

E-book

# Your guide to payroll tax year-end

Best practices for preparing, processing,  
and planning your year-end payroll activity.

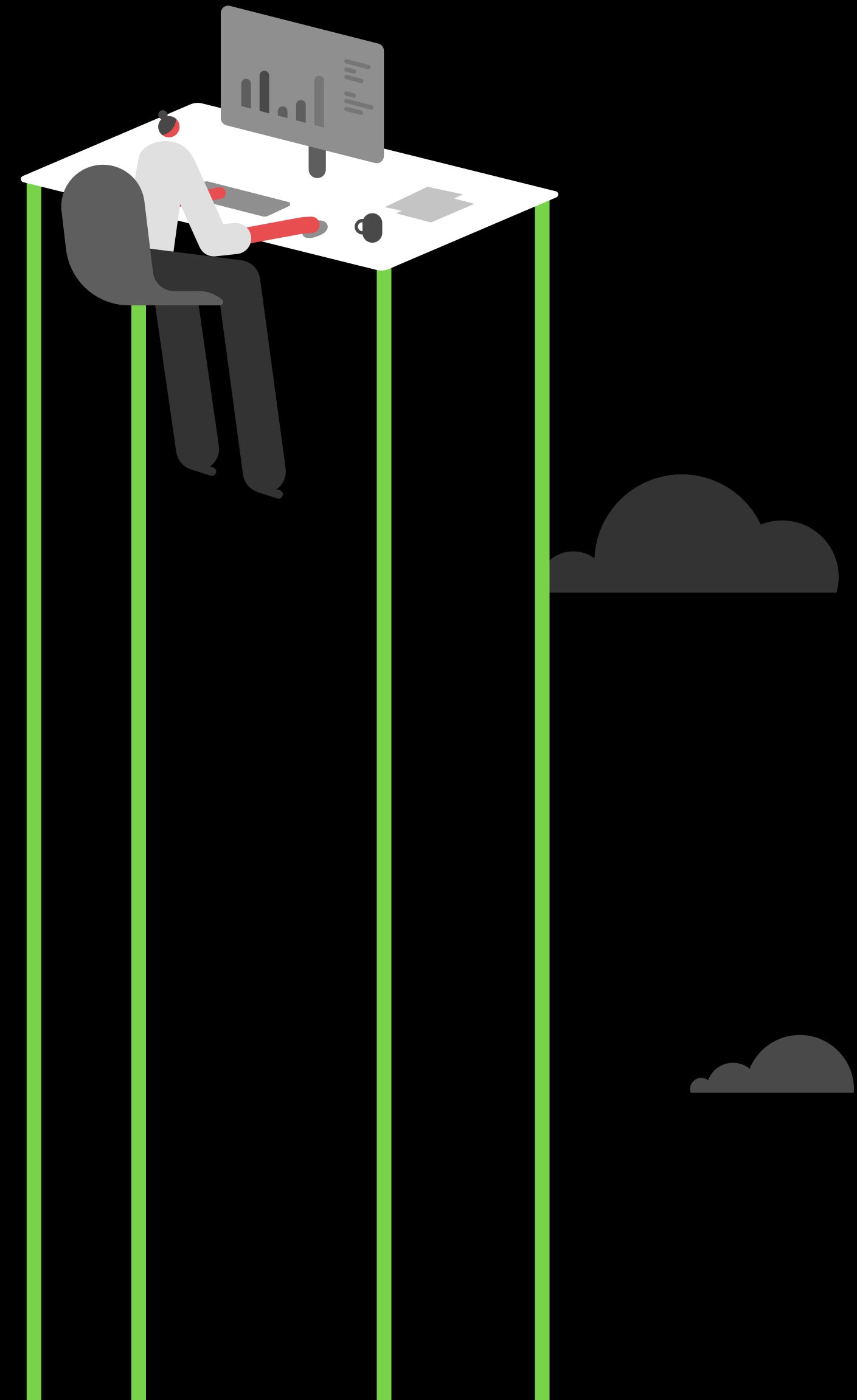
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# Introduction

## Payroll tax year-end 2023/2024

Is your organisation ready?

We understand your day-to-day challenges, which is why we want to try and make your business life easier. **We've prepared this guide to help you work more efficiently, giving you more time to do what you do best—run, manage, and grow your business.**

Remember that all companies are required to submit their annual employer reconciliation returns to the South African Revenue Service (SARS) generally within 60 days from the start of the Employer Tax Filing season—unless otherwise specified by the Commissioner.

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And, we know that the deadline can easily be met with the right support. This guide is a checklist of factors you need to consider and carry through—broken down into three phases: preparing for tax year-end (Phase 1), processing tax year-end (Phase 2), and preparing for next year (Phase 3).



# Phase 1

# Preparing for tax year-end

Preparing for and processing your payroll this tax year-end doesn't have to be complicated or time-consuming. To help you stay ahead, we've put together a few steps to follow that will guide you to success.

## Step 1

Verify the following:

- PAYE registration number
- UIF reference number
- SDL reference number
- Validate your company information



## Step 2

Verify your employees' information. Check the correctness of the following:

- Names, ID/passport numbers
- Bank account numbers
- Income tax reference numbers
- Address and telephone numbers
- Directive numbers

## Step 3

Check remuneration data:

- Verify your employees' earnings, deductions, and employer contributions and ensure they are processed against the correct IRP5 code (see codes in appendix).
- Ensure that the medical aid dependants were reflected correctly for each month in the tax-year using the monthly medical aid billing statement.



# Phase 2

## Processing your payroll for tax year-end

Once all the preparation is complete, it's time to get down to the nitty-gritty of it all, and that's processing your payroll for tax year-end. Follow this step-by-step guide to get started.

### Step 1

Reconcile your PAYE, UIF, SDL, and ETI values.

### Step 2

Once you've reconciled, create the CSV file from your payroll and import it into e@syFile Employer.



The following steps need to be completed in e@syFile—if you need assistance with any of the below steps, contact the SARS Support Desk.

1. Verify employer information on e@syFile Employer.
2. Capture all manual tax certificates on e@syFile Employer.
3. Complete the EMP501 Reconciliation Declaration on e@syFile Employer.
4. Submit the electronic information to SARS via eFiling.
5. Back up your submission data—both in your payroll system and on e@syFile Employer.
6. Ensure that the SARS employer statement of account (EMPSA) correctly reflects your final declared and paid amounts.

# Phase 3

# Prepping for tax year 2024/2025

Now that 2023/2024 is comfortably behind you, what can you do to ensure that 2024/2025 will be your easiest and most worry-free tax year yet? Follow these simple steps and get the year off to an organised, fast start!

## Key dates and reminders

28 February	The last day of the tax year
1 March	New tax year starts
31 May	Deadline for annual employer reconciliation submissions
31 October	Deadline for the mid-year employer reconciliation submissions

## Resources

There are SARS branches in all major regions, and online services are also available, where small business owners can get help with a range of small business enquiries, applications and functions, such as:

- New business registration
- Assisting small business owners with monthly tax returns, queries, and advice
- Assistance with eFiling registration (as well as using the various online services)
- Tax clearance certificates
- Company bank account changes
- Business statements of accounts

If you find yourself struggling with tax administration or you need to fill in the blanks when it comes to your deductibles and ensuring that your business is tax compliant, visit your nearest SARS branch or online service and give their helpdesk a test drive.

While your business is still growing, and you don't necessarily have the resources to hire a private tax practitioner, the SARS helpdesk may just be your light at the end of the tunnel. Not only will they be able to help you, but in the process, you will be equipped and empowered to handle your small business tax on your own until you can afford an in-house tax and financial administrator.



# Prepare for success this tax year-end

Sage HR and Payroll software solutions help you improve efficiency by automating end-to-end processes, providing real-time employee data reporting and analytics, and giving you the tools you need to be legislatively compliant.

With stronger insights across your employee lifecycle, you can transform the way you manage and engage with your workforce.

Visit [tax.sage.co.za](https://tax.sage.co.za) for more information.

**Sage, helping business flow.**

[Get started](#)





# Appendix:

# IRP5 codes

## Normal income codes

3601	Income
3602	Non-taxable income (Excl)
3603	Pension (reinstated from 2012/2013)
3605	Annual payment
3606	Commission
3608	Arbitration award
3610	Annuity from an RAF (reinstated from 2012/2013)
3611	Purchased annuity
3613	Restraint of trade
3614	Other retirement lump sums
3615	Director's remuneration
3616	Independent contractors
3617	Labour brokers without exemption certificate (PAYE/IT)
3618	Annuity from a provident/provident preservation fund (PAYE)
3619	Labour brokers with exemption certificate (IT)
3620	Resident NED director's fees (IT)
3622	Long service cash award

## Allowance codes

3701	Travel allowance
3702	Reimbursive travel allowance (IT)
3703	Reimbursive travel allowance (Excl)
3704	Subsistence allowance—local travel (IT)

3707	Share options exercised (Section 8A)
3708	Public office allowance
3713	Other allowances
3714	Other allowances (Excl)
3715	Subsistence allowance—foreign travel (IT)
3717	Broad-based employee share plan (Section 8B)
3718	Employee equity instruments (Section 8C)
3719	Par (dd) of the proviso to S10(1)(k)(i) dividends
3720	Par (ii) of the proviso to S10(1)(k)(i) dividends
3721	Par (jj) of the proviso to S10(1)(k)(i) dividends
3722	Reimbursive travel allowance exceeding prescribed rate
3723	Par (kk) of the proviso to S10(1)(k)(i) dividends
3724	Amounts paid by any COVID-19 Disaster Relief Organisation but not UIF TERS payments (YOA 2020/2021 only)

## Fringe benefit codes

3801	General fringe benefits
3802	Right of use of motor vehicle (not operating lease)
3805	Free or cheap accommodation (reinstated from 2012/2013)
3806	Free or cheap services (reinstated from 2012/2013)
3808	Payment of employee's debt (reinstated from 2012/2013)
3809	Taxable bursaries or scholarships—basic education
3810	Company contribution to medical aid
3813	Cost related to medical services paid by company
3815	Non-taxable bursaries or scholarships—basic education
3816	Use of motor vehicle acquired via operating lease
3817	Taxable benefit i.r.o pension fund employer contribution
3820	Taxable bursaries or scholarships—further education
3821	Non-taxable bursaries or scholarships—further education
3822	Non-taxable acquisition of immovable property
3825	Taxable benefit i.r.o provident fund employer contribution
3828	Taxable benefit i.r.o retirement annuity employer contribution



- 3829 Taxable bursaries or scholarships to a disabled person  
—further education
- 3830 Non-taxable bursaries or scholarships to a disabled person  
—basic education
- 3831 Taxable bursaries or scholarships to a disabled person  
—further education
- 3832 Non-taxable bursaries or scholarships to a disabled person  
—further education
- 3833 Taxable benefit: bargaining council employer contributions
- 3834 Non-taxable benefit—Loan to purchase Immovable Residential Property
- 3835 Non-cash long service awards

**Lump sum codes**

- 3901 Gratuities (retirement/retrenchment /death)
- 3906 Special remuneration (e.g. proto-teams)
- 3907 Other lump sums (e.g. backdated salaries extended over previous tax year, non-approved funds)
- 3908 Exempt Policy Proceeds (Excl)
- 3909 Unclaimed benefits paid by fund
- 3915 Pension, provident or retirement annuity fund lump sum benefits paid on or after 1 October 2007
- 3920 Lump sum withdrawal benefits from retirement funds after 28 February 2009
- 3921 Living annuity and section 15C surplus apportionments accruing after 28 February 2009
- 3922 Compensation lump sum i.r.o death in the course of employment
- 3923 Transfer of unclaimed benefits
- 3924 Transfer of retirement benefit on or after retirement age and before retirement date

**Gross remuneration codes**

- 3696 Gross non-taxable income
- 3699 Gross taxable employment income

**Deduction codes**

- 4001 Total pension fund contributions paid or ‘deemed paid’ by employee
- 4003 Total provident fund contributions paid or ‘deemed paid’ by employee
- 4005 Medical aid contributions paid or ‘deemed paid’ by employee (including contribution towards a private medical aid)
- 4006 Total retirement annuity fund contributions paid or ‘deemed paid’ by employee
- 4024 Medical services costs deemed paid i.r.o employee and/or immediate family
- 4030 Donations paid by the employer to the organisation (excluding to the Solidarity Fund)
- 4055 COVID-19 Solidarity Fund Donations
- 4472 Employer’s pension fund contributions
- 4473 Employer’s provident fund contributions
- 4474 Employer’s medical aid contributions
- 4475 Employer’s retirement annuity contributions
- 4493 Employer’s medical aid contributions i.r.o. retired employees
- 4497 Total deductions
- 4582 Remuneration inclusion used in section 11F deduction (specific codes included)
- 4583 Remuneration (for foreign services) inclusion used in section 11F deduction (specific codes included)
- 4584 Employer’s bargaining council contributions
- 4585 Employer’s pension fund contributions i.r.o employees who have retired from the fund
- 4586 Employer’s provident fund contributions i.r.o employees who have retired from the fund
- 4587 Section 10(1)(o)(ii) exemption taken into account by the employer for PAYE purposes



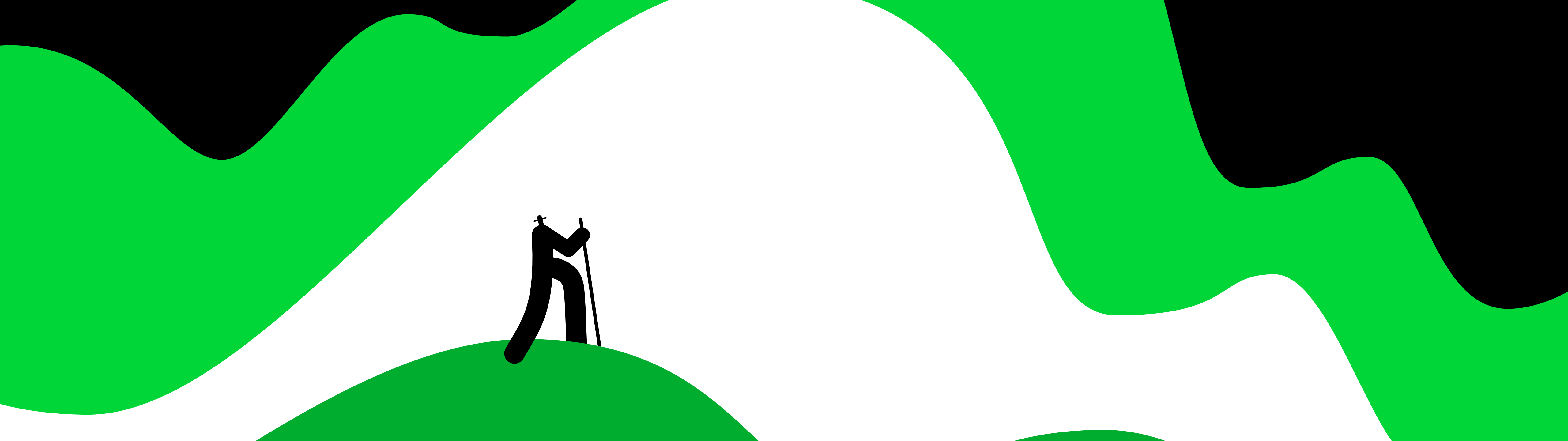
## Employee's tax deduction and reason codes

- 4102 PAYE
- 4115 Tax on retirement lump sum and severance benefits
- 4116 Medical scheme fees tax credits taken into account for PAYE purposes
- 4120 Additional medical expenses tax credit taken into account for PAYE purposes
- 4118 Employment tax incentive
- 4141 UIF employee and employer contribution
- 4142 SDL contribution
- 4149 Total tax, UIF and SDL (excluding 4116 and 4120 value)
- 4150 Reason code for IT3(a)
  - 01– Invalid from March 2002
  - 02– Earn less than the tax threshold
  - 03– Independent contractor or director's fees for RSA resident NED
  - 04– Independent contractor (including nil directive and income protection annuities)
  - 05– Exempt foreign employment Income
  - 06– Director's remuneration – income determined in the following tax year
  - 07– Labour broker with IRP30
  - 08– No tax to be withheld due to medical scheme fees tax credit allowed
  - 09– No withholding of tax on shares possible

*These codes listed must still be confirmed for the 2024/2025 tax year.*







**Sage Johannesburg**  
**6th Floor, Gateway West**  
**22 Magwa Crescent**  
**Waterfall 5-lr**  
**Midrand, 2066**

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