



# Employer Annual Reconciliation

## Dear Employer

From 1 April to 30 May 2014 it is time to submit your Employer Annual Reconciliation for the period 1 March 2013 to 28 February 2014.

We would like to tell you about changes you may expect this year:

- **Updated version of e@syFile™ Employer available**

Always backup your current information on your computer prior to installing a new version of e@syFile™ Employer.

- **Employment Tax Incentive (ETI) included**

The ETI which encourages private employers to employ young workers by providing a tax incentive came into effect on 1 January 2014. Qualifying employers may claim the ETI and reduce the amount of Pay-As-You-Earn (PAYE) payable to SARS. To see if you are a qualifying employer or employed qualifying employees visit [www.sars.gov.za](http://www.sars.gov.za) > Tax Types > PAYE > Employment Tax Incentive. Any amounts claimed for ETI on your Monthly Employer Declaration (EMP201) must be included in the spaces provided when completing your annual reconciliation submission.

- **Completing the Employer Reconciliation Declaration (EMP501)**

Make sure you enter the correct amounts for each month.

- The Gross PAYE **before** the ETI deduction must be completed.
- The Total actual payments **after** the ETI deduction must be completed.
- The ETI details section is mandatory, if you are claiming the incentive.

- **The ETI supporting data must only be submitted when requested by SARS**

The ETI supporting data *should not* be included in the IRP5/IT3(a) file created by payrolls. The requirements have been listed in Appendix C of the Business Requirement Specification: PAYE Employer Reconciliation (including the Employment Tax Incentive requirements).

- **New source codes [IRP5/IT3(a)]**

ETI (4118) – The sum of the ETI amounts calculated (theoretical amounts) for the employee during the year of assessment. The value of this code cannot be a negative.

- **Updated source codes [IRP5/IT3(a)]**

- Code **3703** may not be reflected on an IRP5/IT3(a) together with code 3701 and/or 3702. The value of code 3703 must be included in the value of code 3702 under these circumstances.
- Code **3802** – Use of motor vehicle acquired by employer **NOT** via Operating Lease (PAYE). Code **3852** MUST only be used for Foreign Service income.
- **The postal address information for employees has been updated to align to the new SARS structure [IRP5/IT3(a)]**

These fields must be updated before you submit your reconciliation. The requirements are listed in Appendix D of the Business Requirement Specification: PAYE Employer Reconciliation (including the Employment Tax Incentive requirements).

- **The Standard Industrial Classification (SIC7) code has been included**

The list of the codes is available in Appendix E of the Business Requirement Specification: PAYE Employer Reconciliation (including the Employment Tax Incentive requirements).

Retirement Funds/Fund Administrators are required to submit the SIC7 codes. Code **64300** must be entered, which is the “trust, funds and similar financials entities” code. This information will be excluded for the 2015 Employer Interim Reconciliation submission.

For more information visit the SARS website on [www.sars.gov.za](http://www.sars.gov.za), call the SARS Contact Centre on 0800 00 SARS (7277), or visit your nearest SARS branch.

Sincerely

**SOUTH AFRICAN REVENUE SERVICE**

**Disclaimer:**

This document is not meant to delve into the precise technical and legal detail that is often associated with taxation. It should, therefore, not be used as a legal reference. Should you require additional information regarding any taxes administered by SARS: Visit a SARS branch or call the SARS Contact Centre on 0800 00 SARS (7277) ; visit SARS online at [www.sars.gov.za](http://www.sars.gov.za) and/or contact your own advisors