

ITA88 PROCESS GUIDE

AN EMPLOYERS' GUIDE TO THE ITA88 AGENT APPOINTMENT PROCESS

ITA88R Reconciliation Statement

Responsible Agent
 Agent Name
 Agent ID / Company Ref Number <Company Name>
 Reference number <Company Ref ID> / <PAYE Number>

Reconciliation Statement Details
 Statement From Date <Start of calendar month>
 Statement To Date <End of calendar month / Statement request date>

ITA88 Reconciliation by Taxpayer

Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Passport No. / CK Reference	ITA88 Balance Due at Start of Period	ITA88 Appointments made during Statement Period	ITA88 Cancellations made during Statement Period	ITA88 Settlements received during Statement Period	ITA88 Balance Due at End of Period	ITA88 Default value included in Balance
<Taxpayer Name>	<Tax Ref Number>	<Taxpayer ID>	<First Statement Date>	<ITA88 amount due by Taxpayer at issue date >	<Calculation = ITA88 Value at Cancellation Date>	<Calculation = ITA88 payments received during statement period>	<Calculation>	<Calculation>

SARS

INCOME TAX **ITA88**
 <Agent Appointment>

Enquiries should be addressed to SARS:

Contact Detail
 SARS Contact Centre Tel: 0800 00SARS (7277)
 SARS online: www.sars.gov.za

Details
 Reference number:
 Date:
 Type of assessment:
 Due date:

Always quote this reference number when contacting SARS

{Field Name}
 {Field Name}
 {Field Address line 1}
 {Field Address line 2}
 {Field Address line 3}
 {Field Address line 4}
 {Field Postal Code}

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Introduction

Over the past few years there has been a marked increase in the levels of compliance among taxpayers. These are the taxpayers who are helping our country to grow through their compliance. However, one of the major challenges for SARS remains the large number of taxpayers who consistently do not comply with their tax obligations.

The sanctioning of such non-compliance was previously limited to criminal sanctions which did not sufficiently deter non-compliance by these taxpayers. It is only fair on the majority of compliant taxpayers that SARS takes tough action against the non-compliant taxpayers, especially those who have consistently failed to comply with their tax obligations over many years.

In October last year SARS announced the introduction of new administrative penalties beginning with monthly penalties for taxpayers who had outstanding returns for multiple years. After allowing non-compliant taxpayers a period in which to submit outstanding returns and avoid these stiff penalties, in January this year SARS issued the first round of penalties to approximately 230 000 taxpayers who had returns outstanding for multiple years.

Where the return remains outstanding, the penalty recurs for each month or part thereof, depending on how long the return remains outstanding. On the Penalty Assessment Notice, the taxpayer was informed to both remedy the non-compliance by submitting the outstanding return and to pay the outstanding amount by the due date reflected on the Penalty Assessment Notice. In addition, the taxpayer was advised to submit a Request for Remission (RFR) where he/she was not in agreement with the penalty amounts imposed. The notice also informed the taxpayer that in the event that he/she did not remedy the non-compliance, did not request a remission and did not pay the penalty, SARS will exercise its right to appoint an agent and withhold the applicable amount(s) from his/her salary in terms of Section 99 of the Income Tax Act No.58 of 1962.

Since the launch of the administrative penalty system taxpayers have been presented with seven penalty notices to date, as well as various reminders.

Notwithstanding these notices and reminders, several taxpayers have not responded to SARS's request to remedy the non-compliance, pay the outstanding penalty amount or request a remission of the penalty. As a result, SARS is now exercising the right to appoint employers, or anyone in control of a taxpayer's money, including salaries and wages, to act as an agent on its behalf. This is done by appointing a third party as an agent through the issuing of a Form ITA88 Notice of Agent Appointment.

SARS will issue the Agent Appointment Notice in the following manner:

- Via the the e@syFile™ Employer application
- Via the post using the employer's postal address.

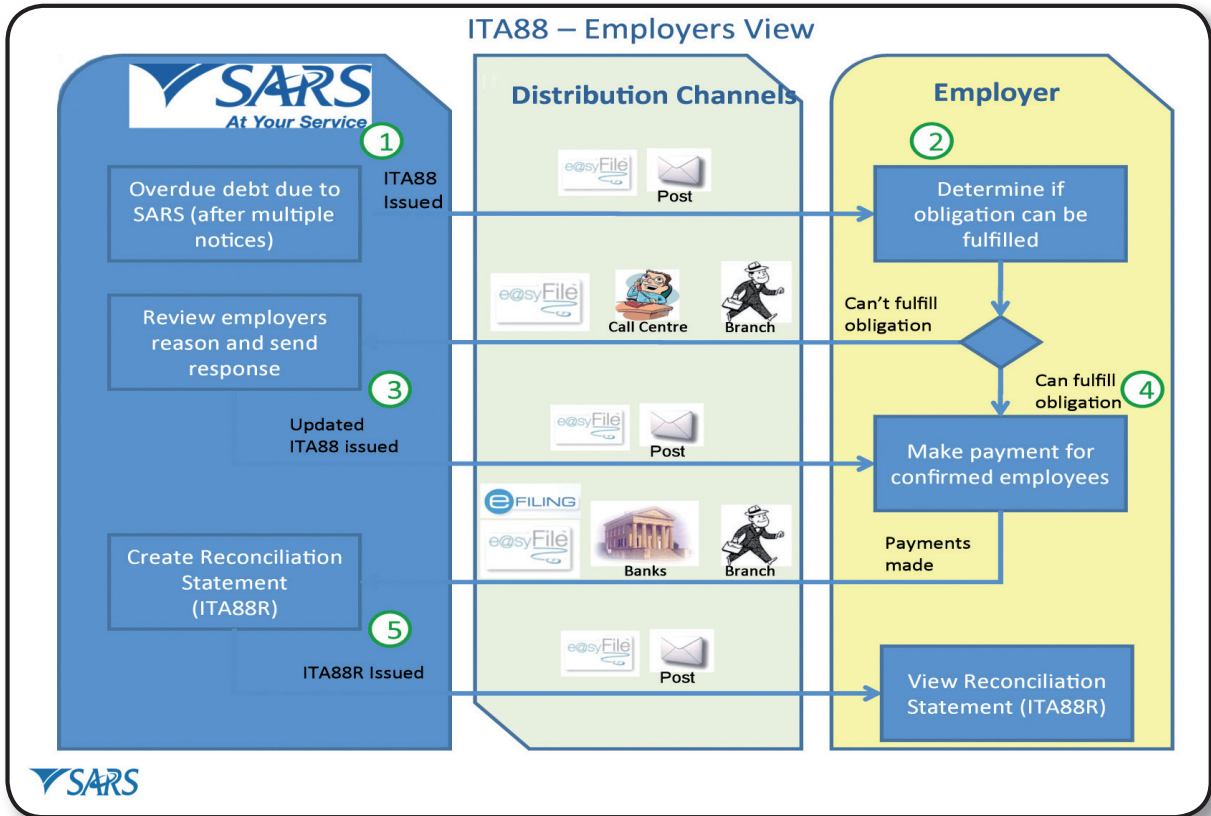
On receipt of the ITA88 Agent Appointment Notice, the employer must do the following:

- Review the list of impacted taxpayers (manage outcomes)
- Deduct the stipulated amount from the salary or wages of the respective employees, as indicated on the ITA88 Agent Appointment Notice
- Pay the amounts over to SARS by the due date, as indicated on the ITA88 Agent Appointment Notice.

Where the employer is unable to execute the request, the employer must provide feedback on reasons for his/her inability to execute the agent appointment request using one of the following channels:

- Log on to SARS e@syFile™ Employer to view the ITA88 Agent Appointment Notice and provide a response to SARS by selecting one of the outcomes from the drop-down list
- Contact the SARS Contact Centre or visit a SARS branch where an agent will assist the employer with capturing the outcomes in relation to the taxpayers listed on the ITA88 Agent Appointment Notice.

The following diagram aims to illustrate the process involved when SARS issues an employer with an ITA88 Agent Appointment and the course of action that needs to be followed once the ITA88 has been issued to the employer.



ITA88 AGENT APPOINTMENT

Who will receive an Agent Appointment?

A taxpayer will be due for an Agent Appointment if:

- A penalty amount is outstanding for two months after the issuing of the original penalty
- No dispute is in progress regarding the penalty (an ITA88 will be issued only against finalised disputes or if the dispute was disallowed or partially allowed)
- A valid agent can be identified from the information at SARS's disposal.

Who might be appointed as agents?

Possible agents who can be appointed for individual taxpayers include:

- Employers
- Any debtor who owes the taxpayer money
- Financial institutions, such as banks
- Attorneys
- Medical aid schemes (in case of members of the medical fraternity)
- Investment managers
- Insurance companies.

These agents will only be appointed if they hold money on behalf of the taxpayer.

How will the employer receive the ITA88 Agent Appointment Notice?

SARS will issue the Agent Appointment Notice in the following manner:

- Via the e@syFile™ Employer application
- Via the post using the employer's postal address.

What will happen if the employer does not act on the SARS Agent Appointment Notice within the given time period?

In terms of the Income Tax Act No.58 of 1962, SARS will hold the employer personally liable for the outstanding administrative penalty or penalties, in the event that the employer does indeed hold money on behalf of the taxpayer.


How long does the employer have to pay over the money, in respect of the Agent Appointment, to SARS?

The payment due date will be reflected on the ITA88 Agent Appointment Notice that will be sent to relevant employers.

What will happen if the employer pays over the outstanding penalty amount but the taxpayer already made payment in respect thereof?

The overpayment will be refunded to the taxpayer.

What will the ITA88 Agent Appointment Notice look like?



INCOME TAX **ITA88**

<Agent Appointment>

Enquiries should be addressed to SARS:

Contact Detail

SARS Contact Centre Tel: 0800 00SARS (7277)
SARS online: www.sars.gov.za

Details

Reference number: Always quote this reference number when contacting SARS
Date:
Type of assessment:
Due date:

{Field Name}
{Field Name}
{Field Address line 1}
{Field Address line 2}
{Field Address line 3}
{Field Address line 4}
{Field Postal Code}

- The PAYE reference number will be used to identify the employer in all engagements related to agent appointments.

Dear Sir/Madam,

AGENT APPOINTMENT

Section 99 of the Income Tax Act empowers the Commissioner of SARS to appoint any person as an agent to withhold and pay over to SARS any amounts due in respect of the Income Tax Act. We are of the understanding that these taxpayers are either entitled to a certain income from your company or have money deposited with you or your company.

The taxpayers listed in the accompanying ITA88 Statement are indebted to SARS for the amounts specified therein.

According to the provisions of Section 99 you are hereby appointed as an agent in respect of these taxpayers. This requires you to withhold and pay over to SARS the amount(s) detailed in the ITA88 Statement (please see the first table entitled: ITA88 Agent Appointments Created) by the due dates specified.

Should any of the listed taxpayers have left or intends leaving your employment, any instalment arrangement for deductions will fall away, and the full amount outstanding must then be deducted from the monies due to him/her. Should such monies be insufficient to cover the outstanding debt owed to SARS, all available funds must be paid over to SARS in full.

Please use the payment reference number reflected on the Statement when making payment. Payments can be made over the counter or electronically via ABSA, Standard Bank, Nedbank or First National Bank. Please use the full name, "South African Revenue Service," and not the abbreviation, "SARS," when making cheque payments.

Important: These deductions should not be included with your PAYE deductions and payments in your annual reconciliation.

If applicable, you are also hereby notified to immediately cancel the withholding and payment of funds in respect of those taxpayers listed on the ITA88 Statement (second table entitled: ITA88 Agent Appointments cancelled). Any funds already withheld but not yet paid over to SARS should be returned to the applicable taxpayer(s). Any overpayments received by SARS will be refunded directly to the taxpayer concerned.

Should you not be in a position to fulfil your obligations as agent for any of the taxpayers listed in the attached statement, please notify SARS immediately providing reasons for your inability to fulfil this obligation.

Should you have any queries regarding this matter, please call the SARS Contact Centre on 0800 00 SARS (7277). Please have your company registration number and PAYE tax reference number on hand when you call to enable us to assist you promptly.

Sincerely,

ISSUED ON BEHALF OF THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE

- The content explains the employer's obligation to deduct the money owed to SARS in respect of outstanding administrative penalties, from the specific employee/s' (taxpayer/s') salary or wages and pay it over to SARS.
- It also explains how the employer can engage with SARS if the employer is unable to fulfil this obligation.

The next section of the notice will contain any combination of three separate tables:

- The **ITA88 Agent Appointment Created** table shows all the new agent appointments issued against employees of the employer
- The **ITA88 Agent Appointment Cancelled** table contains all the cancelled agent appointments as well as the applicable reasons for cancellation
- The **ITA88 Agent Appointment Defaulted** table shows all overdue agent appointments and any payments in respect of the employee.

ITA88 Statement

Responsible Agent

Agent Name < Company Name>
 Agent ID / Company Ref Number <Company Ref/ ID>
 Reference number <PAYE Number>

Statement Details

Statement From Date <last statement date + 1>
 Statement To Date <statement generation date>

ITA88 Agent Appointments Created

Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Passport No. / CK Reference	ITA88 Transaction Number	ITA88 Issue Date	ITA88 Start Date	ITA88 End Date	ITA88 Monthly Deduction	ITA88 amount due by Taxpayer at issue date	ITA88 Payment Reference Number
<Taxpayer Name>	<Tax Ref Number>	<Taxpayer ID>	<Follow-up Num>	<Issue Date>	<Calculated>	<Calculated>	<Calculated>	<Calculated>	<19 digit payment Ref>
TOTAL AMOUNT TO BE PAID OVER BY AGENT									

- The **ITA88 Agent Appointment Created** table contains a listing of all employees in respect of which the employer has been appointed as an agent. Each employees name, tax reference, and ID number has been supplied for ease of identification.
- The ITA88 Transaction number is the unique reference number which, together with the employer’s PAYE tax reference number, should be quoted when resolving any queries with SARS
- The monthly instalments (“ITA88 Monthly Deduction”) and total amount (“ITA88 amount due by Taxpayer at issue date”) are reflected. The employer is responsible for paying the monthly instalment by the due date stipulated. In instances of affordability (ie taxpayer not able to afford the total amount as one salary deduction), the total value will be broken into instalments, indicated by:
 - the “ITA88 Start Date” and “ITA88 End Date” will be different. The start date is the date by which the first instalment should be paid whereas the end date is the date by which the last instalment must be paid, and,
 - the instalment value will be less than the total amount. The “ITA88 amount due by Taxpayer at issue date” divided by the “ITA88 Monthly Deduction” indicates the number of instalments
- Each ITA88 appointment contains the 19-digit Payment Reference Number that must be used when making payment. It is essential the this number is correctly quoted so that the payment is correctly reflected and allocated to the taxpayer’s account.

ITA88 Agent Appointments Cancelled

Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Passport No. / CK Reference	ITA88 Transaction Number	ITA88 Issue Date	ITA88 Cancellation Date	ITA88 Value at Cancellation Date	Cancellation Reason
<Taxpayer Name>	<Tax Ref Number>	<Taxpayer ID>	<Follow-up Num>	<Issue Date>	<Cancel Date>	<ITA88 amount due by Taxpayer at issue date> Minus <Payments made to date of cancellation>	<Cancellation reason>

- The **ITA88 Agent Appointment Cancelled** table contains a listing of all employees where the ITA88 appointment previously issued, has been cancelled
- The ITA88 Transaction number can be used to trace the cancellation back to the original appointment, reflected in the table, **ITA88 Agent Appointment Created**
- The amount and date the agent appointment was cancelled
- A cancellation reason is recorded against each transaction. Typically it would reflect the reason or outcome as communicated to SARS by the employer (for example, taxpayer no longer employed; taxpayer can’t afford deductions, etc).

ITA88 Agent Appointments Defaulted								
Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Passport No. / CK Reference	ITA88 Transaction Number	ITA88 Issue Date	ITA88 amount due by Taxpayer at issue date	ITA88 Settlements received to date	ITA88 amount in default	ITA88 Payment Reference Number
<Taxpayer Name>	<Tax Ref Number>	<Taxpayer ID>	<Follow-up Num>	<Issue Date>	<Calculated>	<Calculation = ITA88 payments received to date>	<Calculated>	<19 digit payment Ref>
OVERDUE AMOUNTS TO BE IMMEDIATELY PAID OVER BY AGENT								

- The **ITA88 Agent Appointment Defaulted** table contains a listing of all employees where the ITA88 instalment is 30 days overdue the employee's information
- Each default transaction contains
 - unique ITA88 transaction number to which the default refers,
 - original amount at the issue date of the ITA88 Agent Appointment Notice,
 - payments received to date, and,
 - the default amount still outstanding
- The 19-digit Payment Reference Number that must be used when making payment is also provided. This reference must be used to ensure that the payment is correctly reflected and allocated to the taxpayer's account.

On receipt of the ITA88 Agent Appointment Notice, the employer must do the following:

- Review the list of impacted employees
- Deduct the stipulated amount from the salary or wages of the respective employees, as indicated on the ITA88 Agent Appointment Notice
- Pay the amounts over to SARS by the due date, as indicated on the ITA88 Agent Appointment Notice.

Where the employer is unable to execute the request to withhold the stipulated amount against the salaries and wages of the employee as requested by SARS, the employer must provide feedback on reasons for his/her inability to execute the agent appointment request via one of the following channels:

- Employer to log on to SARS e@syFile™ Employer to view the ITA88 Agent Appointment Notice and provide a response to SARS by selecting one of the outcomes from the drop-down list
- Contact the SARS Contact Centre or visit a SARS branch where an agent will assist the employer with capturing of the responses in relation to the employees listed on the ITA88 Agent Appointment Notice

Important note on affordability

Because the employer has more information about the employee's financial situation, the employer is advised to use its discretion when determining whether or not the employee is able to afford the once-off lump sum deduction from his/her salary or wages or if monthly instalments over a period of time determined by SARS would be a better alternative.

PENALTY PAYMENTS TO SARS

Making the administrative penalty payment to SARS

The following channels are available to employers for the payment of administrative penalty amounts to SARS:

- eFiling
- Electronic transfer via Internet banking
- Over the counter at branches of the relevant banking institutions
- Debit order
- Over the counter at a SARS branch
- e@syFile™ Employer application.

Using eFiling to make your payment

eFiling is the free, secure electronic tax return and payment submission service offered by SARS to eliminate the risks and hassles associated with the submission of manual tax returns and payments.

SARS eFiling provides far more convenient, reliable and accurate electronic payment facilities. eFiling is supported by the following banking institutions, namely ABSA, FNB, Investec, Nedbank and Standard Bank.

To access eFiling, visit www.sarsefiling.co.za.

Electronic transfer via Internet banking

Payments can be made directly to SARS using the internet banking services offered by ABSA, FNB, Investec, Nedbank and Standard Bank. It is imperative that the correct payment reference information is provided in all instances to ensure that tax payments are easily identified and correctly allocated by SARS.

The following items are essential to ensure that payments are processed correctly:

1. SARS beneficiary account ID
2. A 19-digit bank payment reference number. This tells SARS exactly who the client is and enables the allocation of such payment to a specific tax/duty and period.

For the payment of administrative penalty amounts, the employer needs to use the unique 19-digit PRN as it appears on the relevant payment form. The beneficiary ID that is applicable to ABSA, FNB, Nedbank and Standard Bank payments in respect of administrative penalties is **SARS-ITA**.

Over the counter at branches of the relevant banking institutions

Any payment can be made at any ABSA, FNB, Nedbank or Standard Bank branch. These payments must comply with the same payment referencing requirements used for internet payments. Banks require the following information in order to accept and process SARS payments:

- SARS tax form/payment advice containing the 19-digit payment reference number and the tax type that the employer intends paying (administrative penalty)
- The amount due.

In order for SARS to process the clients payment in a timely and accurate manner, it is imperative that the correct information is supplied to the bank when making over the counter payments. The bank will reject all payments which do not conform to the payment reference criteria listed above. Please note that the SARS tax form/payment advice stipulates the information needed to initiate the deposit.

Cheque payments must be made out to **South African Revenue Service** (no abbreviation allowed), in any of the official languages.

Debit order

Debit orders made at SARS will not be activated in respect of eFiling. Once registered for eFiling, any debit order made with SARS will automatically be cancelled. The client must then initiate a new debit order arrangement with eFiling.

Over the counter at a SARS branch

Payment can be made during Cash Hall office hours at any SARS branch. For ease of processing, employers should ensure that the tax form/payment advice indicating the taxpayer reference number, tax type and tax period is attached to all payments.

e@syFile™ Employer payments

For payments using e@syFile™ Employer, kindly refer to the e@syFile™ Employer User Guide available on the SARS website www.sars.gov.za

THE AGENT APPOINTMENT RECONCILIATION STATEMENT (ITA88R)

Once the employer has made the required payment for those confirmed employees, SARS will issue the employer with an Agent Appointment Reconciliation Statement ITA88R at the end of every month.

How will the employer receive the Agent Appointment Reconciliation Statement?

SARS will issue the Agent Appointment Reconciliation Statement in the following manner:

- Via the e@syFile™ Employer application
- Via the post using the employer's postal address.

How will the Agent Appointment Reconciliation Statement look?

The Agent Appointment Reconciliation Statement ITA88R cover page contains similar information to that of the ITA88 Agent Appointment Notice. The statement contains the agent appointment movements for the employer during the previous calendar month.

ITA88R Reconciliation Statement								
Responsible Agent			Reconciliation Statement Details					
Agent Name	< Company Name>		Statement From Date	<Start of calendar month>				
Agent ID / Company Ref Number	<Company Ref/ ID>		Statement To Date	<End of calendar month / Statement request date>				
Reference number	<PAYE Number>							
ITA88 Reconciliation by Taxpayer								
Taxpayer Name	Taxpayer Reference Number	Taxpayer ID / Pasport No. / CK Reference	ITA88 Balance Due at Start of Period	ITA88 Appointments made during Statement Period	ITA88 Cancellations made during Statement Period	ITA88 Settlements received during Statement Period	ITA88 Balance Due at End of Period	ITA88 Default value included in Balance
<Taxpayer Name>	<Tax Ref Number>	<Taxpayer ID>	<First Statement Date>	<ITA88 amount due by Taxpayer at issue date >	<Calculation = ITA88 Value at Cancellation Date>	<Calculation = ITA88 payments received during statement period>	<Calculation>	<Calculation>
							TOTAL OVERDUE AMOUNT	

- The **Statement From Date** and **Statement To Date** states the calendar month for which the statement was generated
- The statement contains the employee's or employees' information

- The opening balance at the beginning of the month is stated
- New agent appointments created, agent appointments cancelled and payments received are indicated
- The closing balance at the end of the month is indicated
- Any amount in default is indicated.

What must the employer do with the Agent Appointment Reconciliation statement?

Once the employer has received the ITA88R and is satisfied with the correctness of its content, SARS advises that the ITA88R be filed in the event that a dispute arises in the future.

CONTACT INFORMATION

If you need information on your agent appointment you can contact the SARS Contact Centre on 0800 00 SARS (7277). A list of Frequently Asked Questions (FAQs) has also been compiled to assist employers in understanding the process – please go to www.sars.gov.za

