Electronic dispute process now available to employers objecting to Sars admin penalties

By Joon Chong

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Sars has enabled its current dispute process on eFiling to employers requesting a remission, or objecting and appealing against administrative penalties on late or non-submission of EMP501 Employer Reconciliation Declarations.

Image source: Nataliya Vaitkevich from Pexels

From Saturday, 23 April 2022, the South African Revenue Service will no longer accept manually filed disputes against the EMP 501 administrative penalties, according to a note issued to employers.

Since Sars instituted administrative penalties on the late or non-submission of EMP501 Employer Reconciliation Declarations in 2021, employers have been using the manual ADR1 for objections and ADR2 for appeals, because the electronic dispute process was not available on eFiling for these disputes.

Sars has imposed the administrative penalty for late or non-submission of the EMP 501 returns for 2021/02 which was due by 31 May 2021. The penalty will be 1% for each month that the EMP 501 return is outstanding up to 10% of the total amount of employees' tax for that reconciliation period (ie. for that year of assessment).

The Sars eFiling system has now been updated to allow the request for remission of the administrative penalties imposed in terms of the EMP301 assessment issued to the employer, and further from that the objection and appeal process of the disputes.

We believe this is a positive step that will assist employers and Sars to manage their dispute process more efficiently.

We note, however, that the dispute process for employment tax incentive (ETI) adjustments is not always available on eFiling. Many employers have been subject to rigorous audits by Sars on their ETI claimed. In certain instances, employers have had to submit their ETI objections and appeals for every period which has an additional assessment at a Sars branch. We hope that the electronic dispute process for ETI will soon also consistently be available on eFiling for all employers for their ETI disputes.

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