A **STEP-BY-STEP** GUIDE TO THE
PAYE RECONCILIATION PROCESS

SARS

At Your Service

CONTENTS

1. OVERVIEW

Over the past three years, SARS has been modernising and simplifying tax processes in line with international best practice.

In terms of the Income Tax Act 58 of 1962, employers are required to:

- Deduct the correct amount of tax from employees
- Pay this amount to SARS on a monthly basis using the new Monthly Employer Declaration form (EMP201)
- Reconcile these deductions and payments annually during Employers Tax Season, and
- Issue tax certificates to employees [IRP5/IT3(a)s] for use during the Personal Income Tax (PIT) Filing Season.

Each year SARS works hard to improve service standards, incorporating the latest technology and developments in tax standards worldwide. Our aim is to provide a straightforward, user-friendly process and solution.

With this in mind, we've continued fine-tuning the PAYE process for the 2010 Employers Tax Season. We've introduced entirely new elements, including new fields. These changes are a vital part of SARS's long-term vision to have a more accurate reconciliation process, and have been accommodated for in e@syFile™ Employer.

More information means a less cumbersome process, as tax returns are increasingly pre-populated. It also means a more efficient tax service, with faster turnaround times.

In partnering with SARS to work towards our vision, the employer plays a critical role. This guide will help you to fulfil your tax responsibilities to ensure that you have a smooth Employers Tax Season.

For further information, please visit a SARS branch, call the SARS Contact Centre on 0800 00 SARS (7277) or visit www.sars.gov.za.

2. UNDERSTANDING THE NEW RECONCILIATION PROCESS

Employers are now required to submit interim (biannual) reconciliation declarations. The 2010 interim (biannual) September/ October submission is a reconciliation for the six month period from 1 March to 31 August 2010. This declaration must be submitted to SARS by the date the Commissioner for SARS, Oupa Magashula, prescribes by notice in the Government Gazette. The submission dates for the 2010 biannual reconciliation are 1 September 2010 to 29 October 2010.

In 2008, SARS introduced a new PAYE reconciliation process involving a simplified Employer Reconciliation Declaration (EMP501), a Tax Certificate Cancellation Declaration (EMP601) and free custom-built software (e@syFile™ Employer).

Last year the solution was enhanced to further simplify the process for the employer. One of these was the introduction of a new form, the Reconciliation Declaration Adjustment (EMP701), which allows employers to make adjustments to their PAYE declarations and payments in respect of prior years.

For the 2010 Employers Tax Season we reworked the EMP501 and the Employee Income Tax Certificate [IRP5/IT3(a)] to accommodate new fields. These fields relate to both employers' and employees' demographic information respectively. However, the basic reconciliation process remained the same, with the EMP501 allowing employers to calculate the difference, if any, between the total value of the tax certificates they issued, their total annual declared liability and their total payments to SARS. The Monthly Employer Declaration (EMP201) now also includes additonal fields for penalties and interests.

While SARS relaxed the requirement for employers to complete the new fields during the April/May 2010 PAYE reconciliation, employers were required to complete these additional mandatory fields from the September interim (biannual) reconciliation onwards and validate the data files submitted to SARS.

This information is critical in fulfilling SARS's long-term vision to have a more accurate reconciliation process. More information means a less cumbersome tax process, as tax returns are increasingly pre-populated. It will also allow set the foundation for increasingly efficient processing of PAYE submissions.

Making your submission:
The process for the interim biannual reconciliation is exactly the same as the annual reconciliation declaration except that the declaration and employee Income Tax certificates are in respect of six months only. The submission can be made either electronically or manually.

Electronic submissions:
- Download the latest version of e@syFile™ Employer software from www.sarsefiling.co.za
- Export the CSV tax certificate file from your payroll system
- Import this file into e@syFile™ Employer and capture the required information
- Complete the declaration documents, including the EMP501, for the six-month period
- Reconcile, matching all tax due (liabilities) with all tax paid and checking these against the total value of all tax certificates issued
- Submit the declaration electronically by uploading it via eFiling (registration required) or on a disk to a SARS branch, together with signed hard copies of the EMP501, and, if applicable, an EMP601 and EMP701.

Note: Employers must import CSV files into e@syFile™ Employer as SARS no longer accepts CSV files directly from payroll systems.

Manual submissions:
- Obtain the relevant forms from a SARS branch
- Complete the declaration documents, including the EMP501, EMP601 and EMP701 if applicable, and tax certificates, for the six-month period
- Reconcile, matching all tax due (liabilities) with all tax paid and checking these against the total value of all tax certificates issued
- Submit the declaration, including EMP601 and EMP701 if applicable, over the counter at a SARS branch or by post.

3. e@syFile™ EMPLOYER

A major development in the reconciliation process over the last two years was the introduction of a free software application (e@syFile™ Employer) to reduce turnaround times and errors, and ultimately provide a simpler, more convenient process for both employers and SARS.

e@syFile™ Employer automatically generates an Adobe PDF version of all Income Tax certificates. After the annual reconciliation for the full tax year, employers must issue the final Income Tax certificates to employees. When creating their submission, employers have the option of storing the PDF certificates created as part of their reconciliation.

Interim (biannual) tax certificates must not be issued to employees as they are for SARS's administrative purposes only. However, the relevant certificate must be provided to employees whose employment was terminated prior to the closing of the biannual period. This must be done within 14 days of such termination.

A further enhancement is that all communication SARS issues for the employer's attention on eFiling is now also issued through the e@syFile™ Employer channel. Employers can therefore keep abreast of any changes or matters of interest which affect them.

Employers are now also able to use e@syFile™ Employer to register new employees for Income Tax. The employer must specify the type of certificate as ITREG. All ITREG certificates must be issued separately from the normal tax certificates, and must comply with ITREG specifications. Please refer to the e@syFile™ Employer User Guide for more information on the ITREG specifications.

Once an employee's demographic information has been validated, and the employer has submitted the reconciliation, the employee will be registered for Income Tax. Both the employer and employee will be informed of the Income Tax number. Where the application is unsuccessful, the reason for failure of the registration will be communicated to the employer.

Using e@syFile™ Employer, employers can finalise and submit their reconciliation in four basic steps:

Step 1

The employer's current payroll system generates electronic tax certificates [IRP5/IT3(a)s] in a CSV file which is imported into e@syFile™ Employer.

Step 2

The employer uses e@syFile™ Employer to capture all manual certificates.

Step 3

e@syFile™ Employer uses the information from all the tax certificates to automatically populate the EMP501. The employer enters the monthly liabilities and payments and e@syFile™ Employer calculates the rest.

Step 4

The employer is ready to submit to SARS. Using e@syFile™ Employer they can:
- Submit their EMP501 and all accompanying tax certificates electronically via eFiling
- Generate a file containing their EMP501 and all certificates ready to be delivered to SARS. This file can be saved to CD, DVD

or memory stick for delivery to their nearest SARS branch with a printed signed copy of the EMP501 and, if required, an EMP601 or EMP701.

e@syFile™ Employer also automatically generates Adobe pdf versions of all tax certificates ready to be given to employees (either printed or electronic).

The employer can also submit his declaration documents manually to a branch where it will be captured and verified. Copies of the IRP5/IT3(a) certificates can then be given to employees.

4. THE EMPLOYER RECONCILIATION DECLARATION (EMP501)

Financial Particulars   PRDFY01

Transaction Year (CCYY) [ ][ ][ ][ ] Period of Reconciliation (CCYYMM) [ ][ ][ ][ ][ ][ ] PAYE Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] SDL Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] UIF Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

	PAYE Rands only, no cents	SDL Rands only, no cents	UIF Rands only, no cents	Total Monthly Liability Rands only, no cents	Total Payments Rands only, no cents
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
Annual Total					
Difference – Liability & Certificates Values					
Total Value of Tax Certificates					
Total Value of Electronic Tax Certificates					
Total Value of Manual Tax Certificates					

(excl. Additional Tax, Interest and Penalties)

Declared Liability Rands only, no cents

Due By / To You Rands only, no cents

PAYE REF NO.:   SDL REF NO.:   UIF REF NO.:

Period Of Reconciliation:
Trading or Other Name:
Transaction Year:
Time Stamp: 21159554   Form ID: EMP501

EMP501_RO   2010.5.0   English   2010   03/03

4 . 1

4.1 INTRODUCTION

Employers are now required to complete two reconciliation declarations per tax year. The new fields which SARS introduced during the 2010 Employers Tax Season are now mandatory.

4.2   COMPLETING THE EMP501

Note: The sections will either be optional, mandatory or not required, and must be completed according to the Nature of Person. Please note which alphabet has been used to denote the relevant Nature of Person field when completing your EMP501:

- A: Individual
- B: Partnership
- C: Company/CC/Shareblock
- D: Public/Local Authority
- E: Association not for Gain
- F: Estate/Liquidation/Trust
- G: Club; or
- H: Welfare organisation.

Step 1

Completing the header details:

SARS Transaction Year (CCYY) [ ][ ][ ][ ] Period of Reconciliation (CCYYMM) [ ][ ][ ][ ][ ][ ] **Employer Reconciliation** Declaration **EMP501**
PAYE Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] SDL Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ] UIF Ref No. [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

- **Transaction Year:** This is an internal term representing the year to which the EMP501 reconciliation refers.

- **Period of Reconciliation:** Fill in the submission period to which the declaration relates. This value is the transaction year followed by the concluding calendar year month of the reconciliation, i.e. if the reconciliation is for the period up to February 2010, use 201002.
- **PAYE Ref No:** Fill in the employer's PAYE reference number.
- **SDL Ref No:** Fill in the employer's SDL reference number.
- **UIF Ref No:** Fill in the employer's UIF number.

Step 2

Completing the Business Information:

- **Nature of Person: Please check the applicable box for the relevant business type.**
- **Trading or Other Name: Fill in the business trading or other name.**
- **Surname or registered name: For a natural person (A and where applicable F) fill in the surname and initials. For non-natural person (B, C, D, E, G, H and where applicable F) fill in the registered name.**
- **Initials: Fill in the initials (mandatory for A, optional for F).**

Note: For the Bus Tel No, Fax No and Cell No fields, please only use numerals without any spaces in between. If you are entering a landline number, ensure that the area code is completed. You must complete either the Bus Tel No or Cell No field.

- **Bus Tel No:** Fill in the business telephone number
- **Fax No:** Fill in the business fax number.
- **Cell No:** Fill in the cellular number.
- **Date of Birth:** Fill in the employer's date of birth if you are an Individual (A). For F this field is mandatory if the **Initials** field has been filled in.
- **ID No:** For an individual (A) either the ID number or passport number is mandatory. For F this field is mandatory if the **Initials** field has been filled in.
- **Passport No:** For an individual (A) either the ID number or passport number is mandatory. For F this field is mandatory if the **Initials** field has been filled in.
- **Country of Issue:** If you have filled in the Passport No. field, please select the country in which the passport was issued. Please see *section 8. Codes for the country that issued the passport.*
- **CK No:** Please use numerals (optional for C and F).
- **Business Income Tax Ref No:** Please use numerals (optional for A, C, E, F, G and H).
- **VAT Ref No:** Fill in the business VAT number using only numerals.
- **Activity within Major Division:** Fill in the relevant business activity code. Refer to **VAT 403 Trade Classification Guide**.
- **Contact Email:** Fill in the email contact details for the business, e.g.: business@email.co.za.

Step 3

Completing the Business Physical Address Details:

Business Physical Address Details	
Unit No.	Complex (if applicable)
Street No.	Street/Name of Farm
Suburb / District	
City / Town	Postal Code

- **Unit No:** Fill in the unit number if the business is not in a standalone building.
- **Complex:** Where applicable, fill in the name of the complex.
- **Street No:** Fill in the street number for the street in which the business is located.
- **Street/Name of Farm:** Fill in the name of the street or the farm in which the business is located.
- **Suburb/District:** Fill in the name of the suburb or district in which the business is located.
- **City/Town:** Fill in the name of the city or town in which the business is located.
- **Postal Code:** Fill in the postal code for the suburb in which the business is located.

Step 4

Completing the Business Postal Address Details:

Postal Address Details	
Mark here with an "X" if same as above or complete your Postal Address.	
	Postal Code

If the postal address details are the same as the residential details, please check the box next to **Mark here with an "X" if same as above or complete your Postal Address.** If not, fill in the employer's postal address and postal code.

Step 5

Complete the Employer Bank Account Details section:

Employer Bank Account Details				
Account No.	Branch No.	Account Holder Relationship:	In Name of Business	Third Party
Account Holder Name		Account Type:	Cheque	Savings / Transmission

- **Account No:** Fill in the business account number.
- **Branch No:** Fill in the six-digit branch code for the business's bank if not pre-populated.
- **Account Holder Name:** Fill in the account holder's name.
- **Account Holder Relationship:** Indicate whether the business's account is in the name of the business or a 3rd party.
- **Account Type:** Indicate whether the business account type is cheque or savings/transmission.

Step 6

Completing the Declaration section:

NOTE: Registered details will be updated with the supplied information

Declaration

I hereby declare that this reconciliation is true and correct and that all tax, levies and contributions required to be deducted has been declared and all payments declared have been made. I hereby accept liability for any differences due.

Signature:

Date (CCYYMMDD)

For enquiries go to www.sars.gov.za or call 0800 00 SARS (7277)

- Sign and date your Declaration.

Step 7

Business Information   PGINF01

Nature of Person: Individual □   Partnership □   Company / CC/ShareBlock □   Public / Local Authority □   Association not for Gain □   Estate / Liquidation / Trust □   Club □   Welfare Organisation □

Trading or Other Name

Surname or Registered Name

Initials   Bus Tel No.   Fax No.   Cell No.

Date of Birth (CCYYMMDD)   ID No.   Passport No.   Country of Issue (e.g. South Africa = ZAF)

Note: Optional for A and F, but mandatory for B, C, D, E, G and H.

- **Surname:** Fill in the representative's surname.
- **Initials:** Fill in the representative's initials.

Note: For the Bus Tel No, Fax No and Cell No fields, please only use numerals without any spaces in between. If you are entering a landline number, ensure that the area code is completed. You must complete either the Bus Tel No or Cell No field.

- **Bus Tel No:** Fill in the representative's business telephone number.
- **Fax No:** Fill in the representative's fax number.
- **Cell No:** Fill in the representative's cellular number.
- **ID No:** Either ID No. or Passport No. is mandatory.
- **Passport No:** Either ID No. or Passport No. is mandatory.
- **Country of Issue:** If you have filled in the Passport No. field, please select the country in which the passport was issued. Please see *section **8. Codes for the country that issued the passport***.
- **Capacity:** Select the relevant block for the capacity in which you are representing the business.
- **Contact Email:** Fill in the representative's email contact details, e.g.: business@email.co.za.

Step 8

Complete the Contact Person section:

Contact Person	
Surname	
Initials	Bus Tel No.	Fax No.	Cell No.
ID No.	Passport No.	Country of Issue (e.g. South Africa = ZAF)
Contact Email	

Please fill in the contact person section if you have not filled in the representative section.

- **Surname:** Fill in the contact person's surname.
- **Initials:** Fill in the contact person's initials.

Note: For the Bus Tel No, Fax No and Cell No fields, please only use numerals without any spaces in between. If you are entering a landline number, ensure that the area code is completed. You must complete either the Bus Tel No or Cell No field.

- **Bus Tel No:** Fill in the contact person's business telephone number.
- **Fax No:** Fill in the contact person's fax number.
- **Cell No:** Fill in the contact person's cellular number.
- **ID No:** Either ID No. or Passport No. is mandatory.
- **Passport No:** Either ID No. or Passport No. is mandatory.
- **Country of Issue:** If you have filled in the Passport No. field, please select the country in which the passport was issued. Please see *section 8. Codes for the country that issued the passport*.
- **Contact Email:** Fill in the contact person's email contact details, e.g.: business@email.co.za.

Step 9

Complete the Tax Practitioner section:

Tax Practitioner	
Surname	
Initials	Bus Tel No.	Fax No.	Cell No.	Reg No. PR -
Contact Email	

Note: This section is optional.

- **Surname:** Fill in the tax practitioner's surname.
- **Initials:** Fill in the tax practitioner's initials.

Note: For the Bus Tel No, Fax No and Cell No fields, please only use numerals without any spaces in between. If you are entering a landline number, ensure that the area code is completed. You must complete either the Bus Tel No or Cell No field.

- **Bus Tel No:** Fill in the tax practitioner's business telephone number.
- **Fax No:** Fill in the tax practitioner's fax number.
- **Cell No:** Fill in the tax practitioner's cellular number.
- **Reg No:** Fill in the tax practitioner's registration number.
- **Contact Email:** Fill in the tax practitioner's email contact details, e.g.: business@email.co.za.

Step 10

Completing the Reason for Over / Understatement of Declaration section:

Reason for Over / **Understatement** of Declaration
Reason

Where applicable, state the reason for the over/understatement of your declaration.

Step 11

Completing the PAYE, SDL & UIF sections:

	PAYE Rands only, no cents	SDL Rands only, no cents	UIF Rands only, no cents	Total Monthly Liability Rands only, no cents
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
January				
February				

- These fields are a summary of the monthly liabilities for PAYE, SDL and UIF as recalculated during the reconciliation process.
    - They are all numeric fields and cents must be omitted or rounded off to the nearest rand.
    - A zero liability should be indicated using "0".
    - The Total Monthly Liability is the sum of the PAYE, SDL and UIF liabilities for the relevant month.
    - The totals may be for a twelve-month or six-month period, for the annual or interim (biannual) reconciliation respectively.
- **PAYE:** Fill in the PAYE amounts for the business per month.
- **SDL:** Fill in the SDL amounts for the business per month.
- **UIF:** Fill in the UIF amounts for the business per month.
    - These fields are a summary of the monthly liabilities for PAYE, SDL and UIF as recalculated during the reconciliation process. The totals may be for a six month or 12 month period, in respect of biannual or annual reconciliations respectively.

Step 12

Completing the Total Payments section:

Total Payments
Rands only, no cents

- Fill in the total payments for the business per month.
- The monthly total of all actual payments made to SARS in respect of PAYE, SDL and UIF for the relevant month should be indicated. This must exclude any additional tax, interest and penalties paid.
- They are all numeric fields and cents must be omitted or rounded off to the nearest rand.

Step 13

Completing the Total section:

Annual Total

Difference – Liability & Certificates Values

- This is the sum of either the six (interim) or twelve-month (annual) period in respect of PAYE, SDL and UIF, giving a grand total of all the monthly liabilities for that period.
- This field is automatically calculated for electronic submissions.

Note: If the SDL and UIF contributions are not on the certificates this value must be calculated and the value must be completed.

Step 14

Completing the Total Value of Electronic Tax Certificates section:

Total Value of Tax Certificates

- This is the sum total of the tax value for all electronic tax certificates issued by the employer.

Step 15

Completing the Total Value of Manual Tax Certificates section:

Total Value of Manual Tax Certificates

- This is the sum total of the tax value for all manually completed tax certificates issued by the employer.

Step 16

Completing the Total Value of Tax Certificates section:

| Total Value of Tax Certificates | | | | | | | | | | |

- **Total Value of Tax Certificates (PAYE):** To calculate this value, add the **Total Value of Electronic Tax Certificates** and the **Total Value of Manual Tax Certificates.**
- **Total Value of Tax Certificates (SDL):** To calculate this value, add the total of the SDL contribution on each tax certificate (where applicable). Alternatively, calculate and capture this value manually.
- **Total Value of Tax Certificates (UIF):** To calculate this value, add the total of the UIF contribution on each tax certificate (where applicable). Alternatively, calculate and capture this value manually.

Step 17

Completing the Difference – Liability & Certificate Values section:

| Difference – Liability & Certificates Values | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Subtract the total annual liability from the total value of certificates in respect of PAYE, SDL and UIF to give a difference (if any).

- **Difference – Liability & Certificate Values (PAYE):** To calculate this value, subtract the Annual Total (PAYE column) from the Total Value of Tax Certificates (PAYE column).
- **Difference – Liability & Certificate Values (SDL):** To calculate this value, subtract the Annual Total (SDL column) from the Total Value of Tax Certificates (SDL column).
- **Difference – Liability & Certificate Values (UIF):** To calculate this value, subtract the Annual Total (UIF column) from the Total Value of Tax Certificates (UIF column).
- **Difference – Liability & Certificate Values (Total Monthly Liability):** To calculate this value, add the following: PAYE Difference + SDL Difference + UIF Difference.

Step 18

Completing the Declared Liability section:

| Declared Liability |
| Rands only, no cents |

- Add your total annual liability for PAYE, SDL & UIF plus the total difference (if any) to arrive at your final declared liability.

Step 19

Completing the Due By/To You section:

| Due By / To You |
| Rands only, no cents |

- Subtract your Total Payments from your Declared Liability for the year. Any positive amount is due by you and any negative amount is due to you.

4.3 RECONCILIATION

4.3.1 How to reconcile

Reconciliation involves matching all tax due (liabilities) with all tax paid and checking these against the total value of all tax certificates issued. These three amounts should all be equal. The reconciliation process only relates to tax paid and not additional tax, penalties or interest.

4.3.2 Reconciliation steps for employers:

Step 1

Before you complete your EMP501 (for the annual or interim (biannual) submission), determine the total income of each employee for that year and recalculate the tax based on that amount. Employee Income Tax Certificates [IRP5/IT3(a)s] should reflect the income, deductions and tax as calculated at this point.

Step 2

If the recalculated liability according to your tax certificates is different to what was previously declared in your monthly EMP201s, you need to determine in which month(s) these differences occurred.

Step 3

Capture all the relevant demographic information in the Business Information and Contact Details sections.

Step 4

Capture all your monthly liabilities for PAYE, SDL and UIF using these revised figures in the Financial Particulars section on the EMP501 (i.e. where different, the liabilities inserted on the EMP501 should be the final calculated liabilities rather than the liabilities declared on the EMP201).

Step 5

Capture your total monthly payments made in respect of PAYE, SDL and UIF but excluding payments made in respect of interest, penalties and additional tax. These are the actual payments you have made to SARS throughout the year – there are no recalculations needed.

Step 6

Calculate the totals and difference fields (If using e@syFile™ Employer simply click on the self-assess button in order to populate all the totals and difference fields for you).

Step 7

Employers must calculate the SDL and UIF totals and capture the values. If the SDL and UIF contributions are not on the certificates this value must be calculated and completed.

Step 8

When settling any shortfall reflected in the reconciliation, the payment must be allocated to the period(s) in which the shortfall occurred. If the relevant period cannot be determined, the payment should be allocated to the last active period within the transaction year, which is normally February.

4.4 ISSUES THAT MAY COME UP

4.4.1. If you finalised your reconciliation last year, and you had a credit due to you that you used in settling a liability this year, you should add it to the payment field for that particular month in finalising your reconciliation.

4.4.2. The following are the most common instances where the recalculated (actual) monthly liabilities could differ from the original declared liability amount on the EMP201s:

- A delay in implementing the correct tax tables. This may have resulted in an over/under-deduction of tax in the months prior to the tax tables being introduced. As long as the adjustments are made in the month following the tax tables being made available, the original EMP201 amounts need not be revised.

- When performing your final tax liability calculation for employees, differences could arise as a result of fluctuations in monthly remuneration. Where this has occurred the differences must be reflected in the relevant month (e.g. in the month that a person resigns or end of the tax year).

- When an employer spreads an employee's tax on their 13th cheque over a tax year and the employee resigns before the bonus is due, there might be an over/under-deduction.

- Any administrative timing difference in updating your payroll records (e.g. resignation or death of an employee) which is only updated after running the payroll, resulting in an over-payment to SARS).

4.4.3. If you change any data in respect of any reconciliation that has already been submitted to SARS, the certificate(s) can be amended and the EMP501 adjusted accordingly. The revised EMP501 or EMP701 (if changing a declaration for a previous year), and any revised certificates, must then be resubmitted to SARS.

5. EMPLOYEE INCOME TAX CERTIFICATE [IRP5/IT3(a)]

SARS — Employee Income Tax Certificate — IRP5/IT3(a)

Transaction Year (CCYY)

Year of Assessment (CCYY)

Period of Reconciliation (CCYYMM)

Certificate No.

Type of Certificate

Employee Information
IRPINF01

Surname / Trading Name

Home Tel No.

First Two Names

Bus Tel No.

Initials

Nature of Person

Date of Birth (CCYYMMDD)

ID No.

Fax No.

Passport No.

Passport Country of Issue (e.g. South Africa = ZAF)

Income Tax Ref No.

Cell No.

Contact Email

Employee Address Details - Residential

Unit No.

Complex (if applicable)

Street No.

Street / Name of Farm

Suburb / District

City / Town

Postal Code

Employer Reference Numbers

PAYE Ref No.

SDL Ref No.

UIF Ref No.

Employee Address Details - Postal

Mark here with an "X" if same as above or complete your Postal Address

Postal Code

Bank Account Type

Account Holder Relationship: Own | Joint | 3rd Party

Account Type: Cheque / Current Acc. | Bond Acc.

Savings Acc. | Credit Card Acc.

Transmission Acc. | Subscription Share Acc.

Employee Remuneration Bank Account Details

Mark here with an "X" if not paid electronically or if foreign bank account

Account No.

Branch No.

Bank Name

Branch Name

Account Holder Name

PAYE REF NO.:

SDL REF NO.:

UIF REF NO.:

Certificate No.:

Transaction Year:

Form ID: IRP5IT3a

Time Stamp: 21159945

IRP5IT3a_RO   2010.2.0   English   2010   01/02

Tax Certificate Information
TCINF01

Trading or Other Name

Employee Address Details - Business

Unit No.

Complex (if applicable)

Street No.

Street / Name of Farm

Suburb / District

City / Town

Postal Code

Tax Withheld

		Code
R	SITE	4101
R	PAYE	4102
R	PAYE on Lump Sum Benefit	4115
R	Employee and Employer UIF Contribution	4141
R	Employer SDL Contribution	4142
R	Total Tax, SDL and UIF	4149

OR

Reason for Non-Deduction of Employees' Tax 4150

Income Received

	Amount	Source Code
R		
R		
R		
R		
R		
R		
R		
R		
R		
R		
R		
R		
R		
R		

Income Received continued...

	Amount	Source Code
Non-Taxable Income		
R		3 6 9 6
Gross Retirement Funding Income		
R		3 6 9 7
Gross Non-Retirement Funding Income		
R		3 6 9 8

Deductions / Contributions

	Amount	Source Code
R		
R		
R		
R		
R		
R		
R		

Total Deductions / Contributions

| R | | 4 4 9 7 |

Pay Periods

Periods in Year of Assessment

No. of Periods Worked

Period Employed From (CCYYMMDD)

Period Employed To (CCYYMMDD)

Directive Numbers

Directive No.

Directive No.

Directive No.

PAYE REF NO.:

SDL REF NO.:

UIF REF NO.:

Certificate No.:

Transaction Year:

Form ID: IRP5IT3a

Time Stamp: 21159945

IRP5IT3a_RO   2010.2.0   English   2010   02/02

5.1 INTRODUCTION

SARS has made changes to the IRP5/IT3(a) form aimed at improving data quality for both the employer and SARS. Several new fields relating to employees' demographics have been added to the form.

Employers making use of manual certificates may only issue these to employees once SARS is satisfied that the reconciliation has been completed correctly. The manual certificates with the signed EMP501/EMP701, and where applicable the EMP601 must be submitted to SARS.

- Employers must allocate unique numbers for every certificate issued to employees
- A manual IRP5/IT3(a) will not be accepted by SARS if all the relevant mandatory fields are not completed
- All income and deductions reflected on an IRP5/IT3(a) must be classified according to the different codes allocated for income and deductions [Please see *9. List of Income and Deduction Codes for IRP5/IT3(a)*].
- All income and deductions codes used on an IRP5/IT3(a) must be completed on the IRP5/IT3(a) in numeric sequence.
- A separate IRP5/IT3(a) may not be issued to the employee in respect of the same remuneration, and no blank certificates may be issued
- Where the employee's remuneration consists of local and foreign remuneration, separate IRP5/IT3(a) certificates must be issued for each type of remuneration.

The new requirement for the submission of interim (biannual) employee Income Tax certificates is an administrative process, and is therefore not subject to the same requirements as those for the annual PAYE submission.

The month of reconciliation for the calendar year is indicated by a two-digit number. If the reconciliation is for the period up to February, the format is "02". If the period is up to August, the format is "08".

This means that the tax certificates submitted for the interim (biannual) reconciliation will differ from the certificates submitted annually in the following ways:
- Interim (biannual) tax certificates will only be issued to SARS and must not be issued to employees
- Interim (biannual) tax certificates will reflect information on income and deductions for a maximum period of six months.
- Employees' tax must be reflected against code 4102 (PAYE). The total amount must not be split into SITE(4101) and PAYE (4102)
- For employees whose employment was terminated prior to the closing of the interim (biannual) period, for instance due to resignation, death, immigration or where the employer ceased to be an employer:
  – The tax certificate must reflect financial information for the period actually employed
  – Where there were deductions in respect of employees' tax, it must be split and reflected against code 4102 (PAYE) and 4101(SITE)
  – The calendar month in the tax certificate number (code 3010) must be specified as "02" to indicate that this is a final tax certificate. The same certificate should be submitted to SARS at the end of the tax year as part of the final submission.

5.2 COMPLETING EMPLOYEE INCOME TAX CERTIFICATES [IRP5/IT3(a)]

Step 1

Completing the header details:

- **Transaction Year:** This is an internal term representing the year to which the EMP501 reconciliation refers.
- **Year of Assessment:** Fill in the year of assessment to which the income relates.
- **Period of Reconciliation:** Fill in the tax period to which the income relates.
- **Certificate No:** This unique thirty-digit number is allocated by the employer for each specific IRP5/IT3(a) certificate issued. The certificate number is comprised of:
  - The ten-digit employer PAYE reference number (or alternatively, the Income Tax number if this has been used)
  - The four-digit Transaction Year
  - The two-digit concluding calendar year month for the reconciliation, i.e. if the reconciliation is for the period up to February, the format will be 02, or if the period is up to August, the format will be 08.

Note: If a final employee Income Tax certificate is issued during the year, use 02.

  - A fourteen-digit combination of alpha and numeric characters formulated at the employer's discretion to complete the number.

- **Type of Certificate:** Specify whether the certificate is an IRP5 or an IT3(a).

Step 2

Completing the Employee Information:

- **Surname/Trading Name:** If the certificate is for an individual, complete the individual's surname. However, complete the trading name if the certificate is for a trust, company, partnership or corporation.
- **First two Names:** Fill in the employee's first and second names if the employee is an individual (either with or without an identity or passport number), a director of a private company/member of a close corporation, or a pensioner.
- **Initials:** Fill in the employee's initials if the employee is an individual (either with or without an identity or passport number), a director of a private company/member of a close corporation, or a pensioner.
- **Nature of Person:** Please enter one of the letters below for the applicable description:
  - A: Individual with an identity or passport number
  - B: Individual without an identity or passport number
  - C: Director of a private company / member of a close corporation
  - D: Trust
  - E: Company/CC
  - F: Partnership
  - G: Corporation
  - H: Employment company/personal service company or CC, or
  - N: Pensioner.

- **Date of Birth:** Fill in the employee's date of birth if the employee is an individual (either with or without an identity or passport number), a director of a private company/member of a close corporation or a pensioner.
- **ID No:** Fill in the employee's ID number. This is mandatory for an individual (with an identity or passport number) if the passport number has not been completed, and optional for a pensioner.
- **Passport No:** Fill in the employee's passport number. This is mandatory for an individual (with an identity or passport number) if the identity number has not been completed, and optional for a pensioner.
- **Passport Country of Issue:** This is an optional field for the country in which the passport was issued, e.g. South Africa will be ZAF. Please see *section **8. Codes for the country that issued the passport***.
- **Income Tax Ref No:** This is an optional field for the employee's Income Tax reference number, and must start with a 0, 1, 2, 3 or 9.
- **Home Tel No:** This is an optional field for the employee's home telephone number.
- **Bus Tel No:** This is an optional field for the employee's business telephone number.
- **Fax No:** This is an optional field for the employee's fax number.
- **Cell No:** This is an optional field for the employee's cellular telephone number.
- **Contact Email:** This is an optional field for the employee's email contact details.

Step 3

Completing the Employee Address Details – Residential section:

- **Unit No:** Fill in the unit number if the employee does not reside in a standalone house.
- **Complex:** Where applicable, fill in the name of the complex.
- **Street No:** Fill in the street number of the residence in which the employee resides.
- **Street/Name of Farm:** Fill in the name of the street or the farm where the employee resides.
- **Suburb/District:** Fill in the name of the suburb or district in which the employee resides.
- **City/Town:** Fill in the name of the city or town in which the employee resides.
- **Postal Code:** Fill in the postal code for the suburb in which the employee resides.

Step 4

Completing the Employer Reference Numbers section:

- **PAYE Ref No:** Fill in the employee's PAYE reference number. This number must begin with a 7 if the employer is registered for employees' tax purposes, and with a 0, 1, 2, 3 or 9 if the employer is not registered. Where the reference number begins with 0, 1, 2, 3 or 9, the tax value on the certificate cannot be completed but the reason for the non-deduction must be filled in.
- **SDL Ref No:** Fill in the employee's SDL reference number.
- **UIF Ref No:** Fill in the employee's UIF reference number.

Step 5

Completing the Employee Address Details – Postal section:

- If the postal address details are the same as the residential details, please check the box next to **Mark here with an "X" if same as above or complete your Postal Address.** If not, fill in the employee's postal address and postal code.

Step 6

Completing the Employee Remuneration Bank Account Details section:

- If the employee's payment is made into a foreign bank account, or if they are not paid electronically, please check **Mark box with an "X" if not paid electronically or for foreign bank account.** Further bank details are not required in this case.
- **Account No:** Fill in the employee's account number.
- **Branch No:** Fill in the six-digit branch code for the employee's bank if not pre-populated.
- **Bank Name:** Select the employee's bank from the pop-up that appears.
- **Branch Name:** Fill in the branch name for the employee's bank if not pre-populated.
- **Account Holder Name:** Fill in the name of the account holder.

Step 7

Completing the Bank Account Type section:

- **Account Holder Relationship:** Indicate whether the employee's account is Own, Joint or 3rd Party.
- **Account Type:** Indicate whether the employee has a Cheque/Current Acc, a Bond Acc, a Savings Acc, a Credit Card Acc, a Transmission Acc or Subscription Share Acc.

Step 8

Completing the Employee Address Details – Business section:

Note: Pensioners need not complete this section.

Employee Address Details - Business
Unit No.		Complex (if applicable)	
Street No.		Street / Name of Farm	
Suburb / District			
City / Town		Postal Code	

- **Unit No:** Fill in the unit number if the business address for the employee is not a standalone location.
- **Complex:** Where applicable, fill in the name of the complex in which the business is located.
- **Street No:** Fill in the street number for the business location.
- **Street/Name of Farm:** Fill in the street name or farm name where the business is located.
- **Suburb/District:** Fill in the name of the suburb or district in which the business is located.
- **City/Town:** Fill in the name of the city or town in which the business is located.
- **Postal Code:** Fill in the postal code for the suburb in which the business is located.

Step 9

Completing the Income Received section:

Note: Rand amounts should be entered from the right of the grid, and cents must be rounded off to the nearest rand as per the example below.

R (rand value of income):

Source code block:

Note: SARS has simplified the PAYE submission process by combining required source codes, and eliminating certain redundant codes. Please see *section **10. Rules for the Consolidation of Source Codes***.

- Fill in a valid income code. Please see *section **9. List of Income and Deduction Codes for IRP5/IT3(a)*** to obtain the code for the type of income that was received.

Non-Taxable Income: This is the sum total of all the income amounts which were completed as non-taxable (i.e. code 3696).

Note: The amount completed must be excluded from codes 3697 and 3698.

Gross Retirement Funding Income: This is the sum total of all retirement funding income amounts (i.e. code 3697).

Note: This field is mandatory if no value is completed for code 3696 or 3698.

Gross Non-Retirement Funding Income: This is the sum total of all non-retirement funding income amounts (i.e. code 3698).

Note: This field is mandatory if no value is completed for code 3696 or 3697.

Step 10

Completing the Deductions/Contributions section:

This section must be completed only if any relevant amount has been deducted from or contributed on behalf of the employee.

Note: Rand amounts should be entered from the right of the grid, and cents must be rounded off to the nearest rand.

- The rand value for the deductions/contributions must be completed from the right, and the code for the deduction/contribution must be entered under **Source Code** in the four blocks next to the rand amount.
- **Total Deductions/Contributions:** Fill in the sum total of all deductions/contributions.

Step 11

Completing the Tax Withheld section:

This section deals with the tax amounts which an employer deducts from the employee prior to paying these amounts to SARS.

Tax Withheld		
R	SITE	4101
R	PAYE	4102
R	PAYE on Lump Sum Benefit	4115
R	Employee and Employer UIF Contribution	4141
R	Employer SDL Contribution	4142
R	Total Tax, SDL and UIF	4149
	OR	
	Reason for Non-Deduction of Employees' Tax	4150

Note: Please use rands and cents in this section.

- **SITE (4101):** Fill in the SITE amount deducted. This field is mandatory if the values for codes **4102** and **4115,** and the **Reason for Non-Deduction of Employees' Tax** are not completed.

- **PAYE (4102):** Fill in the PAYE amount deducted. This field is mandatory if the values for codes **4101** and **4115,** and the **Reason for Non-Deduction of Employees' Tax** are not completed.

- **PAYE on Lump Sum Benefit (4115):** Fill in the PAYE amount deducted from the retirement lump sum benefit. This field may only be completed if code 3915 has been completed under **Income Received.**

- **Employee and Employer UIF Contribution (4141):** Fill in the sum total of both the employee's and employer UIF contributions.

- **Employer SDL Contribution (4142):** Fill in the sum total of the employer's SDL contributions.

- **Total Tax, SDL and UIF (4149):** Complete this by adding the following totals: **SITE** (4101) + **PAYE** (4102) + **PAYE on Lump Sum Benefit** (4115) + **Employee and Employer UIF Contribution** (4141) + **Employer SDL Contribution** (4142).

- **Reason for Non-Deduction of Employees' Tax (4150):** Fill in a valid reason code for why the employer has not deducted any employees' tax from the income. This field is mandatory if the values for codes **4101, 4102** and **4115** are not completed. Please see *section 9.8 Employees' Tax Deduction and Reason Codes*.

Step 12

Completing the Pay Periods section:

Pay Periods	
Periods in Year of Assessment	
No. of Periods Worked	
Period Employed From (CCYYMMDD)	
Period Employed To (CCYYMMDD)	

- **Periods In Year of Assessment:** The number of pay periods into which the employer divides the tax year. This is usually divided either into months or days, and can be any value between 1 and 380.

- **No. of Periods Worked:** The number of periods which the employee worked within the relevant tax year. This is usually divided either into months or days, and can be any value between 1 and 380.

- **Period Employed From:** Fill in the date as of when the employee's employment commenced.

- **Period Employed To:** Fill in the end date for which the employee's tax is being declared.

Step 13

Completing the Directive Numbers section:

- Complete this section as per the example above for the following source codes: 3608, 3614, 3664, 3707, 3757, 3718, 3768, 3901, 3902, 3903, 3904, 3905, 3909, 3915, 3920 or 3921.

Note: You may only provide copies of the final IRP5/IT3(a) certificate(s) for the period 02. Please also retain copies for your own records.

6. TAX CERTIFICATE CANCELLATION DECLARATION (EMP601)

This year SARS has made changes to the EMP601 form to accommodate for the increase in the length of the certificate number. The number of individual certificates that can be captured has been reduced to eight, and the range of certificates you can now capture has also been reduced to four.

The EMP601 must be completed if the employer needs to cancel any IRP5/IT3(a)s that have already been submitted to SARS. Manual EMP601s are available at SARS branches.

Step 1

Completing the header details:

- **Transaction Year:** Fill in the tax year during which the certificate is being cancelled.
- **PAYE Reference No:** Fill in the employer's PAYE reference number.
- **Trading or Other Name:** Fill in the trading or other name for the employer.

Step 2

Individual Certificates

Certificate No.

Certificate No.

Certificate No.

Certificate No.

Certificate No.

Certificate No.

Certificate No.

Certificate No.

Note: Specify all individual cancelled certificates in this section

- Complete this section if the certificates to be cancelled are random in number.

OR

Step 3

Completing the Certificate Ranges section:

Certificate Ranges

From Number

To Number

From Number

To Number

From Number

To Number

From Number

To Number

Note: Specify all cancelled certificate ranges in this section

- Complete this section if the certificates to be cancelled are consecutive in number.

Step 4

Completing the Declaration section:

Declaration I declare that the above certificates have been cancelled. All related transactions have been rectified.

Employer Signature

Date(CCYYMMDD)

PAYE REF NO.

Trading or Other Name:

Transaction Year:

Form ID: EMP601

- Sign and date the declaration.

7. THE RECONCILIATION DECLARATION ADJUSTMENT (EMP701)

Complete an EMP701 if you need to make adjustments to PAYE declarations and payments in respect of prior years.

Step 1

Completing the header details:

- **Transaction Year:** This is an internal term representing the year to which the EMP501 reconciliation refers.
- **Reference Nos:** The tax types (PAYE, SDL and/or UIF) for which you are or were registered for the relevant year must be completed.
- **Trading or Other Name:** Fill in the trading name for the employer.
- **Number of Years with Adjustments:** Fill in the number of previous years for which adjustments to declarations need to be made.

Note: The manual EMP701 form is available at all SARS branches, and contains a maximum of two Adjustment Declaration sections, allowing you to change two declarations. Please take additional forms if you need to change more declarations. Should you use e@syFile™ Employer to complete the form electronically, the Number of Years with Adjustments will dictate how many adjustment declaration containers are created.

Step 2

Completing the Adjustment Declaration section:

Adjustment Declaration					EMPADJ02
Transaction Year	**Liability**				**Payment**
	PAYE	SDL	UIF	Total	
Previous Declaration					
Difference					
Adjusted Declaration					

- **Transaction Year:** Fill in the tax year during which the declaration needs to be changed.

- **Previous Declaration:** Fill in the amounts that were declared for the relevant year you would like to change. This is the Total Value of Tax Certificates for PAYE, SDL and UIF. Use the most recent values if the values have been changed at any stage since the original declaration.

- **Difference:** This is the difference between the previous declaration and the new declaration, and is calculated by adding the PAYE, SDL and UIF Difference amounts.

- **Adjusted Declaration:** This is the sum of the Previous Declaration and the Difference for PAYE, SDL and UIF.

- **Payment:** The Previous Declaration payment is the amount that was already paid relating to the declared liability for that year. The difference payment is any other money that was subsequently paid relating either to the original liability or the new declared liability. The Adjusted Declaration payment is the sum of the Previous Declaration payment and the Difference payment.

- **Due By/To You:** Calculate any outstanding amounts Due By/To You by subtracting the adjusted declaration payments from your adjusted declaration liability total for the year. Any positive value is due by you and any negative value is due to you.

Step 3

Completing the Sum of Adjusted Declaration(s) section:

Sum of Adjusted Declaration(s)					EMPSUM01
PAYE	SDL	UIF	Total	Payment	
				Total Due By / To You	

- **PAYE:** Fill in the sum of the PAYE Adjusted Declarations for the specific years which you stipulated on this EMP701 for PAYE.

- **SDL:** Fill in the sum of the SDL Adjusted Declarations for the specific years which you stipulated on this EMP701 for SDL.

- **UIF:** Fill in the sum of the UIF Adjusted Declarations for the specific years which you stipulated on this EMP701 for UIF.

- **Total:** Fill in the sum of the Total Adjusted Declarations for the specific years which you stipulated on this EMP701 for Total.

- **Payment:** Fill in the sum of the Payment Adjusted Declarations for the specific years which you stipulated on this EMP701 for Payment.

- **Total Due By/To You:** Fill in the sum of the Due By/To You amounts specified for each year on this EMP701.

Step 4

Completing the Declaration section:

Declaration		
Date (CCYYMMDD)	Signature	I hereby declare that this reconciliation is true and correct and that all tax, levies and contributions required to be deducted has been declared and all payments declared have been made. I hereby accept liability for any difference due.
For enquiries go to www.sars.gov.za or call 0800 00 SARS (7277)		

- Sign and date the declaration.

8. CODES FOR THE COUNTRY THAT ISSUED THE PASSPORT

CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE
AFG	Afghanistan	GRC	Greece	PNG	Papua New Guinea
ALA	Åland Islands	GRL	Greenland	PRY	Paraguay
ALB	Albania	GRD	Grenada	PER	Peru
DZA	Algeria	GLP	Guadeloupe	PHL	Philippines
ASM	American Samoa	GUM	Guam	PCN	Pitcairn
AND	Andorra	GTM	Guatemala	POL	Poland
AGO	Angola	GGY	Guernsey	PRT	Portugal
AIA	Anguilla	GIN	Guinea	PRI	Puerto Rico
ATA	Antarctica	GNB	Guinea-Bissau	QAT	Qatar
ATG	Antigua and Barbuda	GUY	Guyana	KOR	Republic of Korea
ARG	Argentina	HTI	Haiti	REU	Réunion
ARM	Armenia	HMD	Heard and McDonald Islands	ROU	Romania
ABW	Aruba	VAT	Holy See (Vatican City State)	RUS	Russian Federation
AUS	Australia	HND	Honduras	RWA	Rwanda
AUT	Austria	HKG	Hong Kong Special Administrative Region of China	SHN	Saint Helena
AZE	Azerbaijan	HUN	Hungary	KNA	Saint Kitts and Nevis
BHS	Bahamas	ISL	Iceland	LCA	Saint Lucia
BHR	Bahrain	IND	India	SPM	Saint Pierre and Miquelon
BGD	Bangladesh	IDN	Indonesia	VCT	Saint Vincent and the Grenadines
BRB	Barbados	IRN	Iran, Islamic Republic of	WSM	Samoa
BLR	Belarus	IRQ	Iraq	SMR	San Marino
BEL	Belgium	IRL	Ireland	STP	Sao Tome and Principe
BLZ	Belize	IMN	Isle of Man	SAU	Saudi Arabia
BEN	Benin	ISR	Israel	SEN	Senegal
BMU	Bermuda	ITA	Italy	SRB	Serbia
BTN	Bhutan	JAM	Jamaica	SYC	Seychelles
BOL	Bolivia	JPN	Japan	SLE	Sierra Leone
BIH	Bosnia and Herzegovina	JEY	Jersey	SGP	Singapore
BWA	Botswana	JOR	Jordan	SVK	Slovakia
BVT	Bouvet Island	KAZ	Kazakhstan	SVN	Slovenia
BRA	Brazil	KEN	Kenya	SLB	Solomon Islands
IOT	British Indian Ocean Territory	KIR	Kiribati	SOM	Somalia
BRN	Brunei Darussalam	KWT	Kuwait	ZAF	South Africa
BGR	Bulgaria	KGZ	Kyrgyzstan	SGS	South Georgia and South Sandwich Is.
BFA	Burkina Faso	LAO	Lao People's Democratic Republic	ESP	Spain

CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE
BDI	Burundi	LVA	Latvia	LKA	Sri Lanka
KHM	Cambodia	LBN	Lebanon	SDN	Sudan
CMR	Cameroon	LSO	Lesotho	SUR	Suriname
CAN	Canada	LBR	Liberia	SJM	Svalbard and Jan Mayen Islands
CPV	Cape Verde	LBY	Libyan Arab Jamahiriya	SWZ	Swaziland
CYM	Cayman Islands	LIE	Liechtenstein	SWE	Sweden
CAF	Central African Republic	LTU	Lithuania	CHE	Switzerland
TCD	Chad	LUX	Luxembourg	SYR	Syrian Arab Republic
CHL	Chile	MAC	Macao Special Administrative Region of China	TWN	Taiwan, Province of China
CHN	China	MDG	Madagascar	TJK	Tajikistan
CXR	Christmas Island	MWI	Malawi	THA	Thailand
CCK	Cocos (Keeling) Island	MYS	Malaysia	MKD	The former Yugoslav Republic of Macedonia
COL	Colombia	MDV	Maldives	TLS	Timor-Leste
COM	Comoros	MLI	Mali	TGO	Togo
COG	Congo	MLT	Malta	TKL	Tokelau
COK	Cook Islands	MHL	Marshall Islands	TON	Tonga
CRI	Costa Rica	MTQ	Martinique	TTO	Trinidad and Tobago
CIV	Côte d'Ivoire	MRT	Mauritania	TUN	Tunisia
HRV	Croatia	MUS	Mauritius	TUR	Turkey
CUB	Cuba	MYT	Mayotte	TKM	Turkmenistan
CYP	Cyprus	MEX	Mexico	TCA	Turks and Caicos Islands
CZE	Czech Republic	FSM	Micronesia, Federated States of	TUV	Tuvalu
PRK	Democratic People's Republic of Korea	MDA	Moldova	UGA	Uganda
COD	Democratic Republic of the Congo	MCO	Monaco	UKR	Ukraine
DNK	Denmark	MNG	Mongolia	ARE	United Arab Emirates
DJI	Djibouti	MNE	Montenegro	GBR	United Kingdom of Great Britain (Citizen)
DMA	Dominica	MSR	Montserrat	GBD	United Kingdom of Great Britain (Dependent Territories Citizen)
DOM	Dominican Republic	MAR	Morocco	GBN	United Kingdom of Great Britain (National Overseas)
ECU	Ecuador	MOZ	Mozambique	GBO	United Kingdom of Great Britain (Overseas citizen)
EGY	Egypt	MMR	Myanmar	GBP	United Kingdom of Great Britain (Protected person)
SLV	El Salvador	NAM	Namibia	GBS	United Kingdom of Great Britain (Subject)
GNQ	Equatorial Guinea	NRU	Nauru	TZA	United Republic of Tanzania
ERI	Eritrea	NPL	Nepal	USA	United States of America

CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE	CODE	COUNTRY OF ISSUE
EST	Estonia	NLD	Netherlands	URY	Uruguay
ETH	Ethiopia	ANT	Netherlands Antilles	UMI	US Minor Outlying Islands
FLK	Falkland Islands (Malvinas)	NTZ	Neutral Zone	UZB	Uzbekistan
FRO	Faroe Islands	NCL	New Caledonia	VUT	Vanuatu
FJI	Fiji	NZL	New Zealand	VAT	Vatican City State (Holy See)
FIN	Finland	NIC	Nicaragua	VEN	Venezuela
FRA	France	NER	Niger	VNM	Viet Nam
FXX	France, Metropolitan	NGA	Nigeria	VGB	Virgin Islands (British)
GUF	French Guiana	NIU	Niue	VIR	Virgin Islands (United States)
PYF	French Polynesia	NFK	Norfolk Island	WLF	Wallis and Futuna Islands
ATF	French Southern Territories - TF	MNP	Northern Mariana Islands	ESH	Western Sahara
GAB	Gabon	NOR	Norway	YEM	Yemen
GMB	Gambia	PSE	Occupied Palestinian Territory	ZMB	Zambia
GEO	Georgia	OMN	Oman	ZWE	Zimbabwe
DEU	Germany	PAK	Pakistan	ZNC	Any country not on this list
GHA	Ghana	PLW	Palau		
GIB	Gibraltar	PAN	Panama		

9. EMPLOYER'S BUSINESS ACTIVITY CODES

EMPLOYMENT	GROSS INCOME
3501	Agriculture, forestry and fishing
3502	Mining and stone quarrying works
3503	Food, drink and tobacco
3504	Textile
3505	Clothing and footwear
3506	Leather, leather goods and fur (excluding footwear and clothing)
3507	Wood, wood products and furniture
3508	Paper, printing and publishing
3509	Chemicals and chemical, rubber and plastic products
3510	Coal and petroleum products
3511	Bricks, ceramics, glass, cement and similar products
3512	Metal
3513	Metal products (except machinery and equipment)
3514	Machinery and related items
3515	Vehicle, parts and accessories
3516	Transport equipment (except vehicle, parts and accessories)
3517	Scientific, optical and similar equipment
3518	Other manufacturing industries
3519	Electricity, gas and water
3520	Construction
3521	Wholesale trade
3522	Retail trade
3523	Catering and accommodation
3524	Transport, storage and communication
3525	Financing, insurance, real estate and business services
3526	Public administration
3527	Educational services
3528	Research and scientific institutes
3529	Medical, dental, other health and veterinary services
3530	Social and related community services
3531	Recreational and cultural services
3532	Personal and household services
3533	Specialised repair services
3534	Agencies and other services
3535	Members of CC/Director of a company

10. LIST OF INCOME AND DEDUCTION CODES FOR IRP5/IT3(A)

10.1 NORMAL INCOME CODES

CODE	DESCRIPTION	EXPLANATION
3601 (3651)	Income (PAYE)	An amount which is paid or payable to an employee for: • Services rendered • Overtime • Pension paid on a regular basis, and • A monthly annuity paid by a fund. Examples include: • Salary/wages • Backdated salary/wages/pension (accrued in the current year of assessment) • Remuneration paid to migrant/seasonal workers/full time scholars or students. **Note:** • Such income as paid to a director must be reflected under code 3615 • Code 3651 MUST only be used for foreign service income • With effect from 2010 year of assessment, amounts previously included under codes 3603/3653, 3607/3657 and 3610/3660 must be included in this code (3601/3651).
3602 (3652)	Income (Excl)	Any non-taxable income excluding non-taxable allowances and fringe benefits. For example, this code accommodates all payments of a capital nature. Examples include: • Non-taxable pension paid on a regular basis (e.g. war pension, etc.) • Non-taxable income of a capital nature. • Non-taxable arbitration award, i.e. a portion of a settlement agreement between an employer and an employee as ordered by Court or allocated via a settlement out of Court or in respect of Labour disputes; • Non-taxable portion (capital interest) received on an annuity purchased from a Fund. **Note:** • Code 3652 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3604/3654, 3609/3659 and 3612/3662 must be included in this code (3602/3652).
3605 (3655)	Annual payment (PAYE)	An amount which is defined as an annual payment. Examples include: • Annual bonus • Incentive bonus • Leave pay (on resignation/encashment) • Merit awards • Bonus/incentive amount paid to an employee to retain his / her service for a specific period. **Note:** Code 3655 MUST only be used for foreign service income.
3606 (3656)	Commission (PAYE)	An amount derived mainly in the form of commission based on sales or turnover attributable to the employee. **Note:** Code 3656 MUST only be used for foreign service income.
3607 (3657)	Overtime (PAYE) Not applicable from 2010	An amount paid as overtime for rendering services. The tax on such payments is calculated as on income taxable. **Note:** • Code 3657 MUST only be used for foreign service income • The value of this code must be included in the value of code 3601/3651 with effect from the 2010 year of assessment.

CODE	DESCRIPTION	EXPLANATION
3608 (3658)	Arbitration award (PAYE)	The taxable portion of a settlement agreement between an employer and an employee as ordered by court or allocated via a settlement out of Court or in respect of Labour disputes. **Note:** Code 3658 MUST only be used for foreign service income.
3613 (3663)	Restraint of trade (PAYE)	Restraint of trade income paid to an employee. **Note:** Code 3663 MUST only be used for foreign service income.
3614	Other retirement lump sums (PAYE)	A retirement lump sum payment paid by a fund according to Section 1(eA) of the Act.
3615 (3665)	Director's remuneration (PAYE)	Such income as would normally be reported under code 3601 as paid to a director of a private company/ member of a close corporation. **Note:** Code 3665 MUST only be used for foreign service income.
3616 (3666)	Independent contractors (PAYE)	Remuneration paid to an independent contractor. **Note:** MUST only be used for foreign service income.
3617	Labour Brokers (PAYE/IT)	Remuneration paid to a labour broker - irrespective if the labour broker is in possession of an exemption certificate (IRP 30) or not.

10.2 NORMAL INCOME CODES

CODE	DESCRIPTION	EXPLANATION
3701 (3751)	Travel allowance (PAYE)	An allowance or advance paid to an employee in respect of travelling expenses for business purposes – includes fixed travel allowances, petrol, garage and maintenance cards. **Note:** Code 3751 MUST only be used for foreign service income.
3702 (3752)	Reimbursive travel allowance (IT)	A reimbursement for business kilometres exceeding 8 000 kilometres per tax year or at a rate exceeding the prescribed rate per kilometre or the employee receives any other form of compensation for travel. **Note:** Code 3752 MUST only be used for foreign service income.
3703 (3753)	Reimbursive travel allowance (excl)	A reimbursement for business kilometres not exceeding 8 000 kilometres per tax year and at a rate which does not exceed the prescribed rate per kilometre. Should only be used if the employee does not receive any other form of compensation for travel. **Note:** Code 3753 MUST only be used for foreign service income.
3704 (3754)	Subsistence allowance – local travel (IT)	An allowance paid for expenses in respect of meals and/or incidental costs for local travel, which exceeds the deemed amounts. **Note:** Code 3754 MUST only be used for foreign service income.
3707 (3757)	Share options exercised (PAYE)	Any amount in terms of a qualifying equity share disposed or gain made under a share scheme operated for the benefit of employees. **Note:** Code 3757 MUST only be used for foreign service income.

CODE	DESCRIPTION	EXPLANATION
3708 (3758)	Public office allowance (PAYE)	An allowance granted to a holder of a public office to enable him/her to defray expenditure incurred in connection with such office. **Note:** Code 3758 MUST only be used for foreign service income.
3713 (3763)	Other allowances (PAYE)	All other allowances, which do not comply with any of the descriptions listed under allowances, must be added together and reflected under this code on the certificate. Examples include: • Entertainment allowance • Tool allowance • Computer allowance • Telephone allowance • Cell phone allowance. **Note:** • Code 3763 MUST only be used for foreign service income • With effect from 2010 year of assessment, amounts previously included under codes 3706/3756, 3710/3760, 3711/3761 and 3712/3762 must be included in this code (3713/3763).
3714 (3764)	Other allowances (Excl)	All other non-taxable allowances, which do not comply with any of the descriptions listed under allowances, must be added together and reflected under this code on the certificate. Examples include: • Non-taxable Relocation allowance • Non-taxable Subsistence allowance for local and foreign travel not exceeding the daily limits • Non-taxable Uniform allowance. **Note:** • Code 3764 MUST only be used for foreign service income • With effect from 2010 year of assessment, amounts previously included under codes 3705/3755, 3709/3759 and 3716/3766 must be included in this code (3714/3764)..
3715 (3765)	Subsistence allowance – foreign travel (IT)	An allowance paid for expenses in respect of meals and/or incidental costs for foreign travel, which exceeds the deemed amounts. **Note:** Code 3765 MUST only be used for foreign service income.
3717 (3767)	Broad-based employee share plan (PAYE)	An amount received/accrued from the disposal of any qualifying equity share or any right of interest in a qualifying equity share in terms of certain conditions. **Note:** Code 3767 MUST only be used for foreign service income.
3718 (3768)	Vesting of equity instruments (PAYE)	Any gain in respect of the vesting of any equity instrument. **Note:** Code 3768 MUST only be used for foreign service income.

10.3 FRINGE BENEFIT CODES

CODE	DESCRIPTION	EXPLANATION
3801 (3851)	General fringe benefits (PAYE)	All fringe benefits, which do not comply with any of the descriptions listed under fringe benefits, must be added together and reflected under this code on the certificate. Examples include: • Acquisition of an asset at less than the actual value and/or insurance policies ceded; • Right of use of an asset (other than a motor vehicle) • Meals, refreshments and meal and refreshment vouchers • Free or cheap accommodation or holiday accommodation • Free or cheap services • Low interest or interest free loans and subsidies • Payment of an employee's debt or release of an employee from an obligation to pay a debt • Bursaries and scholarships. **Note:** • Code 3851 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3803/3853, 3804/3854, 3805/3855, 3806/3856, 3807/3857, 3808/3858 and 3809/3859 must be included in this code (3801/3851).
3802 (3852)	Use of motor vehicle (PAYE)	Right of use of a motor vehicle. **Note:** Code 3852 MUST only be used for foreign service income.
3810 (3860)	Medical aid contributions (PAYE)	Medical aid contributions paid on behalf of an employee. **Note:** Code 3860 MUST only be used for foreign service income.
3813 (3863)	Medical services costs (PAYE)	Medical costs incurred on behalf of an employee in respect of medical, dental and similar services, hospital and/or nursing services or medicine. **Note:** Code 3863 MUST only be used for foreign service income.

10.4 LUMP SUM CODES

CODE	DESCRIPTION	EXPLANATION
3906 (3956)	Special Remuneration (PAYE)	Special remuneration paid to proto-team members. **Note:** Code 3956 MUST only be used for foreign service income.
3907 (3957)	Other lump sums (PAYE)	Other lump sum payments. Examples include: • Backdated salary/wage/pension extending over previous year of assessments • Lump sum payments paid by an unapproved fund • Gratuity paid to an employee due to normal termination of service (e.g. resignation). **Note:** Code 3957 MUST only be used for foreign service income.
3908	Surplus apportionments (Excl)	Surplus apportionments on or after 1 January 2006 and paid in terms of section 15B of the Pension Funds Act of 1956.

CODE	DESCRIPTION	EXPLANATION
3909	Unclaimed benefits (PAYE)	Unclaimed benefits prior to 1 March 2009 and paid by a fund in terms of the provisions of General Note 35.
3915	Retirement lump sum benefits (PAYE)	Lump sum payments accruing after 1 October 2007 from a fund (pension/pension preservation/retirement annuity/provident/provident preservation fund) in respect of retirement or death. **Note:** With effect from 2009 year of assessment, amounts previously included under codes 3903/3953 and 3905/3955 must be included in this code (3915).
3920	Lump sum withdrawal benefits (PAYE)	Lump sum payments accruing after 28 February 2009 from a Pension/Pension preservation/Retirement annuity/Provident/provident preservation fund in respect of withdrawal (e.g. resignation, transfer, divorce, maintenance, housing loan payments). **Note:** With effect from 2010 year of assessment, amounts previously included under codes 3902/3952 and 3904/3954 (where applicable) must be included in this code (3920).
3921	Living annuity and section 15C surplus apportionments (PAYE)	Lump sum payments accruing after 28 February 2009 from a Pension/ Pension preservation/Retirement annuity/Provident/provident preservation fund in respect of withdrawal due to: • Surplus apportionments paid in terms of section 15C of the Pension Funds Act of 1956 • Withdrawal after retirement from a living annuity in terms of paragraph (c) of the definition of living annuity, where the value of the assets become less than the amount prescribed by the Minister in the Gazette. **Note:** With effect from 2010 year of assessment, amounts previously included under codes 3902/3952 and 3904/3954 (where applicable) must be included in this code (3920).

10.5 GROSS REMUNERATION CODES

CODE	DESCRIPTION
3696	Gross non-taxable income (amounts under codes 3602/3652, 3703/3753, 3714/3764, 3908).
3697	Gross retirement funding employment income.
3698	Gross non-retirement funding employment income.

10.6 DEDUCTION CODES

CODE	DESCRIPTION
4001	Current pension fund contributions.
4002	Arrear pension fund contributions.
4003	Current and arrear provident fund contributions.
4004 Not applicable from 2010	Employee's arrear provident fund contributions Note: Value of this code must be included in the value of code 4003 with effect from the 2010 year of assessment.
4005	Medical aid contributions.
4006	Current retirement annuity fund contributions.
4007	Arrear (re-instated) retirement annuity fund contributions.
4018	Premiums paid for loss of income policies.
4024	Medical services costs deemed to be paid by the employee in respect of himself / herself, spouse or child.

CODE	DESCRIPTION
4025 Not applicable from 2010	Medical contribution paid by employee allowed as a deduction for employees' tax purposes Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4026	Arrear pension fund contributions – Non-statutory forces (NSF).
4030	Donations deducted from the employee's remuneration and paid by the employer to the Organisation.
4472 Not applicable from 2010	Employer's pension fund contributions **Note:** This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4473 Not applicable from 2010	Employer's provident fund contributions **Note:** This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4474	Employer's medical aid contributions in respect of employees. **Note:** This code was never implemented. **Note:** This code was never implemented.
4485 Not applicable from 2010	Medical services costs deemed to be paid by the employee in respect of other relatives **Note:** This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4486 Not applicable from 2010	Capped amount determined by the employer in terms of Section 18(2)(c)(i) **Note:** This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4487 Not applicable from 2010	No value benefits in respect of medical services provided or incurred by the employer **Note:** This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4493	Employer's medical aid contributions in respect of pensioners or their dependants to whom the "no value" provisions apply.
4497	Total Deductions / Contributions

10.7 EMPLOYEES' TAX DEDUCTION AND REASON CODES

CODE	DESCRIPTION
4101	SITE (Standard Income Tax on Employees)
4102	PAYE (Pay-As-You-Earn)
4115	Tax on retirement lump sum benefits (tax on code 3915, 3920 and 3921)
4141	UIF contribution (employer and employee contributions)
4142	SDL contribution
4149	Total Tax, SDL and UIF
4150	01 or 1 = Invalid from 1 March 2002 02 or 2 = Earn less than the tax threshold 03 or 3 = Independent contractor 04 or 4 = Non taxable earnings (including nil directives) 05 or 5 = Exempt foreign employment income 06 or 6 = Directors remuneration – income quantified in the following year of assessment (only valid from 1 March 2002) 07 or 7 = Labour Broker with valid IRP 30 (only valid from 1 March 2004)

11. RULES FOR THE CONSOLIDATION OF SOURCE CODES FROM 2010 YEAR OF ASSESSMENT

SARS has undertaken an initiative to simplify the PAYE data submission process through the combination of required source codes and elimination of redundant codes. The source codes to be used for income and deduction declarations for current submissions or for initial (first) submissions for prior tax years are contained in the table below.

The codes reflected under the 'Main Code' heading are now the only valid codes that may be used. The codes reflected under the 'Sub-Code Rationalisation' heading are the codes that may not longer be used. This table reflects how these codes are absorbed in to the remaining codes.

TYPE OF INCOME	MAIN CODE	SUB-CODE RATIONALISATION
Income	3601/3651	Codes 3607/3657, and 3603/3653 and 3610/3660 must be incorporated into 3601/3651.
	3602/3652	Codes 3604/3654, 3609/3659 and 3612/3662 must be incorporated into 3602/3652
	3605/3655	
	3606/3656	
	3608/3658	
	3611/3661	
	3613/3663	
	3614	
	3615/3665	
	3616/3666	
	3617/3667	
Allowances	3701/3751	
	3702/3752	
	3703/3753	
	3704/3754	
	3707/3757	
	3708/3758	
	3713/3763	Codes 3706/3756, 3710/3760, 3711/3761 and 3712/3762 must be incorporated into 3713/3763.
	3714/3764	Codes 3705/3755 and 3709/3759 and 3716/3766 must be incorporated into 3714/3764.
	3715/3765	
	3717/3767	
	3718/3768	
Fringe Benefit	3801/3851	Codes 3803/3853, 3804/3854, 3805/3855, 3806/3856, 3807/3857, 3808/3858 and 3809/3859 must be incorporated into 3801/3851.
	3802/3852	
	3810/3860	
	3813/3863	
Lump sum	3901/3951	
	3906/3956	
	3907/3957	
	3908	
	3909	
	3915	
	3920	
	3921	

TYPE OF INCOME	MAIN CODE	SUB-CODE RATIONALISATION
Gross Remuneration Codes	3696	
	3697	
	3698	
Deductions	4001	
	4002	
	4003	Code 4004 must be incorporated into 4003.
	4005	
	4006	
	4007	
	4018	
	4024	
	4026	Applicable to non-statutory forces (government).
	4030	
	4474	
	4493	
	4497	
Employees' Tax Deduction and Reason Codes	4101	
	4102	
	4115	
	4141	
	4142	
	4149	