

Agent Appointment (ITA88)

e@syFile™ AGENT APPOINTMENT
USER GUIDE



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1. 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 penalising of such non-compliance was previously limited to criminal instances. However, this 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. These penalties ranged in amounts from R250 per month per return to over R16 000 per month per return depending on the income of the individual.

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 e@syFile™ Employer application has been enhanced to accommodate for the ITA88 changes, and now includes:

- ITA88 appointment notifications to employers
- Easy functionality to manage agent appointments
- Functionality to capture outcomes (no longer employed, taxpayer can not afford deduction, etc) for each taxpayer
- The ability to submit the response to SARS for updates (cancellations or replacements) to the Agent Appointments
- Efficient and correct allocation of payments to taxpayer accounts
- A monthly reconciliation statement reflecting movements. This will ensure that employers have enough time to fulfil their responsibilities.

For further information or assistance, please visit the nearest SARS branch, call the SARS Contact Centre on 0800 00 SARS (7277) or visit www.sars.gov.za. Employers can also view various documents relating to the Administrative Penalties on our website, including:

- The Public Release: Business Requirement Specification PAYE Employer Reconciliation document. Go to Taxpayers, select Employers from the dropdown list, and then scroll down to What's New for 2010
- The Notice to Employers - Imposition of Administrative Penalty Frequently asked questions. Go to Taxpayers, select Employers from the dropdown list, and then scroll down to What's New for 2010.

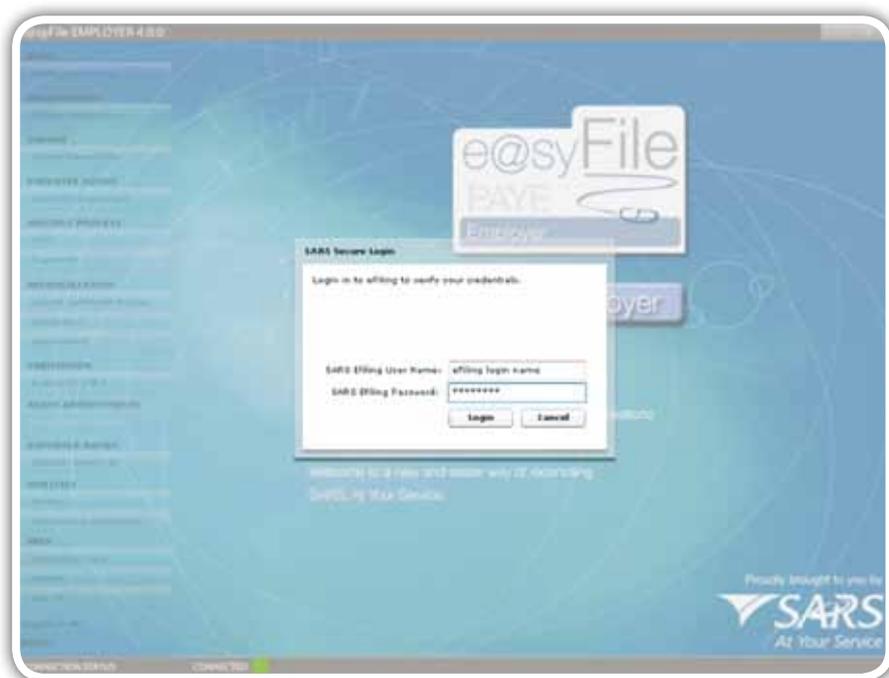
2. ITA88 functionality on e@syFile™ Employer

The following is required to receive, manage and pay ITA88 notices using e@syFile™ Employer:

- Download the latest version of e@syFile™ Employer by visiting www.sars.gov.za or www.sarsefiling.co.za
- A valid eFiling login name and password linked to the PAYE number, with the necessary access rights and authorisation level. You must be registered for PAYE (EMP501) on eFiling.
- An internet connection
- Synchronise your e@syFile™ Employer software database with your eFiling profile.

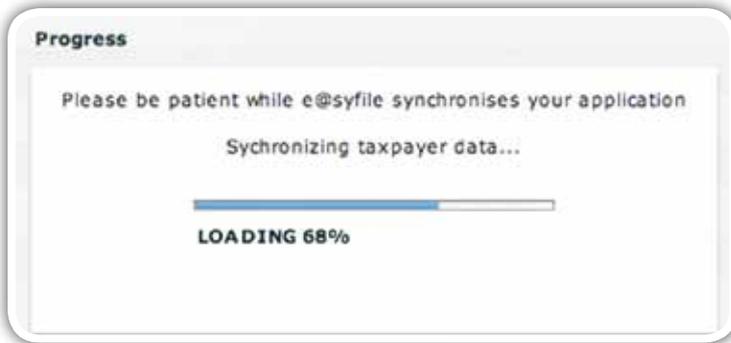
Step 1

Click on **Synchronise Application** under Utilities in the left menu pane. Complete your eFiling credentials and click on **login** to start the synchronisation process. This will synchronise your e@syFile™ Employer database with the data on your SARS eFiling profile.



Step 2

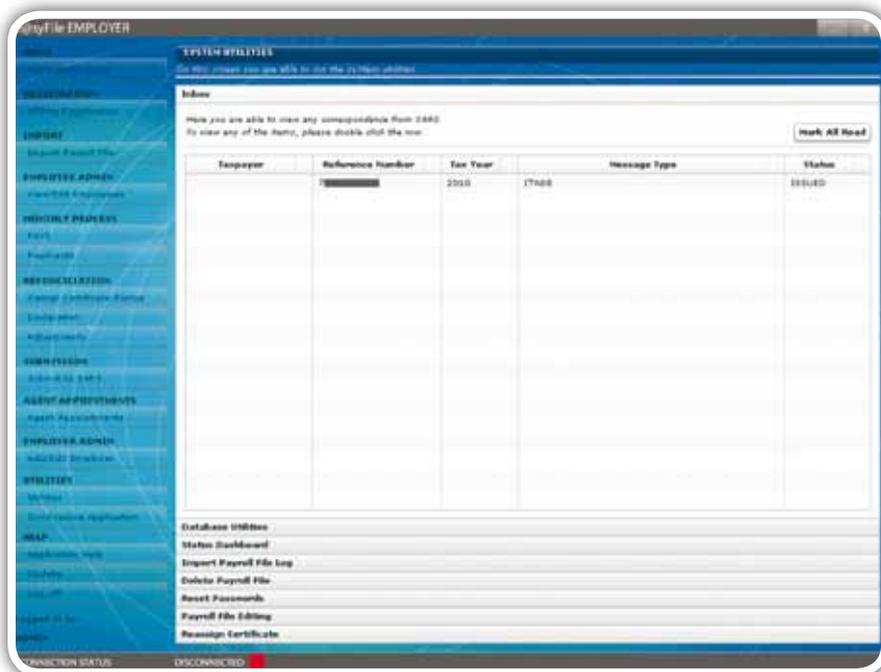
Pop-up messages will indicate progress during the synchronisation process, and confirm once the initial synchronisation is complete.



Once the synchronisation process is complete, you will be able to retrieve electronic notices and letters from SARS in your Inbox under Utilities. If you log on to e@syFile™ Employer when you are connected, you should receive a pop-up message notifying you if you have received electronic correspondence from SARS.

Step 3

Click on Utilities in the left menu pane and view the Inbox. All notices will be listed here until opened, after which it will be moved to the Agent Appointments menu and listed by PAYE reference number.



Double click on a **notice** in your Inbox to open or view it.

3. Agent Appointments

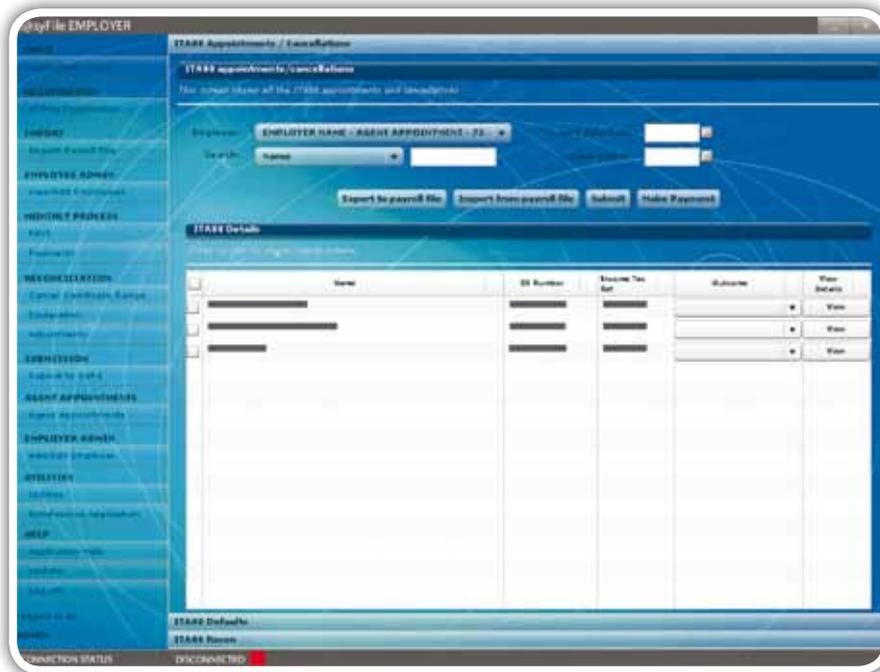
Once opened, ITA88 notices will be removed from the Inbox and grouped by PAYE reference number (employer name) on the Agent Appointments menu.

Step 1

Click on Agent appointments in the left menu pane.

Step 2

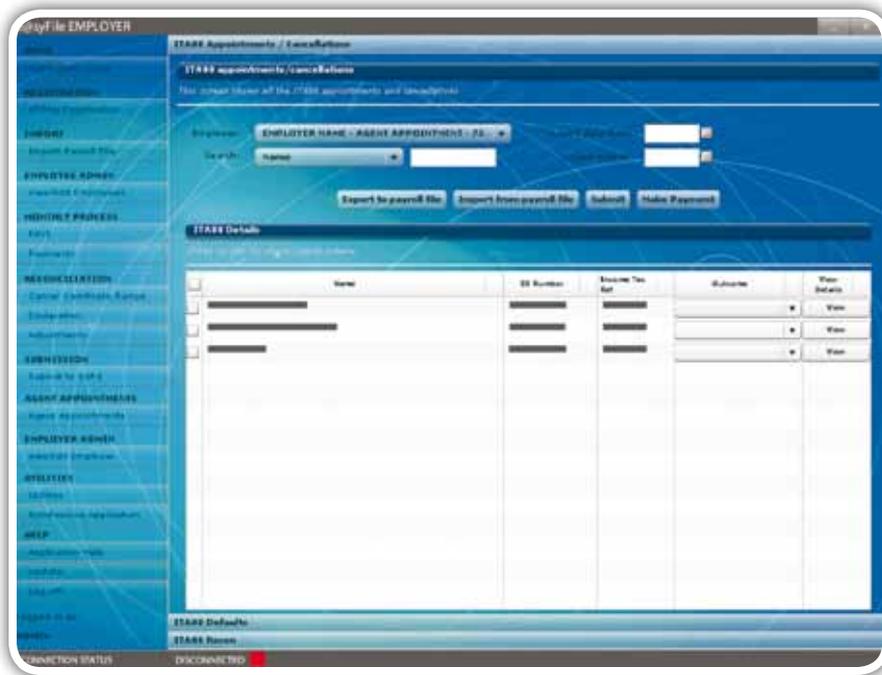
To display ITA88 details, select the relevant employer from the drop-down list. Taxpayer details listed here will include name, ID number and Income Tax Reference number.



4. Viewing ITA88 details

Step 1

To view the ITA88 details for a taxpayer, select the **taxpayer** from the list displayed, or use the **search function** to locate a specific taxpayer. Click on **View** to the right of the screen to display details.



5. Managing Outcomes

Step 1

In order to process and manage ITA88s, the employer will have to review the amounts due to determine deductions, cancellations, etc. The employer will then have to update the status for the taxpayer by assigning one of the following outcomes to each ITA88:

1. Taxpayer employment confirmed
 - The employer accepts responsibility for the deduction
 - The ITA88 transaction stays active awaiting payment
 - Records with this outcome will be included in the Payroll Input File for deduction from payroll.
2. Taxpayer not employed
 - The employer indicates that the employee is no longer employed or unknown
 - Employer is permitted to reject the ITA88 appointment
 - All active ITA88 transactions against the specific taxpayer will be cancelled.
3. Taxpayer Affordability – Short Term affordability
 - The employer indicates that the taxpayer won't be able to afford the full amount requested
 - The employer is permitted to reject the ITA88 appointment
 - All active ITA88 transactions against the specific taxpayer will be cancelled and replaced by a new ITA88 transaction allowing three equal monthly instalments.

4. Taxpayer Affordability – Long Term affordability
 - The employer indicates that the taxpayer won't be able to afford the short term (three-month) amount
 - The employer is permitted to reject the ITA88 appointment
 - All active ITA88 transactions against the specific taxpayer will be cancelled. Future software releases will include enhancements to this outcome to allow for a six months option.
 - Employer must request the taxpayer to visit the branch in order to arrange terms.
5. Taxpayer Estate – Deceased
 - The employer indicates that the taxpayer is deceased
 - The employer is permitted to reject the ITA88 appointment
 - All active ITA88 transactions against the specific taxpayer will be cancelled.
6. Taxpayer Estate – Insolvent
 - The employer indicates that the taxpayer is insolvent
 - The employer is permitted to reject the ITA88 appointment
 - All active ITA88 transactions against the specific taxpayer will be cancelled.
7. Taxpayer Penalty Account – Request reallocation of payment
 - The employer indicates that a payment was made for a specific taxpayer but the payment does not reflect on the ITA88R (misallocated payment)
 - ITA88 Transaction stays active. A case will be created by SARS to investigate the potential misallocation

Note: SARS will record all outcomes specified by the employer for audit purposes.

Step 2

Using the drop-down list in the Outcomes column, select the **relevant outcome** for each taxpayer listed.



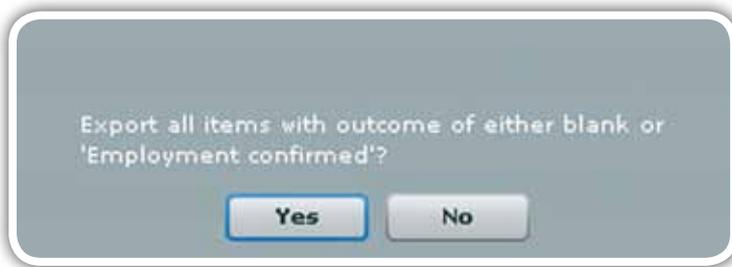
Note: If an employer is not going to import the ITA88 information into their own payroll system, please proceed to **section 8 Submit updated outcomes to SARS.**

6. Adding Deductions to Payroll

Once all outcomes are updated, the relevant deductions must be applied. Deductions can be added to the payroll manually, or by exporting a file from e@syFile™ Employer to import into the payroll software the employer uses.

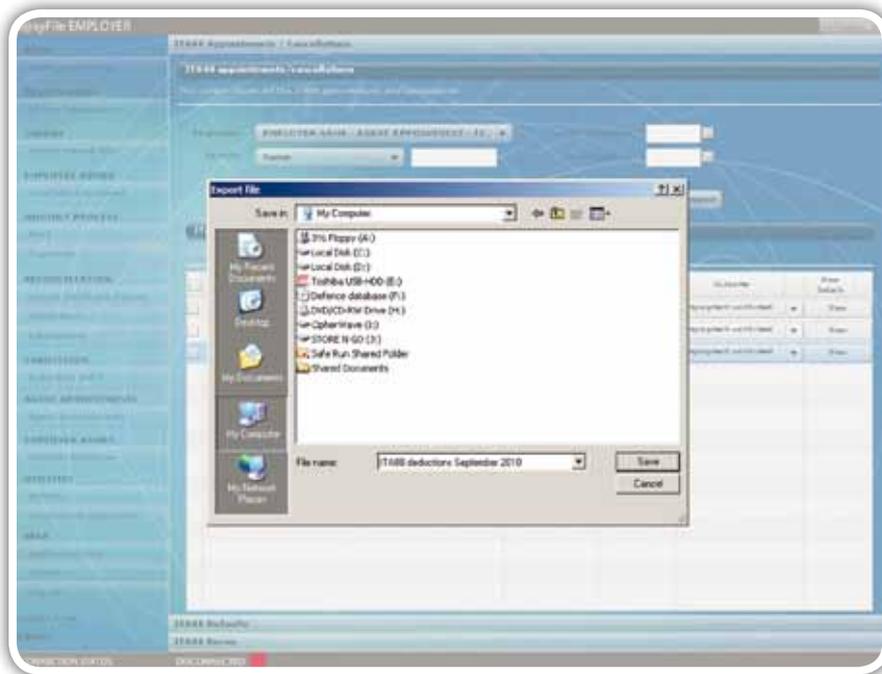
Step 1

To generate an export file, click on **Export to payroll file** at the top of the table, and click on **yes** to confirm.



Step 2

Enter a **file name** and indicate **where you would like to save the file**. Click on **save**.

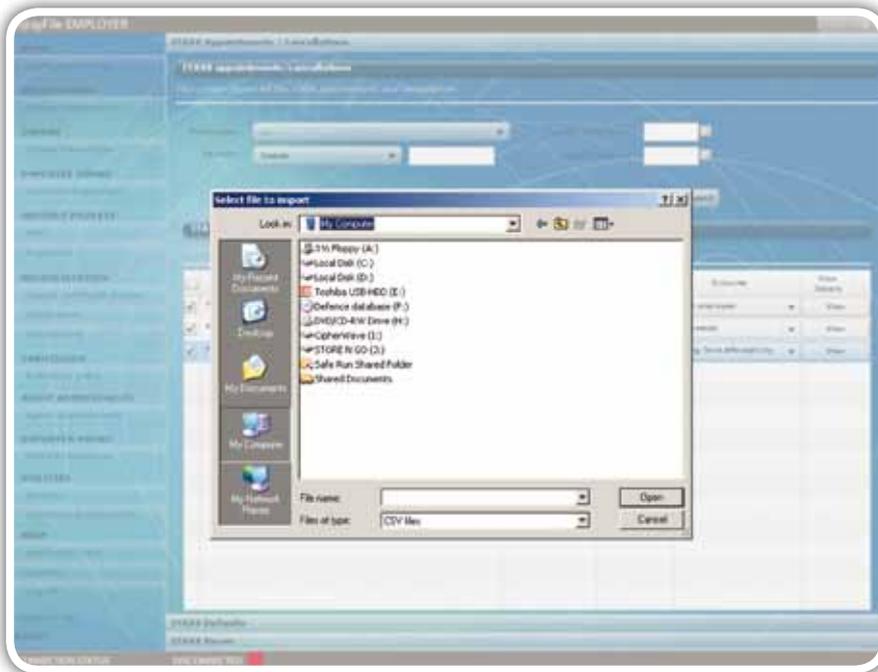


7. Import Status Update from Payroll Software

Once deductions are processed in your payroll system, you should be able to generate an export file in your payroll software to update the outcome status on e@syFile™ Employer.

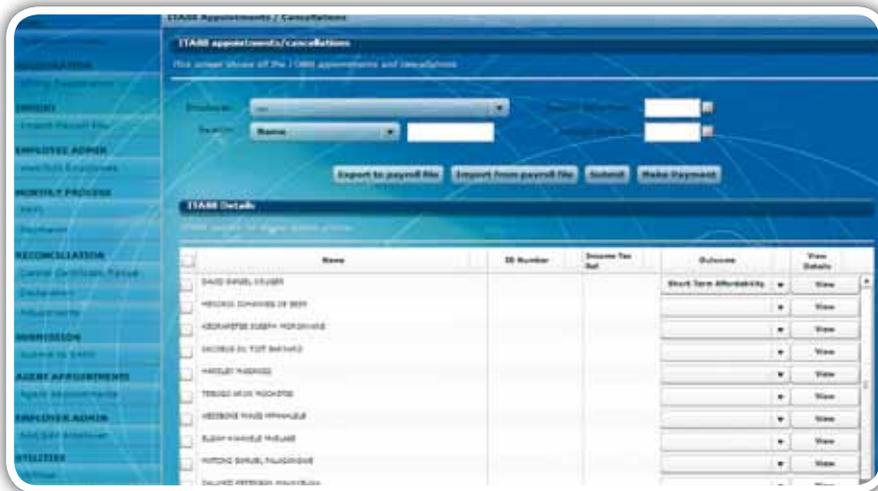
Step 1

Click on **Import** from Payroll File to start this process. Select the **relevant file**, and click on **open** to import.



Step 2

e@syFile™ will update the taxpayer's outcomes as affected by



8. Submit updated outcomes to SARS

Step 1

Select updated taxpayer records to submit to SARS by clicking on the **blocks** to the left of each listing, and then clicking on **Submit**. (These are the employees where you can't fulfill your obligation as an agent).

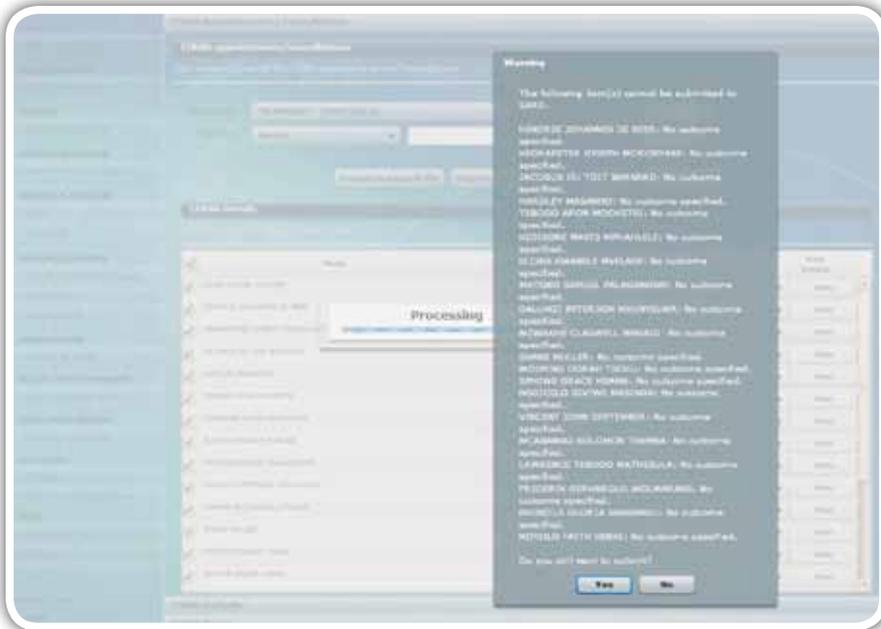


Step 2

A pop-up message will warn you that outcomes can not be reversed electronically once submitted to SARS. Click on **Yes** to proceed with the submission.

Step 3

As soon as SARS has successfully processed the request, SARS will respond to e@syFile™ Employer with an updated ITA88.



Step 4

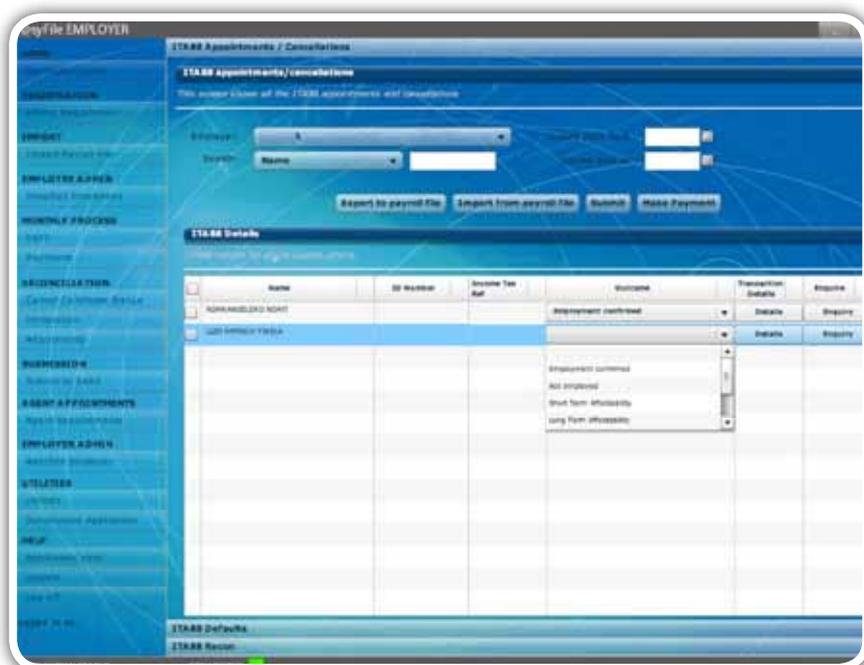
If you have selected yes, and you did not specify the outcome, you will receive a pop up confirming the employees where no outcomes were specified. Click on **No** and update **outcomes for these employees**.

9. Making Bulk Payments to SARS

e@syFile™ Employer will enable you to process bulk payments through the eFiling ad hoc payment option. This option allows an employer to make a single payment for the ITA88s while creating separate receipts for each employee. It also allows SARS to allocate the appropriate amount of single payments to each of the employee's Income Tax accounts.

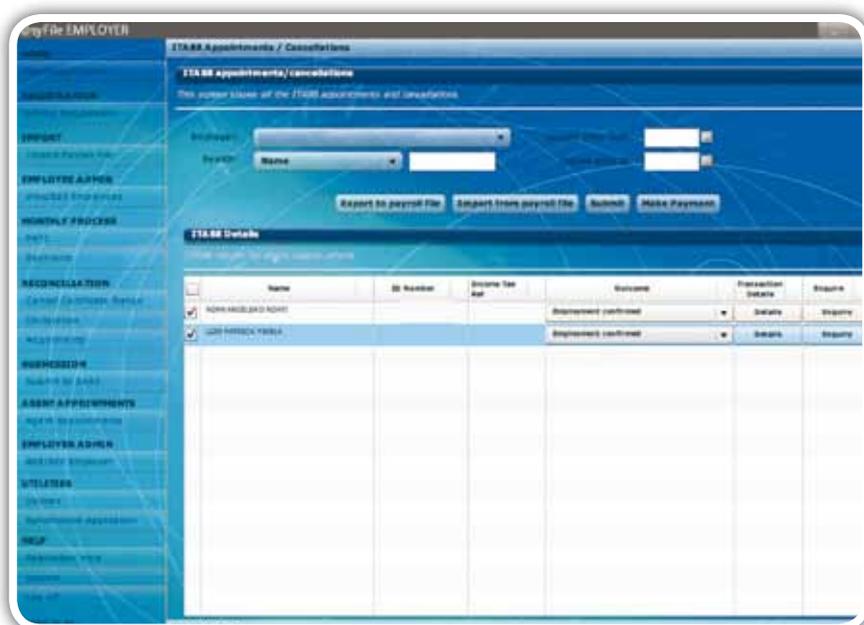
Step 1

Login to e@syFile™ Employer, select **Agent Appointments** and proceed to **ITA88 Appointments/Cancellations**.



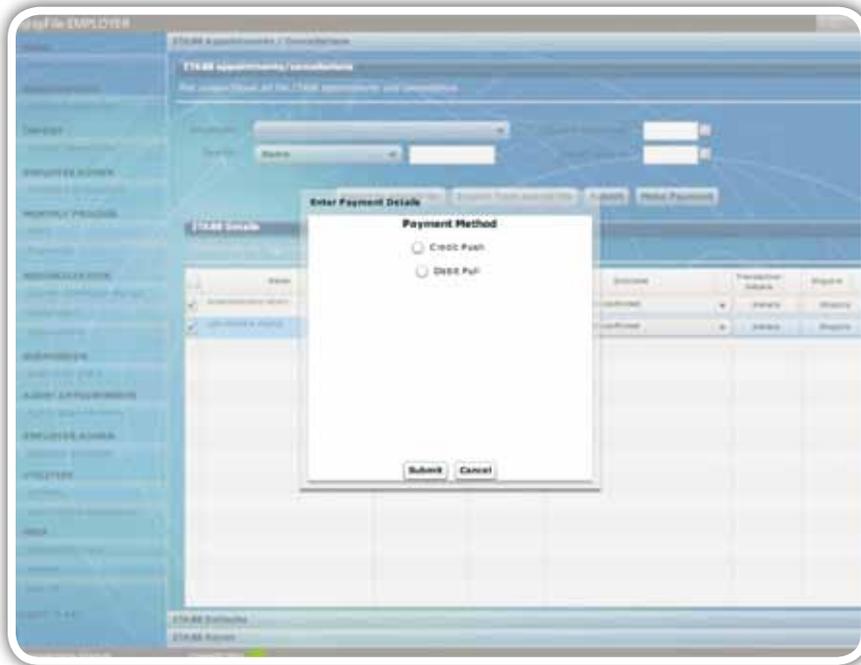
Step 2

In the Outcome section, set your **employees statuses** to **Employment Confirmed**, and click on the **Make Payment** button on the top right.



Step 3

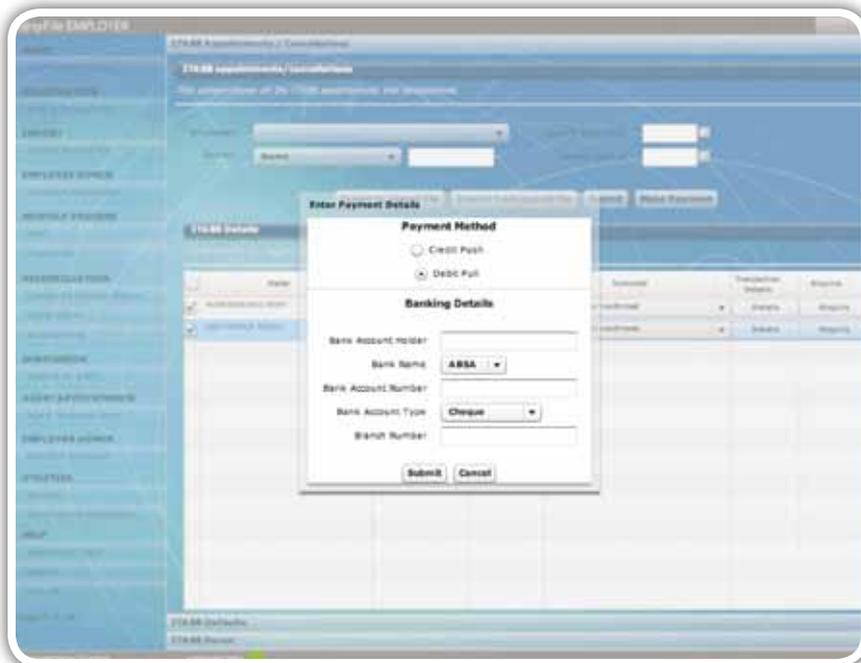
Once you have selected the **Make Payment** button, the system will prompt you to select your payment method as either **Credit Push** or **Debit Pull**.



Step 4

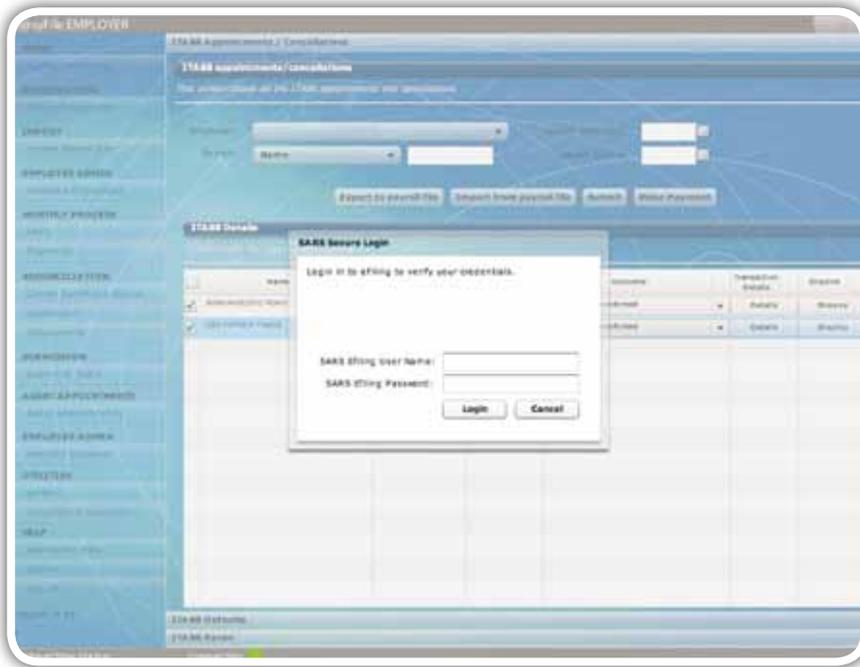
If you select **Credit Push** capture your bank user profile in the account number field and thereafter follow the normal SARS eFiling **Credit Push** payment screens as prompted.

If you have selected **Debit Pull**, enter the banking details from which you would like to pay, and click on the **Submit** button.



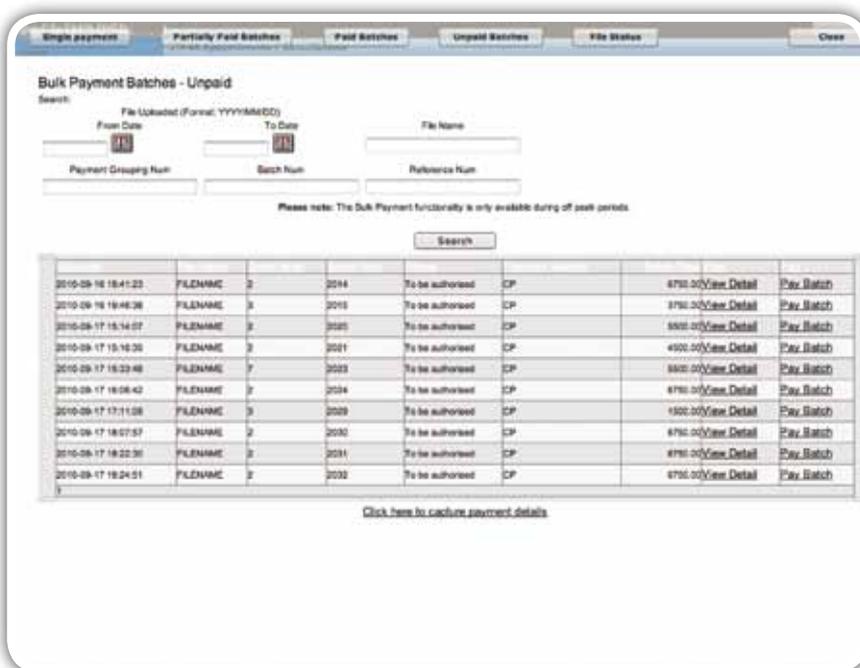
Step 5

Once you have clicked on the **Submit** button, enter your **SARS eFiling login credentials** and click on the **Login** button.



Step 6

Once your eFiling login credentials have been verified, the **Bulk Payment Batches** screen will appear with details of the payments to be authorized. At the bottom of the screen, click on the Link: **Click here to capture payment details**.



Step 7

The **Payment Batch Summary** will display the Total Payment required. Click on the **Confirm Payment** button to finalise the payment process.

The screenshot shows the 'Bulk Payment Batch Summary' window. At the top, there are tabs for 'Single payment', 'Partially Paid Batches', 'Paid Batches', 'Unpaid Batches', 'File Status', and 'Clear'. The main content area displays the following information:

Organisation Name	xxxx	File Name	FILENAME
Batch Number	2014	Grouping Number	2
Number Of Payments	1	Number Of Records	6
Total Batch Amount	R 6750.00	Payment Request Date	<input type="text"/>
		Format: yyyy/mm/dd	

Below the table, there is a red warning message: "No credit push banking details setup for this tax payer." followed by instructions to ensure one of the following banks is setup:

- FNB - CAMS, Online Banking, Internet Banking
- ABSA Direct - Internet Banking
- Standard Bank Business Online (CAMS)
- ABSA - Cash Focus
- Netbank Business (Netbank)
- ABSA Corporate Banking
- CiBank
- Investec Online Banking

At the bottom of the window, there are two buttons: 'Confirm Payment' and 'Cancel'.

Step 8

To view the status of your payments, go back to the ITA88 Appointments/Cancellations screen and view the outcome.

The screenshot shows the 'ITA88 Appointments/Cancellations' screen. The left sidebar contains a navigation menu with items like 'EMPLOYER', 'EMPLOYER ADMIN', 'MONTHLY PROCESS', 'RECONCILIATION', 'SUBMISSION', 'AGENT APPOINTMENTS', 'EMPLOYER ADMIN', 'UTILITIES', and 'HELP'. The main content area has a search bar with 'EMPLOYER' selected and a 'Name' dropdown. Below the search bar are buttons for 'Export to payroll file', 'Export from payroll file', 'Submit', and 'Make Payment'. The 'ITA88 Details' section contains a table with the following data:

Name	ID Number	Income Tax Ref	Outcome	Transaction Status	Enquire
XXXXXXXXXX XXXX			Payment successful	Success	Enquire
XXXXXXXXXX XXXX			Payment failed	Failure	Enquire

At the bottom of the screen, there are sections for 'ITA88 Defaults' and 'ITA88 Review'.

10. Monthly reconciliation process

At the beginning of each month SARS will issue an ITA88 Reconciliation Statement (ITA88R) to the employer (PAYE number) which details the Agent Appointment movements for the previous calendar month. The ITA88R will:

- Indicate the Opening and Closing Balances, reflecting all appointments, cancellations, and payments processed by SARS (movements) during the calendar month
- Be sent to e@syFile™ Employer via the Inbox under Utilities
- Be listed under the ITA88 Recon tab on the Agent Appointment menu once opened.

Name	ID Number	Income Tax Ref	Balance at Start	Appointment Made	Concrete Income Made	Settlements Received	Balance at End	Default Value
MORONG ZOKAY TSHU			0	0	0	0	0	4000
BRONKE BRACK KENYA			0	0	0	0	0	4000
MOSELE BRANE MATHISA			0	0	0	0	0	4750
PHIBENY ZEN-INDU WOLWIND			0	0	0	0	0	4000
VINCENT JOU BRITHERES			0	0	0	0	0	4750
INDABENI SIKHOLE THOMAS			0	0	0	0	0	4000
JAKHWEI THABO RUTHENJA			0	0	0	0	0	4000
INDOLE TONY KENIE			0	0	0	0	0	4000
PHOLELE SIBISI SHAMU			0	0	0	0	0	4750
DAVID ENOKH ELIASE			0	0	0	0	0	4000
PHOKO ZIPHONDI ZI BEN			0	0	0	0	0	4000
MOSELE BRANE MATHISA	3000000000	00000000	0	0	0	0	0	4000

Below is an example of your IT88 reconciliation. The document contains two pages. The first page is the letter:

SARS

INCOME TAX ITA88R
Agent Appointment Reconciliation

Enquiries should be addressed to SARS:

Contact Detail:

SARS
Alberton
1528

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

Details

Reference number: 700000000
Date: 20100726

Dear Sir/Madam,

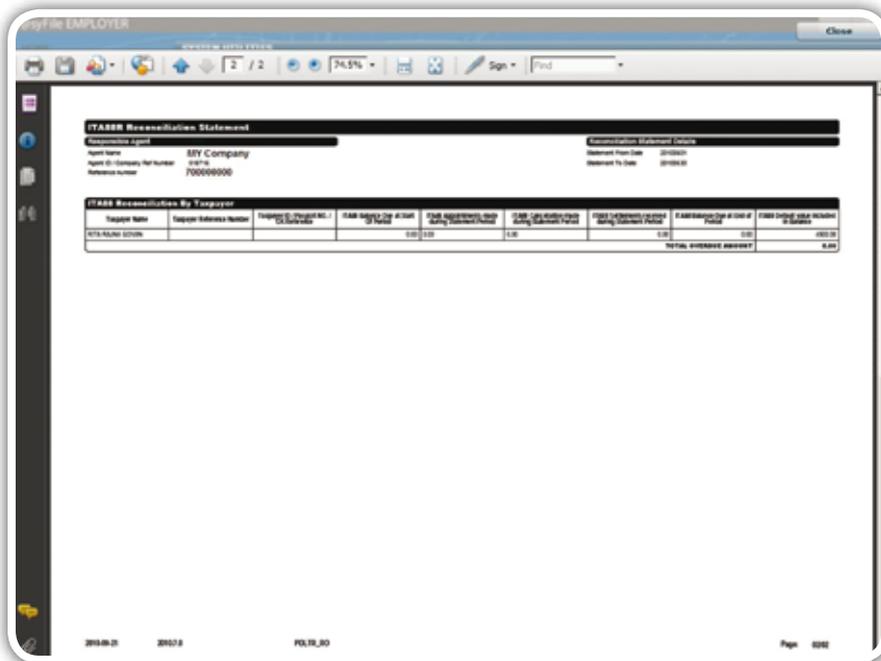
AGENT APPOINTMENT RECONCILIATION

The Commissioner of SARS is empowered in terms of Section 99 of the Income Tax Act 58 of 1962 to appoint any person as an agent to withhold and pay over to SARS any amounts due in respect of the Act. Such an agent may be an employer of the taxpayer or any other person who has the management, custody or control of any income, monies or property of the taxpayer.

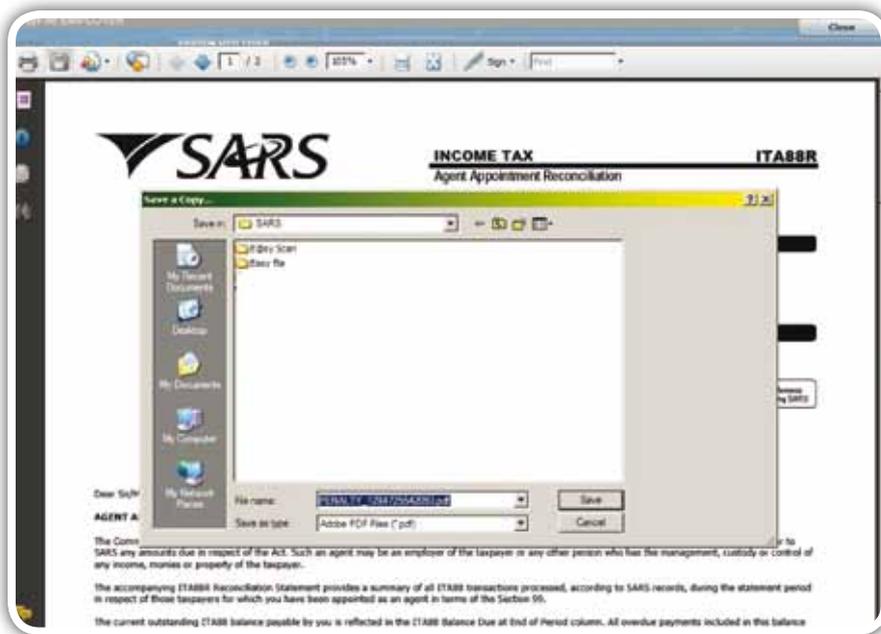
The accompanying ITA88R Reconciliation Statement provides a summary of all ITA88 transactions processed, according to SARS records, during the statement period in respect of those taxpayers for which you have been appointed as an agent in terms of the Section 99.

The current outstanding ITA88 balance payable by you is reflected in the ITA88 Balance Due at End of Period column. All overdue payments included in this balance are separately disclosed in the ITA88 Default value included in Balance column. You are required to remit all overdue amounts immediately to SARS.

The second page displays your reconciliation statement.



You are able to save a copy of the reconciliation to a location on your PC.



To revert to e@syFile™, click on the **close button** on the top right hand corner of the screen.

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www.sars.gov.za