

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

**The tax filing season for individuals typically runs from the dates below. As the South African Revenue Service (SARS) may adjust the filing season dates, please check the SARS website for the exact opening and closing dates.**

- July to October for non-provisional taxpayers using eFiling and the SARS MobiApp.
- July to October for taxpayers submitting at a SARS branch, by appointment only.
- July to January for provisional taxpayers using eFiling.

During tax season, you may need to submit an income tax return (ITR12) to SARS so that they can calculate the tax on your income and any tax-deductible expenses for the assessment year (1 March to the end of February).

Depending on your products with Momentum, we'll publish the relevant tax certificates online by the end of June.

### **Automatic assessment (Auto-assessment)**

Based on data received from employers, financial institutions, medical schemes, retirement annuity fund administrators and other third-party data providers, SARS may automatically assess you (also referred to as an original estimate assessment). If you are selected for auto-assessment, SARS will send you an SMS to log in to SARS eFiling or the MobiApp. You should check the prepopulated information against the information on your various tax certificates.

- If you agree with the outcome, you don't need to take any further action.
- If you don't agree with the auto-assessment, edit your tax return and ensure you file it before the filing season due date.

If SARS didn't prepopulate your return, use the information on your tax certificates to complete your return. Please make sure that your tax information with Momentum is up to date.

SARS doesn't require copies of your tax certificates when filing your return. However, it is important to keep your certificates on record, as SARS may request supporting documents for up to five years after you file your return, to verify your declaration.

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

- click on 'Help-You-eFile' on the SARS eFiling website (<https://sarsefiling.co.za>);
- request a call back by phoning the SARS Contact Centre on 0800 00 7277 and selecting option 5 for Help-You-eFile; or
- use the SARS USSD code to make an eBooking appointment. Phone the code \*134\*7277# to establish real-time communication with SARS. SARS will then call you back to set up the eBooking appointment.

Please click [here](#) for all the methods available to interact with SARS.

## General questions and explanations

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| <b>What is an employee income 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>• Employee tax (PAYE) deducted or withheld.</li> </ul>   |
| <b>Why am I receiving it?</b>   | <p>All employers, including fund administrators, must issue an IRP5 or IT3(a) tax certificate to a client who receives income during the tax year. The certificate shows the gross total income the taxpayer received and the total tax that was withheld for the year of assessment. Make sure that this information is fully completed on your tax return.</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) is issued when no tax was due. We include source code 4150 on the IT3(a) to confirm the reason why no tax was deducted.</p>  |
| <b>When will we issue an IRP5 or IT3(a) tax certificate?</b>                  | <p>We will issue a tax certificate if you have received any of the following:</p> <ul style="list-style-type: none"> <li>• Income from an annuity</li> <li>• Income awarded for a maintenance claim</li> <li>• Lump sum payments and certain types of transfers from retirement funds that include the following: <ul style="list-style-type: none"> <li>• Once-off withdrawals</li> <li>• If you took a portion from your retirement fund</li> <li>• Death claim benefit payments</li> <li>• Section 14 transfers between retirement funds</li> <li>• Divorce payments</li> </ul> </li> </ul> |
| <b>How will I know if SARS received my certificate details from Momentum?</b> | <p>SARS requires all employers to report third-party data every six months of a tax year. This includes all accrued income, pay-as-you-earn (PAYE) tax deducted and directive details (where applicable). Your certificate information should be prepopulated on your income tax return (ITR12), which can be seen in the employee tax certificate information section [IRP5/IT3(a)].</p>  |
| <b>What should I do with the certificate?</b>                                 | <p>Use the information to check all prepopulated fields on your tax return or complete any sections that haven't been prepopulated. Keep the certificate for at least five years from the date of filing as SARS may ask for a copy later to verify the information.</p>   |
| <b>What if I have more than one IRP5 or IT3(a) certificate?</b>               | <p>All the information must reflect on your tax return for your return to be complete. If, for example, you have worked for two employers during the year of assessment, and received income payments from an annuity, you should have received three separate IRP5 or IT3(a) certificates. The form wizard on the first page of your tax return should show that you have received three certificates as your return is customised according to the answers in the form wizard.</p>   |

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| <p><b>What if I get an error when I submit my tax return stating that the return was not processed as no lump sum amount was declared and I must contact the fund administrator urgently?</b></p> | <p>This error normally occurs when the accrual and transaction dates fall within different tax years. Refer to the definitions below. It means that a directive was applied for during the specific year of assessment, but the corresponding tax certificate details were not declared on your tax return. If the tax certificate detail isn't prepopulated on your tax return, you need to capture the details. You first need to increase the number of IRP5 or IT3(a) tax certificates received on the form wizard on the first page, and you can then capture the additional certificate details. Make sure that you capture the tax directive number as well.</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 have to submit an income tax return.</p> <p>Click <a href="#">here</a> for more information on whether you must submit a return.</p>   |
| <p><b>May I 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 your tax debt on assessment.</p> <p>Please send us a written request, and give us the following:</p> <ul style="list-style-type: none"> <li>• Contract or 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 tax than what the income tax tables require unless a SARS tax directive has been issued to us, confirming either the tax rate or value to be withheld.</p>                               |
| <p><b>Where can I get more information on and help with this tax certificate?</b></p>   | <p>Speak to a registered tax practitioner or visit <a href="http://taxtim.co.za">taxtim.co.za</a> (a Momentum 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>   |
| <p><b>Descriptions</b></p>  |   |
| <p><b>Tax year</b></p>  | <p>This is the period starting on 1 March of a particular year to the end of February of the following year. The tax year we show on your certificate reflects the applicable tax year that we reported your certificate information.</p>   |
| <p><b>Tax transaction year</b></p>  | <p>The transaction tax year shows when we withheld tax and paid it over to SARS.</p>  |
| <p><b>SARS auto-assessment</b></p>  | <p>Based on third-party data submitted by employers, fund administrators, etc, SARS can estimate your tax liability on an estimated original assessment without waiting for the return to be submitted.</p>   |

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| <b>Date of accrual</b>      | <p>The date on which the benefit becomes due and payable to you. The accrual date is important as it determines in which tax year the transaction must be reported.</p> <p>This is how to report a lump sum payment for a death benefit that was allocated in one tax year and paid in the following tax year:</p> <ul style="list-style-type: none"> <li>• Assume the date of death is 16 February 2020 (this date falls within the 2019-2020 tax year);</li> <li>• the Income Tax Act provides that for a death claim, the date of accrual is the date of death of the member;</li> <li>• Momentum receives the death claim on 8 January 2021; and</li> <li>• transacts to finalise the death claim on 25 February 2021.</li> </ul> <p>This means that although the transaction was finalised in the 2020-2021 tax year, the accrual date fell within the 2019-2020 tax year, and therefore the transaction needs to be reflected in the deceased's 2019-2020 tax return.</p> <p>Momentum pays the tax (if applicable) over to SARS during the 2020-2021 tax year and reports the transaction to SARS in the same tax year. Due to the SARS process, the certificate details may not prepopulate and should be captured onto the deceased's 2019-2020 tax return.</p> |
| <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 the lump sum becomes payable to a member.</p> <p>It is the tax year during which SARS will assess you and could be in a different tax year than the current one. A scenario where this could occur is 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>Please make sure the details you give us and your registered details with SARS match. If there are differences, such as your identity number or income tax reference number, your IRP5/IT3(a) information may not prepopulate on your tax return, and SARS may ask you to visit your nearest SARS branch to verify it.</p> <p>According to section 234 of the Tax Administration Act taxpayers can be held criminally liable if they don't 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 electronic versions of the tax certificate.</p> <p>It is important that you check your bank account details and correct them if needed before submitting your income tax return (ITR12) to SARS. Without accurate banking details, SARS can't pay a refund, if applicable. To avoid fraud and theft, SARS pays refunds electronically into a verified cheque, transmission or savings bank account held in the name of the taxpayer at a registered South African financial institution only.</p>  |
| <b>Directive number</b>     | <p>The unique number of the directive issued by SARS, linking the reason for withdrawal and tax liability raised to the certificate issued.</p>   |

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

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| <b>3601/3651</b><br><b>Income (subject to tax)</b>  | An amount that is paid or payable to an employee (member).<br>This source code is used for maintenance orders, as directed by SARS in <b>IN89</b> .  |
| <b>3602/3652</b><br><b>Non-taxable income</b>   | Any non-taxable income, excluding the following: <ul style="list-style-type: none"> <li>• Foreign service remuneration for South African tax 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 the following: <ul style="list-style-type: none"> <li>• Non-taxable income of a capital nature.</li> <li>• Non-taxable income 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 portion paid from a section 10A voluntary purchased annuity.</li> </ul> |
| <b>3603/3653</b><br><b>Pension (subject to tax)</b>   | Any compulsory pension or compulsory annuity paid regularly (where the originating source is a pension or pension preservation fund) as well as any backdated pension or compulsory annuity payments (for the current tax year).   |
| <b>3610/3660</b><br><b>Annuity from a retirement annuity fund (subject to tax)</b>  | An annuity paid on a regular basis by a retirement annuity fund and/or a compulsory annuity purchased from a long-term insurer where the originating source of the annuity is a retirement annuity fund.   |
| <b>3611/3661</b><br><b>Purchased annuity (subject to tax)</b>   | The taxable portion of a voluntary annuity purchased from an insurer in terms of section 10A.  |
| <b>3618/3668</b><br><b>Annuity from a provident/provident preservation fund (subject to tax) (effective from 2021 tax year)</b>             | Any qualifying annuity paid regularly where the originating source of the annuity is a provident or provident preservation fund, including payment of backdated annuities.   |
| <b>3915</b><br><b>Retirement or termination of employment lump sum benefits or cancellation (commutation) of annuities (subject to tax)</b> | Lump sum payments with a date of accrual after 1 October 2007 for retirement or death from a pension, pension preservation, provident, provident preservation or retirement annuity fund.<br><br>Cancellation of an annuity or portion of an annuity on or after 1 March 2011. This means an election to cancel regarding a living annuity or life annuity (see paragraph 2(1)(a)(iii) of the Second Schedule of the Income Tax Act).  |

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| <b>3920</b><br><b>Lump sum withdrawal benefits</b><br><b>(subject to tax)</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 (eg divorce orders, emigration withdrawals, cessation of South African residency, and withdrawal due to visa expiry and transfers). |
| <b>3926</b><br><b>Savings withdrawal benefit</b><br><b>(effective from 2025 tax year)</b>            | Withdrawal from the savings component/pot of a retirement fund.  |
| <b>3696</b><br><b>Gross non-taxable income</b>   | The total of all non-taxable income amounts.   |
| <b>3699</b><br><b>Gross employment income (taxable)</b><br><b>(effective from the 2017 tax year)</b> | The total of all taxable income amounts; this amount is used to calculate tax payable.   |
| <b>4102</b><br><b>PAYE</b>   | The tax amount deducted from income and paid to SARS.  |
| <b>4115</b><br><b>Tax on retirement lump sum and</b><br><b>severance benefits</b>                    | The tax deducted from lump sums and paid to SARS.  |
| <b>4150</b><br><b>Reason for non-deduction of</b><br><b>employees' tax</b>                           | This source code shows SARS why no tax was deducted.<br>02 = Earned less than the tax threshold.<br>04 = Non-taxable earnings (including nil directives).  |

Financial success is about you 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 structure your tax best.

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