

# REGISTRATION OF EMPLOYEES

## FOR INCOME TAX PURPOSES

EXTERNAL GUIDE - REGISTRATION OF EMPLOYEES FOR INCOME TAX PURPOSES  
PAYE-REG-03-G01

**Revision: 5**

## **DISCLAIMER**

The information contained in this guide is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the guide should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

### **For more information about the contents of this publication you may:**

- Visit the SARS website at [www.sars.gov.za](http://www.sars.gov.za)
- Visit your nearest SARS branch
- Contact your own tax advisor/tax practitioner
- If calling from within South Africa, contact the SARS Contact Centre on 0800 00 SARS (7277)
- If calling from outside South Africa, contact the SARS Contact Centre on +27 11 602 2093 (only between 8am and 4pm South African time).

## 1 PURPOSE

- The purpose of this guide is to assist employers with the registration process for their employees who are not yet registered for Income Tax.

## 2 SCOPE

- This guide explains different channels available to employers in registering their employees for Income Tax purposes as per legislation requirements.

## 3 REFERENCES

### 3.1 LEGISLATION

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	<b>Income Tax Act No. 58 of 1962:</b> Fourth Schedule Paragraphs 13(1) and 14(2) <b>Tax Administration Act of 2011: Sections 22;23;24</b>
Other Legislation:	None
International Instruments:	None

### 3.2 CROSS REFERENCE

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
PAYE-REG-02-POL01	Internal Policy - Income Tax registration of employees by employers	All
PAYE-REG-02-SOP01	Internal Standard Operating Procedure – Manage Request for Income Tax Registration Application by employers to register employees	All

## 4 DEFINITIONS AND ACRONYMS

<b>Interim reconciliation process</b>	<ul style="list-style-type: none"> <li>An administrative process at a specific point in time which is not subject to the same legal requirements (e.g. splitting of SITE and PAYE, issuing an employee tax certificate to an employee, etc.) as those for the end of the employer's tax period or the end of the tax year.</li> </ul>
<b>CSV file</b>	<ul style="list-style-type: none"> <li>Comma Separated Value files which is created by electronic means.</li> </ul>
<b>e@syFile™</b>	<ul style="list-style-type: none"> <li>Software package supplied by SARS which has the functionality to create reconciliation documents in the prescribed formats and produced an electronic file in ZipCentralFile format submission purposes.</li> </ul>
<b>eFiling</b>	<ul style="list-style-type: none"> <li>Internet based channel which allows taxpayers to capture and submit their Returns. eFiling registration can be applied for at <a href="http://www.sarefiling.co.za">www.sarefiling.co.za</a>.</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>An employee for employees' tax purposes is defined as: <ul style="list-style-type: none"> <li>A natural person who receives remuneration or to whom remuneration accrues</li> <li>A person (including a company) who receives remuneration or to whom remuneration accrues by reason of services rendered by such person to or on behalf of a labour broker</li> <li>A labour broker</li> <li>A person or class or category of persons whom the Minister of Finance by notice in the Government Gazette declares to be an employee</li> <li>A personal service provider</li> <li>A director of a private company.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>An employee, for UIF purposes, is defined as any natural person who receives any remuneration or to whom remuneration accrues in respect of services rendered or to be rendered by that person but excluding an independent contractor.</li> <li>An employee, for SDL purposes, is defined as an employee for employees' tax purposes.</li> <li>An employee for taxable benefit purposes is defined as any person who receives remuneration or to whom remuneration accrues and includes any director of a company but excludes persons who retired before 1 March 1992 except for purposes of the provisions which deal with the payment of an employee's debt or the release of an employee from an obligation to pay a debt</li> </ul>
<b>Employer</b>	<ul style="list-style-type: none"> <li>Any person who pays or is liable to pay a person an amount by way of remuneration including a person responsible for the payment of an amount by way of remuneration to a person under the provision of a law or out of public funds or out of funds voted by Parliament or Provincial Council.</li> </ul>
<b>ITREG form</b>	<ul style="list-style-type: none"> <li>Income Tax Registration Application - Individual</li> </ul>
<b>PSV file</b>	<ul style="list-style-type: none"> <li>Pipe separated value file which is created by electronic means.</li> </ul>
<b>Reconciliation documents</b>	<ul style="list-style-type: none"> <li>Reconciliation documents will include: <ul style="list-style-type: none"> <li>Manual employees' tax certificates</li> <li>Manual reconciliation declarations</li> <li>Manual EMP601 form; and</li> <li>Electronic data file (ZipCentralFile) consisting of employees' tax certificate, reconciliation declaration and / or EMP601 information.</li> </ul> </li> </ul>
<b>TAAct</b>	<ul style="list-style-type: none"> <li>Tax Administration Act</li> </ul>

## 5 BACKGROUND

### 5.1 LEGISLATION BACKGROUND

- In terms of section 67 of the Income Tax Act, No.58 of 1962, a taxpayer who becomes liable for any normal tax or who becomes liable to submit any return as contemplated in terms of section 66 must apply to the Commissioner for SARS to be registered as a taxpayer in accordance with Chapter 3 of the Tax Administration Act.
- Due to the 2011 filing requirement of employee Income Tax reference numbers being a mandatory field on the IRP5/IT3(a) certificate issued by the employer to the employee, SARS has started to provide employers with access to register their employees for purposes of obtaining an Income Tax reference number.
- Employers are granted access to register their employees for Income Tax through one of the following channels:
  - eFiling
  - e@syFile™ Employer software application
  - Manual registration (completing the ITREG form)
  - Completion of the IT77 form (employee registering in his / her personal capacity).
- With regard to the manual registration, employers are required to request and complete the Income Tax Registration Application forms (ITREG). Employers can request ITREG forms through various channels. The following are different channels in which employers can approach SARS:
  - Phoning SARS
  - Faxing a request to SARS
  - Emailing a request to SARS
  - Visiting a SARS branch

- Posting a request to SARS.
- The ITREG application form is exclusive for manual employers and not available for use by individual employees. Individuals are required to register by completing and submitting an IT77 Application for Registration in cases where the employer has not actioned the registration of such individual.
- Where a request for ITREG form was made via any one of the above mentioned channels, the form will be posted by SARS to the employer.
- ITREG forms will be distributed to employers via post when a request was received from an employer. "Post" is the only distribution channel available. Upon each request, a maximum of six (6) ITREG forms can be issued.
- ITREG forms posted to employers will need to be completed and sent back to SARS for processing.
- Employers are able to submit a registration request for a single employee or for multiple employees of up to 1000 at a time through one request via the e@syFile™ software application. Employers are only allowed one registration request for multiple employees per month.
- Employers will be provided with feedback on the registration status of an employee regardless of the channel used for registration. Where an employee was not registered successfully, the employer will be informed of the reasons for not registering the employee.
- Detailed information is available from the e@syFile™ Employer software application guide on the SARS website.

## 6 REGISTRATION OF EMPLOYEE VIA EFILING

- Employers must firstly change their access application rights before they can access the ITREG (Income Tax Registration - application) function on eFiling.
- Certain registration roles must be assigned to eFiling administrators to enable them to access the "Employee Registration menu". A "Guide to using eFiling to register an employee" is available on the SARS website to assist the users.
- The application allows the user to capture employee details and save the changes on eFiling or submit to SARS. Saved information can be viewed and amended.
- An application for registration will be declined where an employee is already registered for Income Tax with SARS.

## 7 REGISTRATION OF EMPLOYEE VIA E@SYFILE™ EMPLOYER

- SARS has provided employers with the ability to verify Income Tax reference numbers of their employees and to register them for Income Tax with SARS.
- This process is only applicable to employees with a nature of a person indicated as:
  - A - individual with identity or passport number
  - C – director of a private company/member of cc
  - N – Pensioner.
- Employers are now able to submit registration for a single employee or for multiple employees via the e@syFile™ Employer software application.
- The employer is able to view details of all employees who are not registered for Income Tax through the e@syFile™ Employer software application. The employer can select from the list of unregistered

employees, those he/she wants to register. The employer can select only one employee or more than one employee.

- The following options are now in place to facilitate the registration of unregistered employees.
  - Bulk registration of all employees on the employer payroll:
    - Where an employer submits the bi-annual or annual PAYE for reconciliation, a bulk registration process for employees who are not registered for Income Tax will be performed automatically.
    - The verification and registration of the Income Tax reference number as well the ability access and view responses on submitted requests can only be done if the employer utilises the e@syFile™ Employer software application.
    - The type of certificate submitted by the employer triggers the verification and registration process by the use of the ITREG or ITVER option within the e@syFile™ Employer software application on submission.
    - Where the employer is not utilising the e@syFile™ Employer software application, the Income Tax reference number registration can be done either by—
      - The EMPLOYER by completing the ITREG form in respect of each employee that the employer needs to register; or
      - The EMPLOYEE by completing the IT77 form to register in his personal capacity for Income Tax purposes.
    - All employees' tax certificates submitted by the employer to SARS as part of the interim or annual submission that do not have Income Tax reference numbers, shall be included in a process that firstly checks and validates the employee's demographic information on the employees' tax certificate for the Income Tax reference number.
    - If the Income Tax reference number has not been found SARS will then use the demographic information on the tax certificate to register the employee for Income Tax for employees registered on August 2010.
    - For employees who are already registered, the process will verify the Income Tax reference number and provide the correct reference number where the incorrect reference number was initially submitted to both the employer and the employee.
  - Individual registration of employees who are employed after August 2010:
    - Newly appointed employees from September 2010 onwards, can be registered by the employers for Income Tax by utilising e@syFile™ Employer software application or alternatively completing the ITREG form.
    - The employee demographic information on the tax certificate shall be validated and an employee will be registered for Income Tax. Both the employer and employee will be notified of the Income Tax reference number.
    - Should the application not be successful, the employer shall be notified and the reasons for failure of the registration shall be communicated to the employer.
    - Employers must complete an IRP5/IT3 (a) form to register their employees for Income Tax or verify the Income Tax reference number.
    - The type of a certificate on the form should be indicated as ITREG or ITVERI instead of IRP5 or IT3 (a).
  - Bundled registration of employees by employers:
    - Employers are able to submit registration request for a single employee or for multiple employees for up to 1000 once a month through one request via e@syFile™ Employer
    - Employee details can be captured manually on e@syFile™ for bundle Income Tax registration request or the employee records can be imported from the payroll application using a CSV file.
    - An e@syFile™ Employer software application step by step guideline is available on the SARS website.

## 8 FEEDBACK ON THE INCOME TAX REGISTRATION TO THE EMPLOYER

- Feedback for manually submitted requests:
  - For Income Tax registration requests submitted manually, feedback on the approved and/ or rejected application is provided through letters to the respective employers. **On successful completion of the registration process, an sms confirming the registration will be sent to the employee.**
- Feedback for requests submitted via the SARS eFiling:
  - For requests that have been received via the SARS eFiling; employers are notified of the outcome of the submitted requests for Income Tax registration for approved and/or rejected applications.
- Feedback for requests submitted via the e@syFile™ Employer software application:
  - The employer will be able to view the responses received for the registration requests submitted through the e@syFile™ Employer software application from his inbox. The employer is able to create an export file to the payroll system in a CSV format for bundled or individual registrations feedback; and the employer is able to recreate the CSV file.
  - Feedback on the outcome of the registration applications submitted via the e@syFile™ Employer software application. The employer will be able to view feedback of the Income Tax reference numbers for all cases, even if the taxpayer details have not been found.
  - For bundled or individual registration where the tax reference number is blank or incorrect, and if it is discovered by SARS that the employee is already registered, the tax number will not be provided back to the employer. The employer will have to obtain the correct Income Tax reference number from the employee.
  - Where an employee could not be registered through bundled registration or individual ITREG process, the employer will be informed of the reasons of the non registration reasons.
  - For bulk registration request submitted to SARS and the employers submit a blank or incorrect tax reference number where the employee is already registered. The correct Income Tax reference number will be provided to the employer. Where an individual could not be registered for income tax through the bulk registration request on the reconciliation process, feedback will be available to the employer.
  - Where a bundled registration application was submitted by the employer, feedback summary on the processed registration application will contain the following information:
    - Total number of employees for which the application for registration has been submitted.
    - Total numbers of employees whose Income Tax reference numbers were found to have been already registered.
    - Total numbers of employees whose Income Tax reference numbers were allocated as a result of the submitted applications.
    - Total number of employees whose submitted applications have been rejected as the reasons for rejection.
- The employer will be able to view the following verification responses on the e@syFile™ software application for the selected employees.
  - Registered
    - Where the submitted application is for an employee who is already registered for Income Tax.
  - Not Registered
    - Where the application has not been submitted and the employee is not registered for Income Tax. The employer has an option to submit the application for employee's Income Tax registration.
  - Valid

- For the submitted employees' application who's allocated Income Tax number is valid and correct.
- Invalid registered
  - The allocated Income Tax number is based on a submission not matching the SARS profile.
  - Where the employee is registered and an incorrect Income Tax number was submitted for SARS to verify.
- Invalid not registered
  - If the submitted application has been allocated an income tax reference number which does not belong to the employee; and the respective employee is still not registered.
- The employer, who has not utilised e@syFile™ Employer software to create the reconciliation data, will need to request the Income Tax registration number from the employee.
- An e@syFile™ employer software application step by step guideline is available on the SARS website.

## **9 REGISTRATION OF EMPLOYEE VIA THE ITREG FORM**

- Employers can request ITREG forms through various channels mentioned under 5.1 above.
- SARS officials will capture the employer's details including employer PAYE reference number when requesting the ITREG form.
- The employer will be authenticated as usual when requesting a form.
- Upon each request, a maximum of six ITREG forms can be issued.
- ITREG forms cannot be printed or captured by branch agents upon walk in requests by employers.
- "Post" is the only channel available as the "Preferred Mode of Contact for Current Use", i.e. distribution channel

## **10 LAYOUT AND FEATURES OF ITREG FORM**

### **10.1 SECTIONS OF THE ITREG FORM**

- The ITREG form is divided into five sections, namely:
  - Employee personal details
  - Employee physical address
  - Employee postal address
  - Employee bank account details
  - Employer details
  - Employer Reference Number; and
  - Declaration.



## 10.2 EXPLANATION OF FIELDS ON ITREG FORM

### 10.2.1 EMPLOYEE DETAILS

Taxpayer Information		Personal Details		PRRSIF01
Surname	<input type="text"/>	Home Tel No.	<input type="text"/>	
First Two Names	<input type="text"/>	Bus Tel No.	<input type="text"/>	
Initials	<input type="text"/>	Date of Birth (CCYYMMDD)	<input type="text"/>	ID No.
				<input type="text"/>
Not Married	<input type="checkbox"/> Married in Community of Property	<input type="checkbox"/> Married out of Community of Property	Passport No.	<input type="text"/>
			Passport Country (e.g. South Africa = ZAF)	<input type="text"/>
Contact Email	<input type="text"/>			Cell No.
				<input type="text"/>
Spouse Initials	<input type="text"/>	Spouse ID No.	<input type="text"/>	Spouse Passport No.
				<input type="text"/>
				Passport Country (e.g. South Africa = ZAF)
				<input type="text"/>

**Note:** Employee personal information must be completed in this section.

- **Surname, first two names and initials**

- Surname, first two names and initials of the employee must be completed in the blocks provided
- These are mandatory fields.

**Note:** If an employee has one name, one name will be accepted.

- **Date of birth, ID no. and passport no.**

- Date of birth of the employee must be completed
- ID no. or passport no. of the employee must be completed
- The date of birth field is mandatory
- ID no. and passport no. fields are conditional.

- **Passport Country**

- Employee's country of origin must be completed
- If "ZAR" is completed in the field, then ID no. becomes mandatory
- Passport no. becomes mandatory for any other country.

- **Home Tel, Business Tel, Fax and Cell numbers**

- Employee's home tel. no, business tel. no, fax no. and / or cell no. must be completed
- At least one field must be completed
- These fields are mandatory but as soon as one field is completed, the other fields are no longer mandatory.

- **Contact Email**

- Email address of the employee must be completed
- This field is not mandatory.

- **Spouse initials, Spouse ID No, Passport No and Passport Country**

- Spouse initials, ID no, Passport no and Passport Country must be completed, if applicable
- If "ZAR" is completed in the field, then ID no. becomes mandatory
- Passport no. becomes mandatory for any other country.

### 10.2.2 PHYSICAL ADDRESS

Physical Address										
Unit No.	<input type="text"/>	Complex (if applicable)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Street No.	<input type="text"/>	Street / Name of Farm	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Suburb / District	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
City / Town	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Postal Code
										<input type="text"/>

- **Unit No. and Complex**
  - Unit no. and Complex of the employee must be completed, if applicable
  - The fields are not mandatory.
- **Street No. and Street Name or Farm Name**
  - Street no. and Street name or Farm name of the employee must be completed, if applicable
  - These fields are conditional.
- **Suburb / District**
  - Suburb or district of the employee must be completed
  - This field is conditional.
- **City / Town**
  - City or town of the employee must be completed
  - This field is conditional.

### 10.2.3 POSTAL ADDRESS

<b>Postal Address</b>	Mark here with an "X" if same as above or complete your Postal Address.	<input type="checkbox"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
	Postal Code	<input type="text"/>

- **Postal Address**
  - Complete the postal address of the employee
  - This field is conditional.
- **Postal Code**
  - This field is conditional.

**NB:** If it has been indicated that the postal address is the same as the residential address, the postal address section will be locked.

If not marked, both the postal address and residential address will be mandatory.



## 11 DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	Group Executive: Contact Centre Operations and Branch Operations
Process Owner:	Executive: Enterprise Business Enablement: Service, Processing and Compliance
Author:	Magdeline Makhushe
Detail of change from previous revision:	Updated with registration confirmation details
Template number and revision	POL-TM-07 REV. 3