

Tax changes affect employees and employers

Some the changes announced in the 2009 Budget will have an impact on both employees and employers.

Employers need to take cognisance of some of the changes announced in this year's Budget, which is certain to impact their operations.

In his Budget Speech, Finance Minister Trevor Manuel stressed that the grace period for employers failing to submit their EMP501 reconciliations to SARS is gone for good, says Christa Botha, a Human Capital Manager at Ernst & Young.

"As an employer, you'll now have 60 days after the end of the tax year to finalise your IRP5 certificates and submit the EMP501 reconciliations to SARS. If you fail to submit the EMP501 reconciliation in time, SARS will impose a 10% penalty on the total employees' tax you paid for the 2008/9 tax year."

This is, of course, to ensure that the deadlines for the filing season for individual taxpayers are met. If employers do not submit the EMP501 reconciliation on time, their employees will be directly affected as SARS won't release their tax returns. If their tax returns aren't released, they can't submit their tax returns on the due dates and will be liable for a penalty for late submission.

In addition, employers will also have to submit EMP501 reconciliations to SARS more than once a year. This will include a reconciliation of unemployment insurance fund contributions and skills development levies.

Other measures under review are highlighted by Melanie Le Roux, Senior

Manager for Tax at Ernst & Young.

The intention to rewrite the tax legislation will kick-off with a simplification of the employment income tax base, inter alia, through the development of a uniform definition of employment income. This is in line with the process of simplification of tax legislation. It is anticipated that draft legislation will be released for comment by the end of 2010.

A further matter under review is the question of whether provident funds should be phased into pension funds in line with other social security and retirement reforms. This option will be explored with stakeholders during 2009.

Also on the agenda is the continued drive to modernise SARS. Some initiatives in this regard include a mechanism to require employer reconciliation of employee's tax more frequently, the reinstatement of an equivalent to the "old" IRP2 and issues around the alignment of procedures relating to employee's tax, SDL and UIF.

Further to its modernisation drive SARS will also be exploring the viability of a single taxpayer account and a single taxpayer registration across multiple taxes.

The filing season for individual taxpayers and trusts will start in July 2009. Taxpayers and trusts who file their tax returns manually must file their tax returns by no later than 18 September 2009. Taxpayers and trusts who file their tax returns electronically must file their tax returns by no later than 20 November 2009.