

## 4.3 RECONCILIATION

### 4.3.1 How to reconcile

Reconciliation involves matching all tax due (liabilities) with all tax paid and checking these against the total value of all tax certificates issued. These three amounts should all be equal. The reconciliation process only relates to tax paid and not additional tax, penalties or interest.

### 4.3.2 Reconciliation steps for employers:

#### Step 1

Before you complete your EMP501 (for the annual or interim (biannual) submission), determine the total income of each employee for that year and recalculate the tax based on that amount. Employee Income Tax Certificates [IRP5/IT3(a)s] should reflect the income, deductions and tax as calculated at this point.

#### Step 2

If the recalculated liability according to your tax certificates is different to what was previously declared in your monthly EMP201s, you need to determine in which month(s) these differences occurred.

#### Step 3

Capture all the relevant demographic information in the Business Information and Contact Details sections.

#### Step 4

Capture all your monthly liabilities for PAYE, SDL and UIF using these revised figures in the Financial Particulars section on the EMP501 (i.e. where different, the liabilities inserted on the EMP501 should be final liabilities rather than the liabilities declared on the EMP201).

#### Step 5

Capture your total monthly payments made in respect of PAYE, SDL and UIF but excluding payments made in respect of interest, penalties and additional tax. These are the actual payments you have made to SARS throughout the year – there are no recalculations needed.

#### Step 6

Calculate the totals and difference fields (If using e@syFile™ Employer simply click on the self-assess button in order to populate all the totals and difference fields for you).

#### Step 7

Employers must calculate the SDL and UIF totals and capture the values. If the SDL and UIF Contributions are not on the certificates this value must be calculated and the value must be completed.

#### Step 8

When settling any shortfall reflected in the reconciliation, the payment must be allocated to the period(s) in which the shortfall occurred. If the relevant period cannot be determined, the payment should be allocated to the last active period within the transaction year, which is normally February.