

Calypso  
accounting

quick  
tips  
vol.1

(PAYE)

Pay-As-You-Earn  
Reconciliation

Your  
Point



checklist





# intro duction

The Pay-As-You-Earn (PAYE) Reconciliation is a bi-annual reconciliation pertaining to the periods 1 March – 31 August and 1 September – 28 February of each financial year.

“ **Follow this handy checklist to submit your declaration honestly, accurately and on time.** ”

During the PAYE Reconciliation process, you are required to submit to SARS the following:

- ✓ Your Employer Reconciliation Declaration (EMP501) and
- ✓ the Employee Tax Certificates (IRP5 / IT3's) for the 6 months applicable to the reconciliation period.

This process will then compare these IRP5 / IT3 detail to your monthly Employer Declarations (EMP201) that you submitted via SARS Efiling and will look for any differences for each period.

***Before you start working on your declaration, here is an 8 point checklist to get an overview of what you should be looking out for.***





# Submit

## your declaration

AS EARLY AS POSSIBLE

**We'd hate for you to miss the deadline and get a penalty! Please make sure you submit your declaration as soon as possible to avoid the last minute rush. Submitting early will also allow you the opportunity to engage with SARS if there are any problems with your submission. It is your responsibility to ensure the information provided is complete and accurate at the time of submission.**

### Your reconciliation declaration includes:

- ✓ Your EMP501
- ✓ The applicable IRP5/IT3(a)s – These certificates must not be issued to employees when you complete the interim reconciliation, as they are for SARS's administrative purposes only. Certificates should only be provided to the employees whose employment was terminated prior to the closing of the interim period, due to resignation, death, immigration or any employer ceasing to be an employer.
- ✓ Your Tax Certificate Cancellation Declaration (EMP601), if applicable

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# Use the e@syFile™ EMPLOYER SOFTWARE

**e@syFile™ Employer is a software package designed by SARS to help you manage your engagements with SARS quickly, easily and conveniently on your computer, in the comfort of your office or home. This software can be used offline and you only need to connect to the internet when submitting to SARS. Where an internet connection is not available, e@syFile™ Employer allows you to create an encrypted disk that can be submitted to a SARS branch.**

e@syFile™ Employer uses the information from all the tax certificates to automatically populate certificate totals for the EMP501. All you enter are the monthly liabilities and payments, and e@syFile™ Employer calculates the rest!

e@syFile™ Employer is updated at least twice a year before each of the bi-annual submission dates. Only the latest version must be used as any information submitted to SARS using a previous version will not be accepted.

It is important to always backup the current PAYE information on your computer prior to updating the e@syFile™ Employer software or installing a new version as the installation may delete the current information. Please note that if you wish to submit a previous year's reconciliation you will need to convert the files to the current CSV format and submit, as old or outdated CSV files will not be accepted.

You can download the latest version of e@syFile™ Employer at [www.sarsefiling.co.za](http://www.sarsefiling.co.za), call the SARS Contact Centre on 0800 00 SARS (7277) or visit your nearest SARS branch to request the latest version of the e@syFile™ Employer CD to be posted. (It may take more than two weeks to be delivered to you and will only be delivered to physical street addresses, not post boxes.)

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# Check



## on the update to the IRP5/IT3(a) and introduction OF NEW AND RE-ACTIVATED SOURCE CODES

As part of the ongoing improvement of SARS's systems, a number of changes have been introduced:

- ✓ The IRP5/IT3(a) has been updated due to the introduction of the Medical Scheme Fees Tax Credit and code 4116 has been included under the "Tax Credits and/or Employer's/Employee Contributions" section. An amount must be completed next to this source code, for all employees below the age of 65 years receiving 4005 Medical aid contributions.
- ✓ The following new source code have been included:

CATEGORY	CODE	DESCRIPTION
FRINGE BENEFIT CODE	3815 (3865)	Non-taxable bursaries and scholarships to employees and their dependents – Section 10(1)q – Exempt portion only.
LUMP SUM CODE	3922	Compensation i.r.o death during employment (Excl/PAYE). Compensation lump sum payments in terms of Section 10(1)(gB) (iii) in respect of the death of an employee in the course of employment.

- ✓ The following previously de-activated source codes have now been re-activated. These source codes are valid from:
  - 1999 – 2009 year of assessment and from the 2013 year of assessment
  - 2002 – 2009 year of assessment and from the 2013 year of assessment for the Foreign Service Income [the source codes denoted in (brackets)].

CATEGORY	CODE	DESCRIPTION
NORMAL INCOME CODES	3603 (3653)	Pension (PAYE)
	3610 (3660)	Annuity from a Retirement Annuity Fund (PAYE)
FRINGE BENEFIT CODES	3805 (3855)	Accommodation (PAYE)
	3806 (3856)	Services (PAYE)
	3808 (3858)	Employee's debt (PAYE)
	3809 (3859)	Taxable bursaries or scholarships (PAYE)

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# Request your reconciliation DECLARATION FORMS



You can access reconciliation declaration forms through the following channels:

- ✓ On e@syFile™ Employer, for electronic completion and submission
- ✓ Manually, by requesting the forms from the SARS Contact Centre, by calling 0800 00 SARS (7277) or visiting your nearest SARS branch. If you request manual forms, you must complete and return the original forms that we posted to you as these forms contain a unique printed barcode for purposes of capturing and storing. No copies or self-printed forms will be accepted!

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# Submit your PAYE

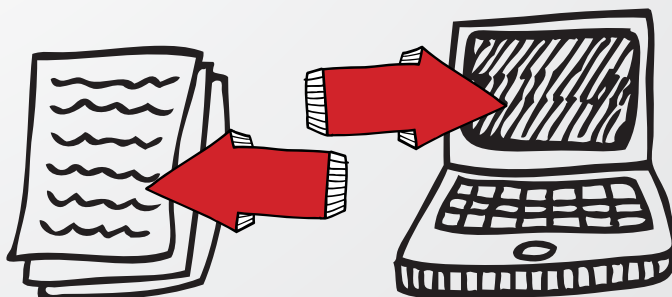
## Interim Reconciliation Declaration THROUGH THE RIGHT CHANNEL

Completing your reconciliation online using e@syFile™ Employer and submitting it via SARS eFiling is the quickest, easiest and most convenient option.

If you are already registered for eFiling and you've forgotten your eFiling login name or password remember that you can simply click on the question mark icon from the login page on [www.sarsefiling.co.za](http://www.sarsefiling.co.za), and you will be able to request your login name and reset your password.

Alternatively, you may submit your declaration on a disk at a SARS branch. The disk must contain an encrypted file created by the e@syFile™ Employer software. To create the encrypted file, generate the CSV tax certificate file from the payroll system, import this into e@syFile™ Employer and prepare the reconciliation declarations for submission. Signed hard copies of the EMP501, and, if applicable, the EMP601 and EMP701 must be submitted together with the disk. Once SARS has captured the information they will return the disk to you, to sustain the security of the information provided.

If you choose to submit your declaration manually, you can do so over the counter at a SARS branch or post it to them (although we wouldn't advise this).



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# Note the changes regarding duplicate reconciliation

DECLARATION SUBMISSIONS



In an effort to increase SARS's response time to you, new controls and processes have been put in place to minimise the number of duplicate reconciliation declaration submissions that they receive.

## The following changes have been implemented:

- ✓ e@syFile™ Employer will only allow changed IRP5/IT3(a)s to be submitted
- ✓ SARS will no longer accept a re-submission that is deemed to be a duplicate submission. You can use the PAYE dashboard on e@syFile™ Employer to confirm the status of your submission.

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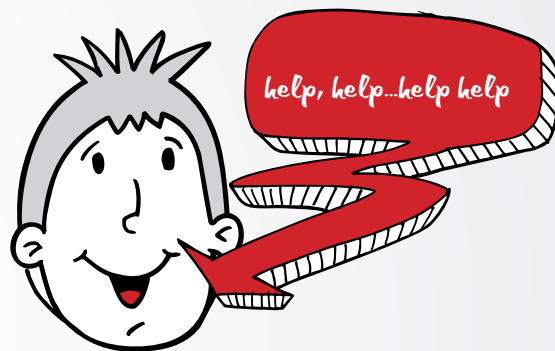
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# Get help from your PAYE RECON ASSISTANT



Where your reconciliation submission fails to balance across the three elements [EMP201, payments submitted and IRP5/IT3(a)s], SARS will issue a letter notifying you that your reconciliation submission was unsuccessful. The PAYE Reconciliation Assistant is available on [www.sars.gov.za](http://www.sars.gov.za) to assist you in correcting your tax affairs and balancing your reconciliation submission.

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# Outsource your payroll to



(A DIVISION OF CALYPSO ACCOUNTING)

When you outsource your monthly payroll processing to **Calypso Payroll** the bi-annual reconciliation process is also performed and submitted on your behalf. Pass this administrative burden on to the professionals today!

**Calypso Payroll** provides a comprehensive outsourced payroll solution, at alarmingly affordable rates. Our aim is to streamline your payroll process, and at the same time, free up valuable staff resources as well as cut costs.

**Calypso Payrolls'** outsourced payroll service is dedicated to reducing costs and relieving small and medium-sized businesses of the burden of running a legally compliant payroll department. Our main focus is to save you the hassle of payroll administration and the worry of meeting SARS deadlines.

## What is included in our outsourced payroll service?

- ✓ Weekly and fortnightly wages
- ✓ Monthly salaries
- ✓ Electronic and printed payslips
- ✓ Monthly EMP201 returns to SARS (PAYE / SDL / UIF)
- ✓ UI-19 monthly submission to the Department of Labour
- ✓ Application for tax directives
- ✓ Bi-annual online EMP501 reconciliation
- ✓ Uploading and issuing of year end IRP5 / IT3a Certificates



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