

FEBRUARY 2012 EMPLOYER RECONCILIATION

SAPA BREAKFAST

23 MAY 2012



South African Revenue Service

AGENDA

- Reconciliation Submissions Statistics
- 2012 Reconciliation
- Business Requirement Specifications
 - PAYE Employer Reconciliation
 - Medical Scheme Fees Tax Credit
- Other Notices/Legislative Changes
 - Notice to Employers - 2013 Statutory Rates
 - Fringe Benefit: Accommodation formula
 - Cheque Payments to SARS
 - Employer Reconciliation Penalties

SUBMISSIONS STATISTICS

Feb 2011

- 280,000 (97%) employers: 346,000 recons & 16 m cert's

Feb 2012 (to 21 May)

- 120,000 (42%) employers: 141,000 recons & 6 m cert's

Feb 2012 (expected from 22 to 31 May)

- 151,000 (53%) employers: 151,000 recons & 10 m cert's

SUBMISSIONS STATISTICS

Feb 2012 (to 21 May)

- 120,000 (42%) employers : 141,000 recons & 6 m cert's
- Channels

	<u>RECONS</u>	<u>CERTIFICATES</u>	<u>PROCESSED</u>
– Manual	0,9%	0,01%	25,0%
– Electronic	99,1%	99.9%	99.6%
• e@syFile/eFile	96,4%	90,0%	99,5%
• e@syFile/Disk	2,7%	10,0%	95,7%

2012 RECONCILIATION

- **Filing Dates: 1 April to 31 May 2012**
 - Tax period 1 March 2011 to 28 February 2012
- **Reconciliation documents**
 - EMP 501 Employer Reconciliation
 - IRP5/IT3(a) Certificates
 - Reconciliation = Balancing of:
 - EMP501 Liabilities balance with monthly EMP201 Declarations
 - Liabilities balance with payments (excl penalty & interest)
 - Liabilities/Payments balance with IRP5/IT3(a) (PAYE, SDL & UIF)
- **Reconcile in 4 e@syFile steps: Employer Connect**



BUSINESS REQUIREMENTS SPECS

- **PAYE Employer Reconciliation v7.0.0** – Aug 2011
 - Requirements for Submission of Recons and Cert's
- **Medical Scheme Fees Tax Credit v1.0.0** – Nov 2011
(Effective from 1 March 2012 = 2013 Year of Assessment)
 - Medical Scheme Fees Tax Credit
 - Updating to Source Codes
 - Reactivation of codes
 - New Fringe Benefit code
 - Updated Descriptions of existing codes
- **Above to combined/updated** – SARS website

MEDICAL SCHEME FEES TAX CREDIT

- **< 65 Employee only**
 - Medical Scheme Fees Tax Credit (MTC)
 - R 230 each/month for employee + 1 dependant
 - R 154 each/month for additional dependants (dependant ito s 1 of Medical Schemes Act)
 - Rebate and not a deduction (reduce tax, not income)
 - Rebate limited to tax liability (PAYE will not be < nil)
 - Employer must deduct MTC [par. 9(6)(a)]
 - Employer must deduct MTC [par. 9(6)(b)]
 - Code 4116 : MTC taken into account by employer for PAYE purposes
 - Fixed field on IRP5/IT3(a)

MEDICAL SCHEME FEES TAX CREDIT

- **≥ 65 Employee**
 - Medical Scheme Contributions Deduction
 - Deduction = contributions made / 'deemed made' (no capped amount limitation)
 - Contributions 'deemed made' = 3810 Employer contributions, if not retired (if retired, 3810 = R 0)
- Notices to Employers – Jan & March 2012

UPDATES TO SOURCE CODES

- **Reactivation of Codes**
 - 3603 (3653) Pension
 - 3610 (3640) Annuity from an RAF
 - 3805 (3855) Free or Cheap Accommodation
 - 3806 (3856) Free or Cheap Services
 - 3808 (3858) Payment of Employee Debt
 - 3809 (3859) Taxable Bursaries and Scholarships
- **New Fringe Benefit Code**
 - 3815 (3865) Non-Taxable Bursaries and Scholarships [s10(1)(q)]
- **Update of Description of existing Codes**
 - 4474 Employer contributions iro employee < 65 and not retired
 - 4493 Employer contributions iro retired employee

OTHER NOTICES/LEGISLATIVE CHANGES

- **Notice to Employers – 2013 Statutory Rates**
 - After annual Budget Speech
 - Tax Rates, Rebates, Tax Thresholds, other limits
 - Tertiary Rebate of R2130 for persons ≥ 75
- **Fringe Benefit: Accommodation Formula**
 - Value of 'B' increased from R 59,750 to R 63,556
- **Cheque Payments to SARS**
 - Cheques > R 500,000 not accepted by banks from 16 July 2012
 - Cheques > R 100,000 not accepted by SARS for VAT and Employment Taxes from 1 June 2011

OTHER NOTICES/LEGISLATIVE CHANGES

- **Employer Reconciliation Penalties**

- Paragraph 14(6) of Fourth Schedule: 10% of total PAYE for reconciliation tax period
- Penalty to be raised at 1% per month while in default
- Penalty to be raised if –
 - EMP501 reconciliation not submitted by due date
 - EMP501 submitted that does not balance
 - Failed to submit all IRP5/IT3(a) cert's
 - Submitted incomplete, incorrect or inaccurate cert's
- Request for Remission if valid reasons exist for penalty not to be raised



EXPECTED CHANGES

- **UIF Contributions** – Expected Increase in maximum remuneration liable (Currently - R 12,478 per month)

Questions