

PAYE

EMP201

A guide for employers to the new
monthly declaration process.



www.sars.gov.za

1. OVERVIEW

As part of its drive for better service, SARS has been modernising and simplifying tax processes over the past two years. The journey to high quality PAYE submissions started in 2008 with the introduction of a formalised filing season for employers, structured Adobe forms and, for the first time, SARS providing employers with the free e@syFile™ application suite.

In 2009 these solutions were enhanced with additional built-in checks and balances, considerably faster processing ability and electronic tracking features.

The EMP701 form was also introduced for employers to make adjustments to prior years. SARS is now in the process of making changes to the EMP201 monthly declaration process in order to align it with changes made to the yearly reconciliation process.

In terms of the Income Tax Act 58 of 1962, employers are required to:

- Deduct the correct amount from employees;
- Pay those amounts to SARS monthly; and
- Declare such amounts paid to SARS on a Monthly Employer Declaration form (EMP201 form).

To simplify the process, SARS will be making the following changes to the EMP201 form and process:

- **Introduction of a simplified EMP201 Adobe form and process:**
 - The EMP201 will serve as a remittance advice. Where previously the form was a payment and liability declaration, it will now be the payment declaration in which the employer declares the total payment together with the allocations for PAYE, SDL and UIF respectively. A unique Payment Reference Number will be pre-populated onto the EMP201 form, and will be used to link the actual payment with the payment allocation.
 - The EMP201 form will enable an employer to adjust a previously submitted declaration or reallocate credits, whether it is for the current period or prior period, for PAYE, SDL and/or UIF. The new form and processing thereof will be possible through e@syFile™ PAYE, e@syFile™ Tax Practitioner, eFiling or engagement with SARS (at a branch office or via post).
 - The payment profile on eFiling will be segregated, allowing employers to allocate different roles to different users. These users can then capture declarations, submit and finalise payment.

- **The new EMP201 solution allows SARS to introduce a clearing account for employers.**
 - This will enable SARS to provide the employer with a consolidated view of all employer taxes. On receipt payments will be stored in the employer's clearing account. The EMP201 will then specify the automatic allocation of the payment from the clearing account to PAYE, SDL and UIF.
 - Any under- or over-payment is easily identified, and the employer automatically notified. This will provide employers with the capability to correct an allocation or process a missing allocation. It also encourages employers to be more accountable for the accuracy of their accounts, thereby removing bottlenecks in the correction process.
- **The three different banking accounts for PAYE, SDL and UIF will be consolidated into the PAYE account (Beneficiary ID: SARS - PAYE).**
 - This will result in a far more efficient payment process for both SARS and the Taxpayer requiring one payment to be made.

2. UNDERSTANDING THE NEW EMP201 DECLARATION PROCESS

Employers will no longer be required to complete both a payment liability and a payment declaration on an EMP201 form. The new EMP201 form to be introduced will be an employer payment declaration that requires employers to indicate the total payment made and give a breakdown of PAYE, SDL and UIF payment allocations.

These payment allocation amounts will then be recorded as the employer's provisional liability for each tax type for the period concerned. Your EMP501 reconciliation at the end of the financial tax year will provide the actual liability.

This means that employers will only make one payment as opposed to three separate payments for PAYE, SDL and UIF. The EMP201 form will therefore be used for a single period to declare how that payment must be allocated for each tax type.

The Payment Reference Number, a new field on the EMP201 form, links the actual payment and the relevant EMP201 payment declaration.

On request, SARS will issue a pre-populated EMP201 form each time an employer wants to make a payment for PAYE, SDL and/or UIF. This form will contain the unique Payment Reference Number.

Importantly, employers will also be able to make adjustments on the EMP201 form for a previously submitted declaration. A declaration for the current period, or a prior period, can now be adjusted by increasing or decreasing a prior declaration for PAYE, SDL and UIF to reflect the correct amount.

Please note that employers will only be able to adjust declarations that were made using the new EMP201 form.

2.1 THE NEW PAYMENT REFERENCE NUMBER EXPLAINED

One of the key changes to the EMP201 form is the introduction of a Payment Reference Number field which is pre-populated by SARS upon issue or request for an EMP201 form. The employer must use this number when making payments to link the actual payment to the relevant EMP201 declaration.

The introduction of the Payment Reference Number will allow employers to adjust previously submitted EMP201 declarations, as well as reallocate credits on their accounts to other periods. This is described in more detail in Section **5.3 FORM RULES FOR ADJUSTING A PAYMENT DECLARATION** below.

3. e@syFile

e@syFile is the free offline application that can be downloaded from the SARS website. The application will enable employers to complete their declaration seamlessly and thereafter submit to SARS via eFiling.

The e@syFile channel will offer the following options:

- Employers will be able to complete the EMP201 and make payment on eFiling, and then submit both the EMP201 and the payment to SARS;
- Employers will be able to complete the EMP201 and submit to SARS. Thereafter the employer can make payment at a later time on eFiling; or
- Employers will be able to complete the EMP201 and submit to SARS. Payment can then be made via internet banking, the employer's bank or at a SARS branch office.

4. eFiling

Many employers use the eFiling service to complete and submit their EMP201 to SARS. eFiling is a free online replacement service for manual tax return submissions. The eFiling channel will offer the following options:

- Employers will be able to complete the EMP201 and make payment on eFiling, and then submit both the EMP201 and the payment to SARS;
- Employers will be able to complete the EMP201 and submit to SARS. Thereafter the employer can make payment at a later time on eFiling; or
- Employers will be able to complete the EMP201 and submit to SARS. Payment can then be made via internet banking, the employer's bank or at a SARS branch office.

Please note that an employer will not be able to make a payment via eFiling prior to submitting the corresponding EMP201 on eFiling.

5. THE EMPLOYER MONTHLY DECLARATION (EMP201)

SARS Monthly Employer Declaration **EMP201**

Employer Details

Company Name: COMPANY PTY
 PAYE Ref No: 7071234567
 SDL Ref No: 1071234567
 UIF Ref No: U071234567

Particulars of Declarant

First Name: MICHAEL
 Surname: ANGELO
 Job Title: HUMAN RESOURCE MANAGER
 ID No: 6807130216048
 Date of Birth (DDMMYY): 19680713
 Email: MANGELO@COMPANY.CO.ZA
 Home: MA
 Cell No: 01254321067
 Fax No: 01254321068
 Car No: 0725432106

Payment Details

Payment Period (DDMMYY): 201004
 PAYE Ref No: 7071234567LC6543210
 PAYE: 700000,10
 SDL: 30000,10
 UIF: 20000,10
 Total: 750000,30

Declaration

I declare that the information given on this form is complete and correct.

Signature: [Handwritten Signature]
 Date (DDMMYY): 20100501

PAYE REF NO.: [Barcode] SDL REF NO.: [Barcode] UIF REF NO.: [Barcode]

EMP 201 v2010.20.0 English 2010 01/01

Please note that SARS will no longer issue EMP201 forms automatically in the electronic channels. Forms must be requested via the electronic channel by clicking on the relevant request button.

5.1 INTRODUCTION

- The manual EMP201 will be available from all SARS branches.
- The EMP201 for electronic completion and submission will be available on www.sarsefiling.co.za or on the e@syFile application which can be downloaded from the eFiling website free of charge.
- Employers are required to submit the EMP201 declaration on a monthly basis, and make payment, on or before the 7th of the following month.
- Employers must declare their PAYE, SDL and UIF allocations on the EMP201 form.

5.2 COMPLETING THE EMP201 FORM

STEP 1

Employer Details

Trading or
Other Name

C O M P A N Y P T Y

Complete the Employer Details section.

The Employer Details section comprises of:

- **Trading or Other Name** – The employer’s trading name.
- **Reference Numbers** – The reference numbers for the tax types that you were or are registered for, for the relevant year.

STEP 2

Particulars of Declarant

First Name

M I C H A E L

Surname

A N G E L O

Position
held at
Business

H R M A N A G E R

ID No.

6 8 0 7 1 3 0 2 1 6 0 4 8

Complete the Particulars of Declarant section.

In the Particulars of Declarant section, the employer will be required to fill in the following details regarding the declarant:

- **First Name** – The declarant’s first name.
- **Surname** – The declarant’s surname.
- **Initials** – The declarant’s initials.
- **Position held at business** – The declarant’s position within the business (employer).
- **ID No.** – The business ID number.
- **Date of Birth** – The declarant’s date of birth.
- **Email Address** – The declarant’s email address.
- **Bus Tel No.** – The declarant’s business telephone number.
- **Fax No.** – The declarant’s fax number.
- **Cell No.** – The declarant’s cellular phone number.

STEP 3



Payment Details

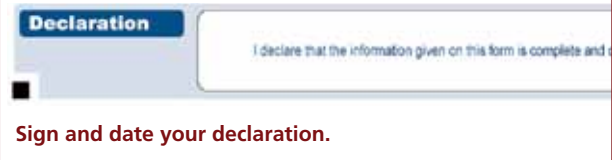
Payment Reference No. 7 0 7 1 2 3 4 5 6 7 L

Complete the Payment Details section.

In the Payment Details section, the employer will be required to fill in the following details:

- **Payment Reference No.** – This field will be pre-populated by SARS. The Payment Reference Number must be used as a reference when payment is made to SARS.
- **PAYE** – The employer must enter the amount he/she wants to allocate to PAYE.
- **SDL** – The employer must enter the amount he/she wants to allocate to SDL.
- **UIF** – The employer must enter the amount he/she wants to allocate to UIF.
- **Total** – On eFiling and e@syFile the Total field will be calculated automatically. When completing the EMP201 form manually, ensure that the Total field amount is the sum of the PAYE, SDL and UIF allocations.

STEP 4



Declaration

I declare that the information given on this form is complete and

Sign and date your declaration.

- The employer will be required to sign and date his/her declaration on the fields provided should the submission be a hard copy of the EMP201 form.
- The employer will be required to log onto eFiling using his/her username and password, which is then accepted as his/her signature should the EMP201 submission be made electronically.

5.3 FORM RULES FOR ADJUSTING A PAYMENT DECLARATION

5.3.1 Employer wants to increase payment declaration

Employer X has declared less than the amount he actually paid, and wants to adjust his EMP201 by increasing the payment declaration for a specific period to reflect the actual payment.

Increase Current Period (Hardcopy)

The employer is required to complete a new EMP201 using the same Payment Reference Number and period as the initial declaration to ensure that the previous EMP201 is replaced. When making the adjustment, the employer must also declare the full amounts and NOT the difference between the amounts stated on the current and previously submitted EMP201.

Increase Current Period (e@syFile/eFiling)

The employer will be able to access the EMP201 submitted for the period that he/she wishes to edit. When making the adjustment, the employer must also declare the full amounts and NOT the difference between the amounts stated on the current and previously submitted EMP201. The employer will be able to view the previously submitted EMP201 when editing.

5.3.2 Employer wants to decrease payment declaration

Employer X declared more than the amount he actually paid, and wants to adjust his EMP201 by decreasing the payment declaration for a specific period to reflect the actual payment.

Decrease Current Period (Hardcopy)

The employer is required to complete a new EMP201 using the same Payment Reference Number and period as the initial declaration to ensure that the previous EMP201 is replaced. When making the adjustment, the employer must also declare the full amounts and NOT the difference between the amounts stated on the current and previously submitted EMP201.

Decrease Current Period (e@syFile/eFiling)

The employer will be able to access the EMP201 submitted for a particular period that he/she wishes to edit. When making the adjustment, the employer must also declare the full amounts and NOT the difference between the amounts stated on the current and previously submitted EMP201.

The employer will be able to view the previously submitted EMP201 when editing.

5.3.3 Employer wants to reallocate a credit amount

Employer X has decreased the declaration for a specific period, resulting in a credit. He/she now wishes to reallocate the credit to another period.

Decrease Current Period (Hardcopy) – Credit Available

When an employer decreases the current period resulting in a credit, the employer must then specify where the extra funds should be allocated.

The employer should do this using a new EMP201 form but with the Payment Reference Number corresponding to the period during which the credit is available. The employer will also need to specify the period to which they would like to reallocate the credit.

Decrease Current Period (e@syFile/eFiling) – Credit Available

When an employer decreases the current period resulting in a credit, the employer must then specify where the extra funds should be reallocated to following the on-screen prompts. The respective EMP201 forms will automatically be created.

5.3.4 Employer increases declaration and makes additional payment

Employer X's declaration matches the payment but in actual fact he/she has under-declared the payment. The employer therefore wishes to increase the declaration and make the corresponding payment.

Increase Current Period and make corresponding payment (Hardcopy)

The employer must complete a new EMP201 using a different Payment Reference Number which reflects the period for which the declaration must be increased. However, only the additional amounts must be declared. When making payment, the employer must use the same Payment Reference Number as that of the additional EMP201. The funds will be added to the initial declaration made as the period specified will be the same.

Alternatively, the employer could revise the original EMP201 submitted using the same Payment Reference Number and Period. The employer must then make an additional payment using the same Payment Reference Number. The funds will be added to the initial declaration made as the period specified will be the same.

Increase Current Period and make corresponding payment (e@syFile/eFiling)

The employer must indicate the increase to the respective declaration for the particular period, specifying the total amount and NOT the difference. The application will then do the necessary calculation, and create an additional EMP201 with a new Payment Reference Number. The employer is then required to make the additional payment using the new Payment Reference Number.

For further assistance, please feel free to visit a SARS branch, call the SARS Call Centre on **0800 00 SARS (7277)** or visit **www.sars.gov.za**

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