



South African Revenue Service

Dear Employer

EMPLOYER ANNUAL DECLARATIONS (EMP501): 1 APRIL TO 31 MAY 2024

One of SARS's strategic objectives is to improve our service to deliver a seamless taxpayer experience that provides clarity and certainty to make it easier to meet your tax obligations. This letter guides you how to manage your pay-as-you-earn (PAYE) tax obligations during the annual declaration period.

Your tax compliance helps SARS to achieve its Higher Purpose, which is to enable the State to provide for the well-being of all South Africans.

Employees' Tax Compliance Starts with You, the Employer

The Employer Annual Declaration period is open from **1 April** and closes on **31 May 2024**. During this period, Employers must submit their annual reconciliation declarations (EMP501) with **accurate and up-to-date** payroll information about their employees. Your EMP501 must include:

- Monthly Employer declarations (EMP201) for PAYE, Unemployment Insurance Fund contributions (UIF), and the Skills Development Levy.
- Information about payments made (excluding penalties and interest paid).
- Employee tax certificates (IRP5/IT3[a] generated) covering the tax year from 1 March 2023 to 29 February 2024.

How to Fulfil Your Obligations

Before submitting the 2024 EMP501, Employers must submit any outstanding monthly declarations (EMP201) and annual EMP501 reconciliations. Please settle all payments due to avoid administrative penalties for non-compliance or late submission, and to reduce interest charges on delayed or outstanding amounts.

Employers, tax practitioners, and payroll administrators should download the most recent version of SARS e@syFile Employer, accessible through SARS eFiling at www.sarsefiling.co.za.

Employers must register employees who are not registered for Income Tax by using the single (“Individual ITREG”) or bundled (“Bundled ITREG”) IT Registration for existing tax numbers. New registrations can be processed on e@syFile Employer.

First-time job seekers must register for Income Tax via eFiling or on the SARS MobiApp for a seamless registration process.

Why Is It Important to File Accurately and on Time?

The employer-reconciliation process is a key phase in the Income Tax Filing Season. This enables SARS to issue individuals with an auto-assessed or pre-populated Income Tax Return (ITR12). Incomplete or incorrect information will make it difficult for employees to fulfil their tax obligations. Timely distribution of IRP5 and IT3 certificates by Employers is very important because employees require these certificates to file their ITR12s during tax season.

Non-compliance Penalties

Submitting an incomplete EMP501 or submitting and EMP501 after the due date will result in administrative penalties, amounting to 1% of the year’s PAYE liability. This penalty increases by 1% monthly, reaching up to 10% of the year’s PAYE liability.

What Constitutes a Criminal Offence?

It is a criminal offence for an Employer wilfully or negligently to:

- Fail to submit full and complete EMP201 or EMP501 returns to SARS by the due date.
- Fail to issue an IRP5 or IT3(a) certificate to an employee within the specified periods.
- Fail to deduct or withhold PAYE or UIF, or not to pay any PAYE or UIF deducted or withheld over to SARS as required by law.
- Use or apply PAYE deducted or withheld for any purpose other than to pay that amount to SARS.

Any person found guilty of one of these offences is liable, on conviction, to a fine or imprisonment for up to two years.

Another of SARS’s Strategic Objectives is to make tax non-compliance hard and costly through, where necessary, hard enforcement (for example, court action, asset seizure, and criminal prosecution). Failure by an Employer to comply with its obligations does not only harm that

Employer and the fiscus, but also employees. SARS vigorously pursues Employers that fail to comply.

It is crucial submit the required documents and payments to SARS by the prescribed dates.

Channels to File Your EMP501

Employers with more than 50 employees:

- **Must** file an EMP501 using e@syFile Employer.

Employers with one to 50 employees can:

- File an EMP501 using SARS eFiling or e@syFile Employer.
- Create a tax certificate from their payroll and import the file on SARS eFiling.
- Change, cancel, or capture certificates on SARS eFiling if the number of certificates is less than 50.

Check the Status of Your Submission

To ensure that an EMP501 has been successfully filed with SARS, it is vital to monitor the status of submissions. As a result, if a submission is rejected because it is incomplete or has a data error, it is considered not to have been submitted, and you will be liable for non-compliance penalties.

Keep Employer Records

Please keep a register that contains the personal details and financial records of each employee as prescribed by the Commissioner and make them available for scrutiny by the Commissioner when required. The records must be kept for **at least five years**, following the submission of a tax return or other data to SARS.

More Information

For more information about completing manual certificates, please consult the [e@syFile Employer User Guide](#) or [Step-by-Step Guide to the Employer Reconciliation Process](#) under the Businesses & Employers page on the SARS website (www.sars.gov.za).

Visit our YouTube channel, [SARS TV](#) (@sarstax), and watch the video, "[How to submit an Employer Annual PAYE Reconciliation EMP501](#)".

Thank you to all the compliant Employers who submitted accurate reconciliations in previous declarations and made the required payments. Your contributions are critical to the nation's economic growth and development.

Sincerely,

THE SOUTH AFRICAN REVENUE SERVICE