

## The employee tax certificate (IRP5 or IT3(a)) explained

### The tax season for submissions is:

- 1 July to 4 December 2021 for non-provisional taxpayers using eFiling and the MobiApp.
- 1 August to 31 October 2021 for taxpayers submitting at a South African Revenue Service (Sars) branch.
- 1 July 2021 to 31 January 2022 for provisional taxpayers using eFiling.

During tax season, you need to submit an income tax return (ITR12) to the South African Revenue Service (Sars) so that they can calculate the tax liability on your income and any deductible expenses for the year of assessment (1 March to the end of February).

Depending on the products that you have with Momentum, we'll publish the relevant tax certificates online every year so that you can complete your tax return. Usually, all your tax certificates would be published online by the end of June every year.

Some or all the information on the tax certificate may already be pre-populated by Sars on your tax return.

All you have to do is to check the pre-populated information against the information on the tax certificate. If you are happy that the information is correct, you can continue completing your tax return.

Based on the information available, Sars may auto-assess your tax return (also referred to as a simulated tax calculation). Where you are auto assessed, a SMS will be sent to you to logon to Sars eFiling or the MobiApp to either:

- accept the results of your auto-assessment; or
- edit your return where you do not agree with the pre-populated data.

If your return hasn't been pre-populated by Sars, use the information on the tax certificate to complete your tax return.

You don't submit the tax certificates to Sars when you submit your tax return but keep them for a period of five years in case Sars requires them from you.

If you need any help completing your tax return, you can:

- click on 'Help-You-eFile' on Sars eFiling;
- request a call back; or
- call 0800 007 277.

Due to Covid-19, Sars is not able to assist any taxpayers at the branches. Please click [here](#) for all the methods available to interact with Sars.

### General questions and explanations

<b>What is an employee tax certificate (IRP5 or IT3(a))?</b>	<p>For a particular tax year, it shows the following:</p> <ul style="list-style-type: none"><li>• All income that was paid or is payable.</li><li>• Certain deductions allowed, or allowances permitted.</li><li>• Employees' tax (PAYE) deducted or withheld.</li></ul>
<b>Why am I receiving it?</b>	<p>A fund administrator must issue an IRP5 or IT3(a) to a client who receives income. The IRP5 or IT3(a) shows the total income received and the total deductions for the year of assessment.</p>
<b>What is the difference between an IRP5 and an IT3(a) tax certificate?</b>	<p>An IRP5 shows that tax was due and deducted. An IT3(a) shows that no tax was due. The source code 4150 confirms the reason why tax wasn't deducted.</p>

<p><b>When will we issue an IRP5 or IT3(a) tax certificate?</b></p>	<p>A tax certificate will be issued if you have received any of the following:</p> <p><b>Regular income</b></p> <ul style="list-style-type: none"> <li>Income from an annuity</li> <li>Maintenance claims</li> </ul> <p><b>Lump sum payments, and certain types of transfers from retirement funds</b></p> <ul style="list-style-type: none"> <li>One-off withdrawals</li> <li>Retirement fund withdrawals</li> <li>Death claim payments</li> <li>Section 14 transfers</li> <li>Divorce withdrawals</li> </ul>
<p><b>How will I know if Sars received my certificate details from Momentum?</b></p>	<p>The income received, PAYE deducted and directive detail (where relevant) will already be pre-populated on your income tax return (ITR12) by Sars in the employee tax information section (IRP5/IT3(a)).</p>
<p><b>What should I do with the certificate?</b></p>	<p>Use the information on it to check any pre-populated sections on your tax return or to complete any sections that have not been pre-populated. Keep the certificate for your records for at least five years.</p>
<p><b>What if I have more than one IRP5 or IT3(a) certificate?</b></p>	<p>If, for example, you have worked for two employers during the year of assessment and also received income payments from an annuity, you need three separate IRP5 or IT3(a) certificates. You will have to show that you have received three certificates when completing the questionnaire on the first page of the income tax return (ITR12) before the information will be pre-populated.</p>
<p><b>Should I register for tax even if my yearly income is below the threshold?</b></p>	<p>Yes, all taxpayers should register, but you may not be required to submit an income tax return unless your gross income is above R500 000 and you have no other allowances or deductions to claim.</p> <p>Since 2012, if you have more than one source of income (for example you received more than one annuity income), you must be registered for income tax and are required by Sars to submit a tax return, even if you are below the tax threshold.</p> <p>Click <a href="#">here</a> for more information from Sars about whether you need to submit a tax return.</p>
<p><b>Am I able to pay more tax during the year, to minimise my tax debt at assessment?</b></p>	<p>Yes, you may ask for more tax to be deducted during the year to minimise you tax debt at assessment.</p> <p>A written request must be provided clearly detailing the following:</p> <ul style="list-style-type: none"> <li>Policy number</li> <li>All personal details</li> <li>Sars tax reference number</li> <li>Applicable tax rate or value to be applied</li> </ul> <p><b>Please note:</b> Only an over deduction may be requested, we can't deduct less than the calculated tax rate, unless a directive has been issued by Sars to us, confirming either the tax rate or value to be withheld.</p>
<p><b>Where can I get more information about this tax certificate and help to complete my tax return?</b></p>	<p>Speak to a registered tax practitioner or visit <a href="http://taxtim.com">taxtim.com</a> (a Multiply partner), who can help you file your tax return.</p> <p>You can also contact Sars on 0800 00 7277 or visit its website at <a href="http://sars.gov.za">sars.gov.za</a>.</p>

## Descriptions

<b>Tax year</b>	This is the period starting on 1 March of a particular year to the end of February of the following year. The tax year shown on your certificate will show the correct income tax return you'll need to submit.
<b>Tax transaction year</b>	A transaction year is the tax year during which the deduction was withheld and paid, an allowance permitted or reporting requirements was submitted to Sars.
<b>Sars auto-assessment</b>	Based on the 3rd party data submitted by, eg Employers, Fund Administrators, etc, Sars can simulate an assessment and issue simulated tax calculation results, without waiting for the return to be submitted and finalised by you or your tax practitioner.
<b>Date of accrual</b>	<p>The date on which the benefit/allowance becomes due and entitled to the member.</p> <p>For example, determining the date of accrual on a death claim received.</p> <ul style="list-style-type: none"> <li>• Date of accrual is the date of death of the member <ul style="list-style-type: none"> <li>– The date of death is 16 February 2018</li> <li>– Momentum Investments received the death claim on 8 January 2019</li> <li>– Death claim finalised on 25 February 2019 (including all payments made to the beneficiaries)</li> </ul> </li> <li>• The date of accrual is 16 February 2018</li> <li>• Tax transaction year is the 2019 tax year (processed during the period 1 March 2018 to 28 February 2019)</li> <li>• Year of assessment is 2018 (16 February is during the tax period March 2017 to 28 February 2018)</li> </ul>
<b>Year of assessment</b>	<p>The date of accrual will determine the year of assessment, as it is the tax year during which the remuneration is paid or becomes payable to a member.</p> <p>It is the tax year during which Sars will be assessing you and could be in a different tax year than the current one. A scenario where this could occur is for example where a lump sum withdrawal transaction was initiated in tax year 1, but only completed in tax year 2.</p>
<b>Personal details</b>	<p>Make sure the details you provide to us and your registered details at Sars match. Should there be any differences, for example your identity number and income tax reference number, the IRP5/IT3(a) information may not be pre-populated on your tax return and you may be asked, by Sars, to visit your nearest Sars branch for verification purposes.</p> <p>Section 234 of the Tax Administration Act allows for taxpayers to be held criminally liable if they do not update their personal details with Sars.</p>
<b>Bank account details</b>	<p>For security purposes, bank account details aren't shown on printed and email versions of the tax certificate.</p> <p>It is important that you check your bank account details, and correct if needed, before submitting the income tax return (ITR12). Without accurate banking details Sars can't pay a refund, if applicable. To avoid fraud and theft, Sars only pays refunds electronically into verified cheque, transmission or savings bank accounts held in the name of the taxpayer at a registered South African financial institution.</p>
<b>Directive number</b>	It is the unique number of the directive issued by Sars, linking the reason for withdrawal and tax liability raised to the certificate issued.

## What do the different source codes in this certificate mean?

Source code (local/foreign service)	Description
<b>3601/3651 Income (PAYE)</b>	An amount that is paid or payable to an employee (member). This will be used for maintenance orders, as directed by Sars.
<b>3602/3652 Non-taxable income</b>	Any non-taxable income, excluding the following: <ul style="list-style-type: none"> <li>Foreign service remuneration for RSA residents that are exempt according to section 10(1)(o)(ii)</li> <li>Non-taxable allowances and fringe benefits</li> </ul> This code accommodates all payments of a capital nature. Examples include: <ul style="list-style-type: none"> <li>Non-taxable income of a capital nature.</li> <li>Non-taxable portion of a compulsory annuity purchased from a retirement fund (for example due to non-residency and the relevant Double Taxation Agreement (DTA)).</li> <li>Non-taxable (capital element) of a section 10A voluntary purchased annuity.</li> </ul>
<b>3603/3653 Pension (PAYE)</b>	Any compulsory pension or compulsory purchased annuity paid on a regular basis (from a pension, pension preservation, provident or a provident preservation fund) as well as backdated pension or compulsory purchased annuity payment (for current tax year).
<b>3610/3660 Annuity from a retirement annuity fund (PAYE)</b>	An annuity paid on a regular basis by a retirement annuity fund and/or a compulsory purchased annuity purchased from a long-term insurer and paid on a regular basis.
<b>3611/3661 Purchased annuity (PAYE)</b>	The taxable portion of a voluntary purchased annuity (including a provident fund voluntary purchased annuity) paid by a long-term insurer.
<b>3612/3662 Purchased annuity (non-taxable)</b>	The non-taxable portion (capital interest) received on an annuity purchased from an annuity fund.
<b>3618/3668 Annuity from a Provident/Provident Preservation Fund (PAYE) (Effective from 2021 tax year)</b>	Any qualifying annuity paid on a regular basis from a provident or provident preservation fund as well as backdated provident or qualifying annuity (from a provident or provident preservation fund) (for the current tax year).
<b>3902/3952 Pension/RAF (PAYE)</b>	Lump sum accruing before 1 March 2009 from a pension fund or a retirement annuity fund in respect of withdrawal (for example resignation, transfer, surplus apportionment, etc), including 'Unclaimed benefits' only claimed and paid to a member of a pension fund from 1 March 2009.  Not applicable from 2010.
<b>3903 Pension/RAF (PAYE)</b>	Lump sum payments before 1 October 2007 from a pension fund or a retirement annuity fund in respect of retirement or death.  Not applicable from 2009.

<b>3915</b> <b>Retirement or termination of employment lump sum benefits or commutation of annuities (PAYE)</b>	Lump sum payments with a date of accrual after 1 October 2007 in respect of retirement or death from a pension, pension preservation, provident, provident preservation or retirement annuity fund.  Commutation of an annuity or portion of an annuity on or after 1 March 2011 in respect of paragraph 2(1)(a)(iii) of the Second Schedule of the Act.
<b>3920</b> <b>Lump sum withdrawal benefits (PAYE)</b>	Lump sum payment with a date of accrual after 28 February 2009 in the form of withdrawals from a pension, pension preservation, provident, provident preservation or retirement annuity fund – this includes divorce orders, emigration withdrawals, etc.
<b>3696</b> <b>Gross non-taxable income</b>	Amounts for all non-taxable income.
<b>3698</b> <b>Gross non-retirement funding income (Effective until 2016 tax year)</b>	This is all income that is taxable.
<b>3699</b> <b>Gross employment income (taxable) (Effective from 2017 tax year)</b>	This is the income that is taxable and is used to calculate PAYE payable.
<b>4102</b> <b>PAYE</b>	The PAYE deducted.
<b>4115</b> <b>Tax on retirement lump sum and severance benefits</b>	The PAYE deducted on lump sums.
<b>4150</b> <b>Reason for non-deduction of employee tax</b>	02    Earned less than the tax threshold. 04    Non-taxable earnings (including nil directives).

Financial success is about you and your money, and how you use the money you earn to make a living and shape your financial future throughout the different stages of your life and that of your family.

How you structure your income, and therefore your tax payable, can have a significant effect on your journey to success. A financial adviser or registered tax practitioner can help you understand how to best structure your tax.

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