

VISION 2024 PAYE: MONTHLY TAX CERTIFICATE SUBMISSIONS

Background

SARS Initial Briefing

On 12th February 2020 SARS briefed the PAGSA Exco members on the SARS intention to modernise the technical capability of their systems “where increasingly its work will be informed by data-driven insights, self-learning computers, artificial intelligence and interconnectivity of people and devices”.

PAGSA Newsflash 2020-05 was issued to members with SARS permission on 24 February 2020 to provide PAGSA members with an early warning of what lay ahead.

This newsflash can be referred to for more details of this initial meeting.

The ‘Vision 2024 PAYE’ project as it was called was almost immediately hamstrung by the March 2020 Covid-19 lockdowns, the subsequent drafting and issue under extreme pressure of complex tax and ETI relief legislation, followed by the Civil Unrest period in July 2021 and a further round of tax and ETI relief legislation.

The years that followed March 2020 were a very difficult and painful period for all parties and individuals in South Africa.

Payroll Administration Investigation

On the resumption of the Vision 2024 PAYE project, the PAGSA investigated various areas of payroll administration, compiled documents to describe these areas, and engaged with SARS in meetings to assist SARS to understand the practical implications and complications of weekly, fortnightly, and monthly payroll administration.

These meetings highlighted the necessity to create a SARS Business Requirements Specification (BRS) that focused on the proposed modernised requirements.

Budget 2023 Intention: Third-party data and personal income tax administration reform

The following is quoted *verbatim* from the February 2023 Budget Review:

The pay-as-you-earn (PAYE) and personal income tax administration reform announced in the 2020 Budget has given pensioners the option to agree to more accurate PAYE withholding rates to take account of multiple sources of income [Rob: this refers to Fourth Schedule paragraph 2(2B)], as well as enabling 2.9 million individual taxpayers to be automatically assessed without the need to file personal income tax returns.

The reform will continue over the medium term with a view to reducing the administrative burden for employers, payroll administrators and SARS, as well as individual salaried taxpayers.

Work has commenced, in consultation with employers and representative organisations, to provide employer and employee data on a monthly basis in a fully automated fashion.

Over time, the need for employer PAYE annual reconciliation is expected to fall away, and the reform will be extended to third-party data providers.

[my emphasis added to the above]

The wording highlighted above in the Budget’s statement of intention firstly puts the Vision 2024 PAYE project into the public domain, and secondly in simple terms can be translated as “monthly tax certificate submissions and related matters”.

SARS PAYE BRS - Technical Requirements of Monthly Tax Certificate Submissions

During 2022 and 2023 to date, both SARS and the PAGSA Exco and Manco committees (and other third-party bulk suppliers of tax certificates such as BASA (the banking institutions) and ASISA (the retirement funds)), have spent a lot of time on the creation of a Monthly PAYE BRS that will inform both the SARS systems (e@syFile, eFiling, and the online system used in the SARS branches) and the payroll systems of PAGSA members of the technical requirements for monthly tax certificate creation and submissions.

The initial impression one might have is that the move from the current bi-annual tax certificate submission process to a monthly tax certificate submission process does not appear to be a difficult one, but I can assure you that this is not an easy matter.

Important Aspects of the Monthly PAYE BRS

Besides the details of the employer and employee demographic and financial fields (the majority of which remain the same as in the current bi-annual BRS), additional fields have been added.

Also changed is the File Structure and the records that make up the file structure.

Other important areas of administration that are still under discussion are the channels of submission, the reporting of corrections, and the possible impact on the EMP201 declaration process.

More information will be communicated once these discussions are finalised.

Heads-up for Payroll Suppliers

Please note that significant changes will have to be made to your payroll systems to accommodate the monthly requirements, and quality assurance and compatibility testing between the SARS Systems and payroll systems is likely to be a lengthy process.

Looking ahead, you are advised to make sufficient time available in your development schedules to provide for the development and testing of the new requirements. As with all major IT system upgrades, it is likely that this process could take some time before it is running smoothly.

Dates and more details of the rollout of the Vision 2024 PAYE project will be made available by SARS once finalised.

Regards,

Rob Cooper

Chairman Payroll Authors Group of South Africa

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