



*South African Revenue Service*

Dear stakeholder

## **EMPLOYER INTERIM DECLARATIONS (EMP501): 15 SEPTEMBER TO 31 OCTOBER 2023**

The South African Revenue Service's (SARS) higher purpose is to enable the government to build a capable state to serve the wellbeing of all South African citizens. Thus, we remain committed to improving our service offering to provide clarity and certainty to make it easier for you to meet your tax obligations.

Tax compliance by all businesses, and employers - whether small, medium, or large makes a major contribution to economic growth and development of our country. For this reason, we urge all employers to prepare for the Employer Interim Reconciliation period.

### **Employer's Interim Reconciliation is part of the Filing Season**

This year, the Employer Interim Reconciliation for Employers filing season starts **on 15 September 2023 - 31 October 2023**. During this period, all employers in both private and public enterprises must **reconcile** their Monthly Employer Declarations (EMP201). These reconciliations are based on the Monthly Employer Declarations (EMP201) submitted with the tax values of the interim IRP5/IT3(a)s certificates generated, accurate payroll information and employees' tax (PAYE) payments made during the period 1 March 2023 - 31 August 2023. Thereafter, employers can **submit an Employer's Reconciliation Declaration (EMP501)** to SARS.

### **Obligatory Tax Compliance**

To ensure that your Tax Compliance Status (TCS) is up to date, employers who have outstanding payments, monthly declarations from prior years (EMP201) and annual reconciliations (EMP501) must submit and make all payments due. Failing which, your TCS will reflect as non-compliant.

### **Completing your reconciliation is now easier.**

Please note the important information below to help you complete your EMP501:

- Employers, tax practitioners and payroll administrators need to download the latest e@syFile™ Employer version. This can be done via SARS eFiling at [www.sarsefiling.co.za](http://www.sarsefiling.co.za).
- Import the electronic Employee Tax Certificates [IRP5/IT3(a)s] CSV files from your current payroll system.
- Capture all additional manual IRP5/IT3(a)s, and e@syFile™ Employer will use the information from all the tax certificates to automatically calculate the certificate totals for your EMP501.
- Enter your monthly liabilities, payments and Employment Tax Incentive (ETI) information, if applicable, and e@syFile™ Employer will calculate the rest.

### **Submission channels**

- Employers with **1 - 50 employees** can use either SARS eFiling or SARS e@syFile™ Employer. If the employer has less than 50 IRP5/IT3(a) certificates, a tax certificate file can be generated from the payroll system and this file can be imported into SARS eFiling.
- Employers that file EMP501s for **more than 50 employees** must use the e@syFile™ Employer.
- An exception is made for employers with a maximum of five (5) IRP5/IT3(a)s. The employer can still go into a nearest branch where an agent will help them capture these IRP5/IT3(a)s and the EMP501. Remember to [book an appointment](#) before visiting a SARS Branch.

### **Enhancements to e@syFile™ Employer**

Maintenance and general enhancements, such as software version upgrades, will be made.

### **Accuracy and timely filing are critical.**

It is very important for employers to capture the correct PAYE liability on the monthly EMP201 returns. The incorrect calculation of the monthly PAYE liability will result in the imposition of both penalties and interest.

This includes corrections made on the EMP501 reconciliation as any shortfall is attributed to the last month of the reconciliation period.

Please submit your accurate reconciliation before the **31 October 2023** to avoid penalties and interest.

### **Consequences of non-compliance**

If an employer submits the EMP501 late, administrative penalties will be charged. The penalty will equal 1% of the year's PAYE liability, which will increase each month by 1% up to 10% of the

year's PAYE liability. Furthermore, an employer who wilfully or negligently fails to submit an EMP201 or EMP501 return to SARS is guilty of an offence and is liable, upon conviction, to a fine or imprisonment for a period of up to two years.

### **What constitutes a criminal offence?**

An employer is guilty of an offence and will be subjected to a fine or imprisonment for a period of up to two years where they amongst other offences, fails to:

- Deduct employees' tax from remuneration or pay tax to SARS within the prescribed period.
- Deliver IRP5 and/or IT3(a) to employees or former employees within the prescribed periods.
- Use employees' tax deducted or withhold for purposes other than the payment of such amount to SARS.
- Apply for registration as an employer.

### **Status of submission**

Employers must always check the status of submissions to ensure their EMP501 was correctly filed at SARS.

### **More information**

For information on the completion of manual certificates, please go to e@syFile™ Employer User Guide or access the Step-by-Step Guide to the Employer Reconciliation Process under Businesses and Employers page on the SARS website at [www.sars.gov.za](http://www.sars.gov.za).

Sincerely,

**THE SOUTH AFRICAN REVENUE SERVICE**

4 September 2023