details, income received, deductions, tax withheld, pay periods, etc.).
- The 2014 ADOBE format is an IRP5/IT3(a) certificate and only the "Tax Credits and/or Employer/Employee Contributions" section will distinguish between whether or not Employees' Tax was deducted from the employee.

7.2 FIELDS FOR 2014 ADOBE FORMAT

- **All fields are mandatory fields**
 - Business information:
 - PAYE reference number of employer;
 - SDL reference number of employer;
 - UIF reference number of employer;
 - Transaction year;
 - Period of reconciliation;
 - Period of reconciliation (will default for 2010 reconciliation documents only to 201002 if not completed);
 - Trading or Other Name.
 - Contact Details:
 - First name;
 - Surname;
 - Position held;
 - Contact email;
 - Business telephone number;
 - Fax number;
 - Cell number;
 - Reason for over/understatement of declaration:
 - Declaration;
 - Declaration Date;
 - Signature.
 - Financial Particulars:
 - Transaction year;
 - Period of reconciliation (will default for 2010 reconciliation documents only to 201002 if not completed);
 - PAYE reference number of employer;
 - SDL reference number of employer;
 - UIF reference number of employer;
 - PAYE rands only;
 - SDL rands only;
 - UIF rands only;
 - Total monthly liability;

- Total monthly payments;
 - Annual total;
 - Difference liability;
 - Total value of tax certificates;
 - Total value of electronic tax certificates;
 - Total value of manual tax certificates.
- Complete all mandatory fields in the following sections:
 - Header;
 - Employee information;
 - Employee Address Details – Residential;
 - Employee Address Details – Postal;
 - Employer Reference Numbers;
 - Employee remuneration bank account details;
 - Bank Account Type;
 - Tax Certificate Information;
 - Employee Address Details – Business;
 - Income Received;
 - Deductions/Contributions;
 - Tax Withheld;
 - Pay Periods;
 - Directive Numbers.
 - Determine if the employee is an individual or other entity.
 - If individual:
 - Determine if a ID number or passport number is available:
 - If available, complete the relevant nature of person (A, C or N) as well as all conditional fields relating to the completed nature of person;
 - If not available, complete the nature of person as B as well as all conditional fields relating to the nature of person B.
 - If entity other than individual:
 - Determine the nature of person applicable to the entity:
 - Complete the determined nature of person (D, E, F, G, H or M) as well as all conditional fields relating to the completed nature of person.
 - Determine if any other information relating to the optional fields can be completed and complete accordingly.
 - Complete the codes and values for income and deductions in the Tax Certificate information section as well as all gross totals.
 - Complete the values for the Employees' Tax deducted or the reason code for the non-deduction of Employees' Tax in the Tax Certificate information section.
 - Check all information completed on the certificate and verify if it complies with the relevant validations rules applicable to the specific field.

8 SUBMISSION OF RECONCILIATION DOCUMENTS TO SARS

8.1 MANUAL EMPLOYERS

- The original Employees' Income Tax certificate issued by the employer must be submitted together with the reconciliation declaration to SARS.
- A copy of the original Employees' Income Tax certificate may only be delivered to the employee when the acceptable reconciliation documents have been rendered to SARS.

- A second copy of the Employees' Income Tax certificate must be retained for record purposes by the employer.
- On request for a duplicate Employees' Income Tax certificate by an employee or former employee, a copy of the record copy retained by the employer, can be issued as a duplicate.

8.2 COMPUTERISED EMPLOYERS

- The ZipCentralFile which contains the data of all reconciliation documents and which is created by the e@syFile™ Employer must be submitted to SARS via eFiling or on a CD, DVD or memory stick.
- The following steps must be followed when using e@syFile™ Employer:
 - Import the payroll system electronic data (CSV file) (only in instances where there is an electronic CSV file);
 - Capture all manual IRP5/IT3(a) certificate information Capture the liability and payment information on the EMP501 Generate the encrypted file which contains the IRP5/T3(a) certificate information processed as well as all relevant reconciliation declarations (this file is the ZipCentralFile);
 - Submit the ZipCentralFile to SARS on an approved media.
- e@syFile™ Employer automatically generates ADOBE PDF versions of all tax certificates which need to be issued (either printed or electronically) to the relevant employees' of the employer.

Note: Manual tax certificates will not be accepted by SARS for employers who use e@syFile™ Employer.

- The following rules is specific to the creation of CSV files:
 - A comma-delimited file layout, combined with the prescribed code structure must be used.
 - The CSV file must be created in:
 - EBCDIC format for mainframe systems
 - ASCII format for non-mainframe systems.
 - All CSV files submitted to SARS after 28 February 2014 should be according to the rules prescribed under the heading Validation rules/codes applicable for submissions after 28 February 2014.

Note: If a CSV file should be amended (e.g. due to replacement of certificate, etc.) in respect of a reconciliation declaration submitted to SARS before 1 March 2008, such CSV file should be created according to the rules prescribed for 2014 and the employer must upload this file in e@syFile™ Employer and perform all the prescribed functions in order to submit the relevant reconciliation data to SARS.

- **Signed declaration**
 - Where the ZipCentralFile is not submitted via eFiling, a printed signed copy of the declaration(s) must accompany the CD, DVD or memory stick;
 - In cases where the ZipCentralFile is submitted via eFiling, the signature (electronic signature) associated with the eFiler user will serve the declaration(s) signature purpose.
- A printed or electronic copy of the electronic Employees' Income Tax certificate may only be delivered to the employee when the acceptable reconciliation documents have been rendered to SARS.
- The electronic reconciliation documents must be retained in the electronic form for record purposes by the employer.
- On request for a duplicate Employees' Income Tax certificate by an employee or former employee, a reprint of the electronic record retained by the employer, can be issued as a duplicate.

Note: Faxed or emailed documents in structured ADOBE formats will not be accepted. Use EMP701 with the EMP601 with 8 digit certificate numbers to adjust reconciliation submission for 1999 – 2008 transaction years. The EMP701 is not applicable for transactions years 2009 onwards.

9 QUALITY RECORDS

Number	Title
IRP5/IT3(a)	Employees' tax certificate
EMP201	Monthly employer declaration
EMP501	Employer reconciliation declaration
EMP601	Certificate cancellation declaration

10 DOCUMENT MANAGEMENT

Designation	Name/Division
Business Owner:	GE: Enterprise Business Enablement
Policy Owner:	GE: Enterprise Business Enablement
Author:	C Rossouw
Details of change from previous revision:	PAYE August release 2013
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