GUIDE FOR CODES APPLICABLE TO

EMPLOYEES' TAX CERTIFICATES

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1   PURPOSE

- The purpose of this guide is to explain the relevant source codes which must be used by employers when issuing an employees' tax certificate to an employee.

2   SCOPE

- This guide explains each code which is relevant to remuneration, deductions, employees' tax deductions and employer contributions / payments.

- Validation rules relating to the specific code is explained as well as the year of assessment in which such code is valid.

- Validation rules relating to a specific field on an employees' tax certificate as well as rules relating to a specific income or deduction code is dealt with AS-PAYE-13-G3.

- All codes applicable since 1999 are included and discussed accordingly.

3   REFERENCES

3.1 LEGISLATION

TYPE OF REFERENCE	REFERENCE
Legislation and Rules administered by SARS:	**Fourth Schedule to the Income Tax Act No. 58 of 1962:** Paragraphs 13, 14 and 30 **Income tax Act No. 58 of 1962:** Section 4(1)(c)(iv) and 69(1)(a) **Skills Development Levies Act No. 9 of 1999:** Section 3, 3(4) **Unemployment Insurance Contributions Act No. 4 of 2002:** Section 6
Other Legislation:	**Identification Act, No. 72 of 1986**
International Instruments:	None

3.2 CROSS REFERENCES

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
AS-EMP-20	External Policy: Completion And Submission Of Monthly EMP201 Returns	All
AS-EMP-20-G1	Guide For Employers On Completion And Submission Of EMP201 Returns	All
AS-PAYE-05	Guide For Employers In Respect Of Employee's Tax	All
AS-PAYE-05	Guide For Employers In Respect Of Employee's Tax	All
AS-PAYE-05-G1	Guide in respect of Employees' Tax Deduction Tables	All
AS-PAYE-05-G1-A1	Weekly tax deduction tables	All
AS-PAYE-05-G1-A2	Fortnightly tax deduction tables	All
AS-PAYE-05-G1-A3	Monthly tax deduction tables	All
AS-PAYE-05-G1-A4	Annual tax deduction tables	All
AS-PAYE-05-G2	Guide for Employers in respect of Fringe Benefits	All
AS-PAYE-05-G3	Guide for Employers in respect of Allowances	All
AS-PAYE-05-G3-A1	Rate per kilometre schedule	All
AS-PAYE-05-G3-A2	Subsistence Allowance in respect of Foreign Travel	All
AS-PAYE-05-A1	Allowances	Withdrawn
AS-PAYE-05-A2	Fringe benefits	Withdrawn
AS-PAYE-05-A3	Rate per kilometre schedule	Withdrawn
AS-PAYE-05-A8	Subsistence deemed amount per country	Withdrawn
AS-PAYE-13	External Policy: Issuing And Submission Of Reconciliation Documents	All
AS-PAYE-13-G1	Guide For Completion And Submission Of Employees Tax Certificates	All

DOCUMENT #	DOCUMENT TITLE	APPLICABILITY
AS-PAYE-13-G1-A1	1999 Format Employees Tax Certificates	All
AS-PAYE-13-G1-A2	2008 Adobe Format Employees Tax Certificates	All
AS-PAYE-13-G1-A3	2010 Adobe Format Employees Tax Certificates	All
AS-PAYE-13-G2	Guide For Completion Of Reconciliation Declarations	All
AS-PAYE-13-G2-A1	IRP501 – Reconciliation Of Tax Deductions And Certificates	All
AS-PAYE-13-G2-A2	EMP501 – Employer Reconciliation Declaration (2008 Adobe Format)	All
AS-PAYE-13-G2-A3	EMP501 – Employer Reconciliation Declaration (2010 Adobe Format)	All
AS-PAYE-13-G2-A4	EMP601 – Tax Certificate Cancellation Declaration (2008 Adobe Format)	All
AS-PAYE-13-G2-A5	EMP601 – Tax Certificate Cancellation Declaration (2010 Adobe Format)	All
AS-PAYE-13-G2-A6	EMP701 – Reconciliation Declaration Adjustment	All
AS-PAYE-13-G3	Guide For Validations Rules Applicable to Reconciliation Documents	
AS-PAYE-13-G4	Guide For Codes Applicable to Employees Tax Certificates	All
AS-PAYE-13-G5	Guide for Creation of CSV files - Employees Tax Certificate Information	All
AS-SDL-01	Guide For Skills Development Levy	All
AS-UIF-01	Guide For Unemployment Fund Contributions	All

4   DEFINITIONS AND ACRONYMS

4th Schedule	• Fourth Schedule to the Income Tax Act

Account holder relationship	• The account holder relationship respect of an employee's bank account details includes:
	
	    ▫ 1 for own account
	    ▫ 2 for joint account
	    ▫ 3 for third party account

Alpha field	• An alpha field will include:
	
	    ▫ Any alphabetic letters (i.e. A to Z) in upper or lower case;
	    ▫ Dash sign (i.e. -);
	    ▫ Space (i.e.);
	    ▫ Comma (i.e. ,);
	    ▫ Apostrophe (i.e. '); and
	    ▫ Alphabetical characters such as ê, ë, etc.

Alphanumeric field	• An alphanumeric field will include:
	
	    ▫ Everything that is allowed in the alpha field; and
	    ▫ Any numeric number (i.e. 0 to 9).

Alternate period	• A period, whether of 12 months or not, commencing on the day following the last day of the preceding alternate period in relation to the employer and ending on a date falling not more than 14 days before or after the last day of February
Certificate type	• IRP5; • IT3(a); • ITREG
Commissioner	• The Commissioner for the South African Revenue Service
Computerised employer	• Employer with a PC which has the e@syfile software installed
Conditional rule	• A conditional rule indicates that the specific field must be completed if any of the conditions as prescribed in the validation rules are applicable (e.g. mandatory if related fields have been completed)

CSV file	• Comma Separated Value file which is created by electronic means
e@syfile	• 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
EMP501	• Employer Reconciliation declaration form
EMP601	• Tax certificate cancellation declaration form
EMP701	• Reconciliation adjustment declaration form
Employee	• An employee for employees' tax purposes is defines as — ▫ A natural person who receives remuneration or to whom remuneration accrues; ▫ 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; ▫ A labour broker; ▫ A person or class or category of persons whom the Minister of Finance by notice in the Government Gazette declares to be an employee; ▫ A personal service provider; ▫ A director of a private company. • An Employee for UIF purposes is defines 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 • An employee for SDL purposes is defined as an employee for employees' tax purposes • 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
Employees' tax	• An amount of tax that an employer must deduct from all regular or periodic payments (remuneration), paid or which becomes payable to an employee
Employees' tax certificates	• A certificate in the form prescribed by the Commissioner which shows the remuneration paid or payable to the employee / former employee by the employer and the sum of amounts of employees' tax deducted or withheld by the employer from such remuneration • The employees' tax certificate format is prescribed on the: ▫ 1999 to 2007 format: IRP5 and IT3(a); and ▫ From 2008 format: IRP5/IT3 (a).
Employer	• 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 provisions of a law or out of public funds or out of funds voted by parliament or Provincial Council. This definition excludes any person not acting as a principle but includes any person acting in a fiduciary capacity or in his / her capacity as trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, pension preservation fund, provident fund, provident preservation fund, retirement annuity fund or any other fund.
Free text field	• A free text field may include: ▫ Everything that is allowed in the alphanumeric field; ▫ Inverted commas (i.e. "" "");

	- Back and forward slash (i.e. \ /); - Question and exclamation mark (i.e. ? !); - At sign (i.e. @); - Ampersand (i.e. &); - Dollar sign (i.e. $); - Hash (#); - Plus and equal sign (i.e. + =); - Colon and semi colon (i.e. : ;); - Left and right brackets [i.e. ( )]; - Full stop (i.e. .); **Note:** All special characters are allowed in a free text field, however for XML development purposes, the ISO-8859-1 encoding or informally referred to as Latin-1 standard must be adhered to. The definition of this standard can be found on: http://en.wikipedia.org/wiki/IOS/IEC_8859-1
ID-number	• The 13 digit identity number indicated in the green bar-coded identity document issued in accordance with the Identification Act, No. 72 of 1986
Income	• Means the normal dictionary explanation of income for purpose of the income codes • Note: The word "Income" does not refer to the definition in the Income Tax Act if it relates to the income codes
IRP 5/IT 3(a)	• Employees' tax certificate
IRP5	• An employees' tax certificate where employees' tax deducted or withhold are indicated
IT3(a)	• An employees' tax certificate where no employees' tax was deducted or withhold and a reason for the non-deduction are indicated
ITREG	• An electronic record with all the employees' tax certificate information for purposes of: □ registering the employee for income tax purposes
ITVERI	• An electronic record with all the employees' tax certificate information for purposes of: • □ verifying the income tax reference number of the employee
Leviable Amount	• The leviable amount is applicable to SDL and means the total amount of remuneration paid or payable or deemed to be paid or payable by an employer to his/her employees during any month as determined for employees' tax purposes, whether or not such employer is liable to deduct or withhold employees' tax (it therefore means that the remuneration paid or payable to employees who earn below the tax threshold must be included into the total remuneration for determining the leviable amount)
Liabilities	• The amount of employees' tax, SDL and UIF which an employer is obliged to deduct, withhold and / or contribute in terms of the provision of the 4th Schedule, SDL Act and UIF Act
Mandatory rule	• A mandatory rule indicates that the specific field must be completed (permitting no option and cannot be disregarded)
Manual employer	• Employer completing an EMP 501 reconciliation and employees' tax certificates manually and do not create the relevant information with a PC which has the e@syfile software installed
N (nature of person)	• Means any fund (other than a pension fund, pension preservation fund, provident preservation fund, benefit fund or retirement annuity fund) which is registered under the Pension Fund Act, 1956(Act No.24 of 1956),and which is approved by the commissioner in respect of the year assessment .
Nature of Person	• A - An individual • B for an **individual** without an identity or passport number • C for a **director** of a private company or **member** of a close corporation • D for a **Trust** • E for a **company** or a **close corporation**

	• F for a **partnership** • G for a **corporation** • H for a **personal service provider** • N for a **pensioner** (e.g. Member, former member or beneficiary of a member or former member) receiving a pension (including any lump sum or annuity payable by a fund in consequence of membership or past membership, etc.)
Numeric field	• A numeric field only includes numeric numbers (i.e. 0 to 9)
Optional rule	• An optional rule indicates that the specific field does not need to be completed although it may be completed on applicability and availability of the related information
PAYE	• This is the abbreviation for Pay-As-You-Earn but with relation to the reconciliation declaration it specifically means employees' tax
Payroll employer	• Employer who creates a CSV file from electronic payroll information
PC	• Personal computer
RAF	• Retirement annuity fund
Reconciliation	• The process through which an employer submits all applicable reconciliation documents to SARS for processing purposes
Reconciliation declaration	• The EMP501 or EMP701 declaration form on which an employer's PAYE, SDL and UIF liabilities are declared with associated payments, IRP5 total tax values and the resulting net effect of setting-off payments made against the liabilities
Reconciliation documents	• Reconciliation documents will include: ▫ Manual employees' tax certificates; ▫ Manual reconciliation declarations; ▫ Manual EMP601 form; and ▫ Electronic XML data file consisting of employees' tax certificate, reconciliation declaration and / or EMP601 information
Remuneration	• Remuneration for employees' tax purposes is defined as any amount of income which is paid or is payable to any person by way of any salary, leave pay, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise and whether or not in respect of services rendered, including — ▫ restraint of trade payments; ▫ an amount, including a voluntary award, received or accrued in commutation of amounts due in terms of a contract of employment or service; ▫ an amount received or accrued in respect of the relinquishment, termination, loss, repudiation, cancellation or variation of an office or employment or of an appointment; ▫ An allowance or advance paid to an employee in respect of accommodation, meals or other incidental costs while the employee is by reason of the duties of his / her office obliged to spend at least one night away from his / her usual place of residence in the Republic is deemed to become payable to the employee in the following month in respect of services rendered. This deeming provision applies where such an allowance or advance was paid to an employee during any month in respect of a night away from his / her usual place of residence and that employee has not by the last day of the following month either spent the night away from his / her usual place of residence or refunded that allowance or advance to the employer; ▫ Only the 50% of an allowance paid to a holder of a public office; ▫ Only the 80% of an allowance or advance in respect of the expense of travelling for business purposes (excluding an allowance paid for actual distance travelled for business purposes, at a rate not exceeding the rate per kilometre fixed by the Minister of Finance in the

Government Gazette);

- □ fringe benefits received in terms of the 7th Schedule to the IT Act;
- □ a gratuity received by or accrued to a person from his / her employer because such person obtained a university degree or diploma or has been successful in an examination;
- □ any gain determined in terms of Section 8B, which must be included in that person's income under that section (broad-based equity share plan); and
- □ any gain determined in terms of Section 8C which is required to be included in the income of that person

but not including —

- □ Amounts paid to common law independent contractors, but excluding amounts paid to common law independent contractors who do not employ three or more qualifying employees and are required to render services mainly at the premises of the client and are subject to the control or supervision of any person as to the manner in which their duties are performed or as to the hours of work.
- □ This exclusion does not apply to —
  - o any person who receives any remuneration or to whom any remuneration accrues by reason of any services rendered by such person to or on behalf of a labour broker;
  - o any labour broker;
  - o any personal service provider; or
  - o a person who is not ordinarily resident in South Africa.
- □ Any pension or additional pension under the Social Assistance Act.
- □ Any disability grant or additional or supplementary allowance under the Social Assistance Act.
- □ Any grant or contribution under the provisions of Section 89 of the Children's Act.
- □ Amounts paid to an employee, wholly in reimbursement of expenditures actually incurred by such employee in the course of employment.
- □ Any annuity in terms of an order of divorce or decree of judicial separation or agreement of separation.

- Remuneration for SDL purposes is defined as remuneration for employees' tax purposes, but does not include any amount paid or payable to an employee —

  - □ an amount paid or payable to any labour broker or any person declared by the Minister of Finance by notice in the Government Gazette as an employee to whom a certificate of exemption has been issued by SARS;
  - □ an amount paid or payable to any person by way of pension, superannuation allowance or retiring allowance;
  - □ an amount contemplated in Paragraphs (a), (d), (e) or (eA) of the definition of gross income in Section 1 of the Income Tax Act —
    - o by way of annuity [par (a)];
    - o any amount, including a voluntary award received or accrued in respect of the relinquishment, termination, loss, repudiation, cancellation or variation of any office or employment or of any appointment [par (d)];
    - o a retirement fund lump sum benefit or retirement fund lump sum withdrawal benefit [par (e)]; or
    - o lump sum benefits from a pension fund (where the rules provide that on retirement a portion of the benefit has to be taken in the form of an annuity, etc.) [par (eA)]; and
  - □ an amount payable to a learner in terms of a contract of employment

	contemplated in Section 18(3) of the Skills Development Act

	• Remuneration for UIF purposes is defined as remuneration for employees' tax purposes, but does not include any amount paid or payable to an employee —
	
	   ▫ by way of pension, superannuation allowance or retiring allowance;
	   ▫ that constitutes an amount contemplated in Paragraphs (a), (cA), (d), (e) or (eA) of the definition of gross income in Section 1 of the Income Tax Act —
	      o by way of annuity [par (a)];
	      o as compensation for any restraint of trade [par (cA)];
	      o any amount, including a voluntary award received or accrued in respect of the relinquishment, termination, loss, repudiation, cancellation or variation of any office or employment or of any appointment [par (d)];
	      o a retirement fund lump sum benefit or retirement fund lump sum withdrawal benefit [par (e)]; or
	      o lump sum benefits from a pension fund (where the rules provide that on retirement a portion of the benefit has to be taken in the form of an annuity, etc.) [par (eA)]; and
	   ▫ by way of commission

Representative employer	• Any public officer, liquidator, judicial manager, manager, secretary, officer, guardian, curator, administrator or other person having authority to pay remuneration on behalf of an employer
SARS	• South African Revenue Service
SARS' website	• The website can be access on the following address: www.sars.gov.za
SDL	• Skills development levy
SDL Act	• The Skills Development Levies Act, No. 9 of 1999
SITE	• Standard Income Tax on Employees
Tax year	• The tax year is basically the same as the definition of transaction year for purposes of reconciliation documents submitted to SARS prior to the availability of the e@syfile software

Tax period	• In relation to any employer, as a period of 12 months ending on the last day of February of the relevant tax year or at the option of the employer, an alternate period, in respect of which remuneration is paid or has become due
	
	 • In relation to an employee, a tax year (1 March to 28 / 29 February of the next year) **or** any **unbroken period** during the tax year —
	
	   ▫ during which the employee was employed by one employer in the Republic in standard employment; or
	   ▫ during which any annuity was paid or became payable to him / her by one employer; or
	   ▫ such period as the Commissioner considers appropriate in the circumstances, where the Commissioner has in relation to the employment of any employee, issued a ruling to the employer

Taxpayer	• Any person who is required to be registered with SARS for income tax purposes
Transaction year	• The year of assessment during which the employer deducted or withheld and paid the employees' tax in respect of the remuneration paid or payable to his / her employees. This could include employees' tax on remuneration which accrued during a previous year of assessment to the employee
UIF contributions	• Unemployment Insurance Fund contributions determined in terms of Section 6 of the Unemployment Insurance Contributions Act, No. 4 of 2002
UIF Act	• The Unemployment Insurance Contributions Act, No. 4 of 2002

XML	• Extensive Mark-up Language
Year of assessment	• The year of assessment in which the remuneration paid or payable to the employee accrued
Bi-annual reconciliation process	• 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

5   BACKGROUND

5.1   OBLIGATIONS OF AN EMPLOYER RELATING TO EMPLOYEES' TAX CERTIFICATES

- The 4th Schedule to the Income Tax Act place, amongst other things, the following obligations on an employer:

  □ To furnish employees to whom remuneration is paid or has become payable with employees' tax certificates within the prescribed period; and
  □ To submit all reconciliation documents to SARS within the prescribed period.

  Note: For detail information relating to the specific legislation obligations of an employer, please refer to the "External Policy: Issuing and submission of reconciliation documents (AS-PAYE-13)" and "Guide for Employers in respect of employees' tax (AS-PAYE-05) which is available on SARS' website.

5.2   USING OF CODES ON CERTIFICATES

- **GENERAL RULES**

  □ All codes completed / used for purposes of issuing an employees' tax certificate must be in sequential order, with the exception of the codes for gross totals.
  □ The value of the specific remuneration amount paid to an employee must be reported on an employees' tax certificate under the relevant code to which that specific type of remuneration relates.

- **PRE-1999 CODES**

  □ No source codes were applicable to employees' tax certificates for year of assessments prior to 1999.

- **1999 to 2009 CODES**

  □ Source codes for purposes of completing employees' tax certificates were introduced during 1998 and become mandatory with effect from the 1999 year of assessment.
  □ Due to the space available on the 2008 and 2009 ADOBE certificate formats, certain rules were prescribed where the income codes exceeds a total of 13 and the deductions codes exceeds a total of 7.

- **2010 CODES (Employees' tax certificates submitted to SARS during the period 1 March 2008 to 31 December 2009)**

  □ SARS rationalised the source codes and in effect reduced the codes that may be used with effect from 2010 year of assessment. This in effect means that some codes have been combined / moved to another existing code.
  □ Codes that are combined / moved to other existing codes are deemed to be invalid for years of assessment from 2010.

6   1999 TO 2009 YEAR OF ASSESSMENT CODES

- These codes are applicable for all certificates which is issued for years of assessment from 1999 to 2009

6.1   NORMAL INCOME CODES

Code	Description	Explanation
3601 (3651)	Income	An amount which is paid or payable to an employee for services rendered, for example: • Salaries, • Wages, • Backdated wages/salaries (for current tax year), • Remuneration paid to migrant / seasonal worker, • Remuneration paid to full time scholars or students, etc. Note: Director's remuneration must be reflected under code 3615 and code 3651 must be used for foreign service income. • **Rules:** ▫ Code 3601 is valid from 1999 year of assessment ▫ Code 3651 is valid from 2002 year of assessment
3602 (3652)	Income	Any non-taxable income excluding non-taxable, allowances and fringe benefits. For example, this code accommodates all payments of a capital nature. Note: Code 3652 must be used for foreign service income • **Rules:** ▫ Code 3602 is valid from 1999 year of assessment ▫ Code 3652 is valid from 2002 year of assessment
3603 (3653)	Pension	Any pension paid on a regular basis as well as backdated pension payments (for current tax year). Note: Code 3653 must be used for foreign service income • **Rules:** ▫ Code 3603 is valid from 1999 year of assessment ▫ Code 3653 is valid from 2002 year of assessment
3604 (3654)	Pension	Any pension paid on a regular basis that is not taxable, for example, war pensions, etc. Note: Code 3654 must be used for foreign service income • **Rules:** ▫ Code 3604 is valid from 1999 year of assessment ▫ Code 3654 is valid from 2002 year of assessment
3605 (3655)	Annual payment	An amount, which is defined as an annual payment, for example: • Annual bonus, • Incentive bonus, • Leave pay (on resignation / encashment), • Merit awards, • Bonus or incentive amount paid to an employee to retain his service for a specific period, etc. Note: Code 3655 must be used for foreign service income • **Rules:** ▫ Code 3605 is valid from 1999 year of assessment ▫ Code 3655 is valid from 2002 year of assessment

Code	Description	Explanation
3606 (3656)	Commission	An amount derived mainly in the form of commission based on sales or turnover attributable to the employee. Note: Code 3656 must be used for foreign service income • **Rules:** □ Code 3606 is valid from 1999 year of assessment □ Code 3656 is valid from 2002 year of assessment
3607 (3657)	Overtime	An amount paid as overtime for rendering services. The tax on such payments is calculated as on "income taxable". Note: Code 3657 must be used for foreign service income • **Rules:** □ Code 3607 is valid from 1999 year of assessment □ Code 3657 is valid from 2002 year of assessment
3608 (3658)	Arbitration award	The taxable portion of a settlement agreement between an employer and an employee as lay down by Court order. Also including all awards allocated via a settlement out of Court or in respect of Labour disputes. (Apply for a tax directive to determine the taxable portion of such award). Note: Code 3658 must be used for foreign service income • **Rules:** □ Code 3608 is valid from 1999 year of assessment □ Code 3658 is valid from 2002 year of assessment
3609 (3659)	Arbitration award	The non-taxable portion of a settlement agreement between an employer and an employee as lay down by Court order. Also including all awards allocated via a settlement out of Court or in respect of Labour disputes. (Apply for a tax directive to determine the non-taxable portion of such award). Note: Code 3659 must be used for foreign service income • **Rules:** □ Code 3609 is valid from 1999 year of assessment □ Code 3659 is valid from 2002 year of assessment
3610 (3660)	Annuity from a retirement annuity fund	A monthly annuity paid by a Retirement Annuity Fund to any person. Note: Code 3660 must be used for foreign service income • **Rules:** □ Code 3610 is valid from 1999 year of assessment □ Code 3660 is valid from 2002 year of assessment
3611 (3661)	Purchased annuity	The taxable portion of interest received on an annuity purchased from a Retirement Annuity Fund. Note: Code 3661 must be used for foreign service income • **Rules:** □ Code 3611 is valid from 1999 year of assessment □ Code 3661 is valid from 2002 year of assessment
3612 (3662)	Purchased annuity	The non-taxable portion (capital interest) received on an annuity purchased from a Retirement Annuity Fund. Note: Code 3662 must be used for foreign service income • **Rules:** □ Code 3612 is valid from 1999 year of assessment □ Code 3662 is valid from 2002 year of assessment

Code	Description	Explanation
3613 (3663)	Restraint of trade	Restraint of trade income paid to an employee. Note: Code 3663 must be used for foreign service income • **Rules:** □ Code 3613 is valid from 2001 year of assessment □ Code 3663 is valid from 2002 year of assessment
3614 (3664)	Other retirement lump sums	A retirement lump sum payment paid by a fund according to section 1(eA) of the Act. Note: Code 3664 must be used for foreign service income • **Rules:** □ Code 3614 is valid from 2002 year of assessment □ Code 3664 is valid from 2002 year of assessment
3615 (3665)	Director's remuneration	Remuneration paid to a director of a private company / member of a close corporation. Note: Code 3665 must be used for foreign service income • **Rules:** □ Code 3615 is valid from 2002 year of assessment □ Code 3665 is valid from 2002 year of assessment
3616 (3666)	Independent contractors	Remuneration paid to an Independent contractor. Note: Code 3666 must be used for foreign service income • **Rules:** □ Code 3616 is valid from 2005 year of assessment □ Code 3666 is valid from 2005 year of assessment
3617	Labour Brokers (PAYE/IT)	Remuneration paid to a Labour Broker - irrespective if the Labour Broker is in possession of an exemption certificate (IRP 30). Only valid from 2004 year of assessment. • **Rules:** □ Code 3617 is valid from 2005 year of assessment

6.2 ALLOWANCES CODES

Code	Description	Explanation
3701 (3751)	Travel allowance	An allowance or advance paid to an employee in respect of travelling expenses for business purposes – including fixed travel allowances, petrol-, garage- and maintenance cards. The full amount of the allowance must be disclosed on the certificate although only a % of the allowance is subject to employees' tax. Note: Code 3751 must be used for foreign service income • **Rules:** □ Code 3701 is valid from 1999 year of assessment □ Code 3751 is valid from 2002 year of assessment
3702 (3752)	Reimbursive travel allowance	A reimbursement for business kilometres exceeding 8 000 kilometres per tax year at a rate per kilometre or the rate per kilometre exceeds the rate per kilometre determined according to Schedule A or the employee receives any other form of compensation for travel. No employees' tax is deductible but the amount is taxable on assessment and the full amount must be disclosed on the certificate.

Code	Description	Explanation

		Note: Code 3752 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3702 is valid from 1999 year of assessment
		  ▫ Code 3752 is valid from 2002 year of assessment

3703 (3753)	Reimbursive travel allowance	A reimbursement for business kilometres not exceeding 8 000 kilometres per tax year at a rate per kilometre which does not exceed the rate per kilometre determined according to Schedule A and no other compensation for travel was received.
		No employees' tax is deductible and the full amount must be disclosed on the certificate.
		
		Note: Code 3753 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3703 is valid from 1999 year of assessment
		  ▫ Code 3753 is valid from 2002 year of assessment

3704 (3754)	Subsistence allowance – local travel	An allowance paid for expenses in respect of meals and / or incidental costs for local travel, which exceeds the deemed amounts.
		No employees' tax is deductible but the amount is taxable on assessment and the full amount must be disclosed on the certificate.
		
		Note: Code 3754 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3704 is valid from 1999 year of assessment
		  ▫ Code 3754 is valid from 2002 year of assessment

3705 (3755)	Subsistence allowance – local travel	An allowance paid for expenses in respect of meals and / or incidental costs for local travel, which does not exceeds the deemed amounts.
		No employees' tax is deductible and the full amount must be disclosed on the certificate.
		
		Note: Code 3755 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3705 is valid from 1999 year of assessment
		  ▫ Code 3755 is valid from 2002 year of assessment

3706 (3756)	Entertainment allowance	Entertainment allowance paid to an employee for purposes of funding business entertainment expenses.
		
		Note: Code 3756 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3706 is valid from 1999 to 2002 year of assessment
		  ▫ Code 3756 is only valid for 2002 year of assessment

3707 (3757)	Share options exercised	Any amount in terms of a qualifying equity share disposed or gain made under a share scheme operated for the benefit of employees.
		A tax directive must be obtained from SARS.
		
		Note: Code 3757 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3707 is valid from 1999 year of assessment
		  ▫ Code 3757 is valid from 2002 year of assessment

3708 (3758)	Public office allowance	An allowance granted to a holder of a public office to enable him to defray expenditure incurred in connection with such office. The full amount of the allowance must be disclosed on the certificate although only a % of the allowance is subject to employees' tax.

Code	Description	Explanation

		Note: Code 3758 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3708 is valid from 1999 year of assessment
		  ▫ Code 3758 is valid from 2002 year of assessment

3709 (3759)	Uniform allowance	An allowance for a special uniform which is clearly distinguishable from ordinary clothes.
		The full amount of the allowance must be disclosed on the certificate and no employees' tax is deductible.
		
		Note: Code 3759 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3709 is valid from 1999 year of assessment
		  ▫ Code 3759 is valid from 2002 year of assessment

3710 (3760)	Tool allowance	An allowance for the acquisition of tools for business use.
		The full amount of the allowance is subject to employees' tax and must be disclosed on the certificate.
		
		Note: Code 3760 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3710 is valid from 1999 year of assessment
		  ▫ Code 3760 is valid from 2002 year of assessment

3711 (3761)	Computer allowance	An allowance for the acquisition or use of a computer.
		Please note: The full amount of the allowance is subject to employees' tax and must be disclosed on the certificate.
		
		Note: Code 3761 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3711 is valid from 1999 year of assessment
		  ▫ Code 3761 is valid from 2002 year of assessment

3712 (3762)	Telephone/cell phone allowance	An allowance for expenses incurred in the use of a telephone/cell phone for business purposes.
		The full amount of the allowance is subject to employees' tax and must be disclosed on the certificate.
		
		Note: Code 3762 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3712 is valid from 1999 year of assessment
		  ▫ Code 3762 is valid from 2002 year of assessment

3713 (3763)	Other allowances	All other allowances, which do not comply with the above descriptions, must be added together and reflected under this code on the certificate.
		The full amount of all such other allowances is subject to employees' tax.
		
		Note: Code 3763 must be used for foreign service income
		
		• **Rules:**
		  ▫ Code 3713 is valid from 1999 year of assessment
		  ▫ Code 3763 is valid from 2002 year of assessment

3714 (3764)	Other allowances	All other non-taxable allowances, which do not comply with the above descriptions, must be added together and reflected under this code on the certificate. Only allowances that are paid to an employee in his capacity as an employee must be shown, for example, relocation allowance. Note: Code 3764 must be used for foreign service income

Code	Description	Explanation

		• **Rules:**
		    ▫ Code 3714 is valid from 1999 year of assessment
		    ▫ Code 3764 is valid from 2002 year of assessment

3715 (3765)	Subsistence allowance – foreign travel	An allowance paid for expenses in respect of meals and / or incidental costs for foreign travel, which exceeds the deemed amounts. No employees' tax is deductible but the amount is taxable on assessment and the full amount must be disclosed on the certificate. Note: Code 3765 must be used for foreign service income • **Rules:** ▫ Code 3715 and 3765 is valid from 2006 year of assessment
3716 (3766)	Subsistence allowance – foreign travel	An allowance paid for expenses in respect of meals and / or incidental costs for foreign travel, which does not exceeds the deemed amounts. No employees' tax is deductible and the full amount must be disclosed on the certificate. Note: Code 3766 must be used for foreign service income • **Rules:** ▫ Code 3716 and 3766 is valid from 2006 year of assessment
3717 (3767)	Broad-based employee share plan	An amount received / accrued from the disposal of any qualifying equity share or any right of interest in a qualifying equity share in terms of certain conditions. Note: Code 3767 must be used for foreign service income • **Rules:** ▫ Code 3717 and 3767 is valid from 2006 year of assessment
3718 (3768)	Vesting of equity instruments	Any gain in respect of the vesting of any equity instrument. Note: Code 3768 must be used for foreign service income • **Rules:** ▫ Code 3718 and 3768 is valid from 2006 year of assessment

6.3 FRINGE BENEFITS CODES

Code	Description	Explanation

3801 (3851)	Acquisition of asset	Acquisition of an asset at less than the actual value and / or insurance policies ceded.
		
		Note: Code 3851 must be used for foreign service income
		
		• **Rules:**
		    ▫ Code 3801 is valid from 1999 year of assessment
		    ▫ Code 3851 is valid from 2002 year of assessment

3802 (3852)	Use of motor vehicle	Right of use of a motor vehicle.
		
		Note: Code 3852 must be used for foreign service income
		
		• **Rules:**
		    ▫ Code 3802 is valid from 1999 year of assessment
		    ▫ Code 3852 is valid from 2002 year of assessment

3803 (3853)	Use of asset	Right of use of an asset (other than a motor vehicle). Note: Code 3853 must be used for foreign service income

Code	Description	Explanation
		• **Rules:** ▫ Code 3803 is valid from 1999 year of assessment ▫ Code 3853 is valid from 2002 year of assessment
3804 (3854)	Meals, etc	Meals, refreshments and meal and refreshment vouchers. Note: Code 3854 must be used for foreign service income • **Rules:** ▫ Code 3804 is valid from 1999 year of assessment ▫ Code 3854 is valid from 2002 year of assessment
3805 (3855)	Accommodation	Free or cheap accommodation or holiday accommodation. Note: Code 3855 must be used for foreign service income • **Rules:** ▫ Code 3805 is valid from 1999 year of assessment ▫ Code 3855 is valid from 2002 year of assessment
3806 (3856)	Services	Free or cheap services. Note: Code 3856 must be used for foreign service income • **Rules:** ▫ Code 3806 is valid from 1999 year of assessment ▫ Code 3856 is valid from 2002 year of assessment
3807 (3857)	Loans or subsidy	Low interest or interest free loans and subsidy. Note: Code 3857 must be used for foreign service income • **Rules:** ▫ Code 3807 is valid from 1999 year of assessment ▫ Code 3857 is valid from 2002 year of assessment
3808 (3858)	Employee's debt	Payment of an employee's debt or release an employee from an obligation to pay a debt. Note: Code 3858 must be used for foreign service income • **Rules:** ▫ Code 3808 is valid from 1999 year of assessment ▫ Code 3858 is valid from 2002 year of assessment
3809 (3859)	Bursaries or scholarships	Bursaries and scholarships. Note: Code 3859 must be used for foreign service income • **Rules:** ▫ Code 3809 is valid from 1999 year of assessment ▫ Code 3859 is valid from 2002 year of assessment
3810 (3860)	Medical aid contributions	Medical aid contributions paid on behalf of an employee. Note: Code 3860 must be used for foreign service income • **Rules:** ▫ Code 3810 is valid from 1999 year of assessment ▫ Code 3860 is valid from 2002 year of assessment
3813 (3863)	Medical services costs	Medical costs incurred on behalf of an employee in respect of medical, dental and similar services, hospital and / or nursing services or medicine. Note: Code 3863 must be used for foreign service income

Code	Description	Explanation
		• **Rules:** ▫ Code 3813 and 3863 is valid from 2007 year of assessment

6.4 LUMP SUMS CODES

Code	Description	Explanation
3901 (3951)	Gratuities	Gratuities paid by an employer to an employee (retirement/retrenchment). Note: Code 3951 must be used for foreign service income • **Rules:** ▫ Code 3901 is valid from 1999 year of assessment ▫ Code 3951 is valid from 2002 year of assessment
3902 (3952)	Pension / RAF	Lump sum payments prior to 1/3/2009 from a Pension, Pension preservation or Retirement annuity fund in respect of withdrawal (e.g. resignation, transfer, surplus apportionments, Divorce, maintenance or housing loan payments) — • due to Surplus apportionments after 1 January 2006 and NOT paid in terms of section 15B of the Pension Funds Act of 1956. • due to a court order in respect of a divorce, maintenance or housing loan. Note: Code 3952 must be used for foreign service income • **Rules:** ▫ Code 3902 is valid from 1999 to 2009 year of assessment ▫ Code 3952 is valid from 2002 to 2009 year of assessment
3903 (3953)	Pension / RAF	Lump sum payments prior to 1/10/2007 from a Pension, Pension preservation or Retirement annuity fund in respect of death or retirement Note: Code 3953 must be used for foreign service income • **Rules:** ▫ Code 3904 is valid from 1999 to 2008 year of assessment ▫ Code 3953 is valid from 2002 to 2008 year of assessment
3904 (3954)	Provident	Lump sum payments prior to 1/3/2009 from a Provident or Provident preservation fund in respect of withdrawal (e.g. resignation, transfer, surplus apportionments, Divorce, maintenance or housing loan payments) — • due to Surplus apportionments after 1 January 2006 and NOT paid in terms of section 15B of the Pension Funds Act of 1956. • due to a court order in respect of a divorce, maintenance or housing loan. Note: Code 3954 must be used for foreign service income • **Rules:** ▫ Code 3904 is valid from 1999 to 2009 year of assessment ▫ Code 3954 is valid from 2002 to 2009 year of assessment
3905 (3955)	Provident	Lump sum payments prior to 1/10/2007 from a Provident or Provident preservation fund in respect of death or retirement Note: Code 3955 must be used for foreign service income • **Rules:** ▫ Code 3905 is valid from 1999 to 2008 year of assessment ▫ Code 3955 is valid from 2002 to 2008 year of assessment
3906 (3956)	Special Remuneration	Special remuneration (e.g. proto-teams). Note: Code 3956 must be used for foreign service income

Code	Description	Explanation
		• **Rules:** ▫ Code 3906 is valid from 1999 year of assessment ▫ Code 3956 is valid from 2002 year of assessment
3907 (3957)	Other lump sums	Other lump sums (e.g. backdated salaries extended over previous tax years, not approved funds), including lump sum payments by unapproved funds Note: Code 3957 must be used for foreign service income • **Rules:** ▫ Code 3907 is valid from 1999 year of assessment ▫ Code 3957 is valid from 2002 year of assessment
3908	Surplus apportionments	Surplus apportionments after 1 January 2006 and paid in terms of section 15B of the Pension Funds Act of 1956 • **Rules:** ▫ Code 3908 is valid from 2008 year of assessment
3909	Unclaimed benefits	Unclaimed benefits prior to 1/3/2009 and in terms of the provisions of General Note 35. • **Rules:** ▫ Code 3909 is valid from 2008 year of assessment
3915	Retirement lump sum benefits and lump sum payments in respect of involuntary termination of employment	Lump sum payments accrued after **1 October 2007** from a fund (Pension, Pension preservation, Provident, Provident preservation or Retirement annuity fund) in respect of retirement or death. Note: With effect from 2009 year of assessment. Amounts previously under codes 3903/3953 and 3905/3955 must be included in this code 3915.

6.5   GROSS REMUNERATION CODES

Code	Description
3695	Gross taxable annual payments (annual payments and backdated salary for previous years) • **Rules:** Code 3695 is valid from 2001 year of assessment
3696	Gross non-taxable income (amounts under codes 3602, 3604, 3609, 3612, 3703, 3705, 3709 and 3714) • **Rules:** Code 3696 is valid from 1999 year of assessment
3697	Gross retirement funding employment income • **Rules:** Code 3697 is valid from 1999 year of assessment
3698	Gross non-retirement funding employment income • **Rules: Code** 3698 is valid from 1999 year of assessment
3699	Gross remuneration (amounts under codes 3697 and 3698) • **Rules:** Code 3699 is valid from 1999 year of assessment

6.6   DEDUCTIONS CODES

Code	Description
4001	Current pension fund contributions • **Rules:** Code 4001 is valid from 1999 year of assessment
4002	Arrear pension fund contributions • **Rules:** Code 4002 is valid from 1999 year of assessment

Code	Description
4003	Current provident fund contributions • **Rules:** Code 4003 is valid from 1999 year of assessment
4004	Arrear provident fund contributions • **Rules:** Code 4004 is valid from 1999 year of assessment
4005	Medical aid contributions • **Rules:** Code 4005 is valid from 1999 year of assessment
4006	Current retirement annuity fund contributions • **Rules:** Code 4006 is valid from 1999 year of assessment
4007	Arrear (re-instated) retirement annuity fund contributions • **Rules:** Code 4007 is valid from 1999 year of assessment
4018	Premiums paid on loss of income policies. • **Rules:** Code 4018 is valid from 2006 year of assessment
4024	Medical services costs deemed to be paid by the employee in respect of himself / herself, spouse or child • **Rules:** Code 4024 is valid from 2007 year of assessment
4025	Medical contribution paid by employee allowed as a deduction for employees' tax purposes • **Rules:** Code 4025 is valid from 2007 year of assessment and the code is not applicable from 2010 tax year
4026	Arrear pension fund contributions
4030	Donations paid by the employer on behalf of the employee. The amount is deducted from the employee' remuneration.
4474	Employer's medical aid contributions in respect of the employee
4493	Employer's medical aid contributions in respect of pensioners and their dependants to whom the "no value" provisions apply
4497	Total Deductions / Contributions

6.7 EMPLOYEES' TAX DEDUCTIONS CODES

Code	Description
4101	SITE (Standard Income Tax on Employees) • **Rules:** Code 4101 is valid from 1999 year of assessment
4102	PAYE (Pay-as-you-earn) • **Rules:** Code 4102 is valid from 1999 year of assessment
4103	Total employees' tax • **Rules:** Code 4103 is valid from 1999 year of assessment
4115	Tax on lump sum benefit • **Rules:** Code 4115 is valid from 2008 year of assessment

6.8 REASON CODE FOR NON-DEDUCTING OF TAX

Code	Value & Description
4150	01 or 1= Invalid from 1 March 2002 • **Rules:** Value is valid from 1999 year of assessment
	02 or 2= Earn less than the tax threshold • **Rules:** Value is valid from 1999 year of assessment
	03 or 3= Independent contractor • **Rules:** Value is valid from 1999 year of assessment
	04 or 4= Non taxable earnings (including nil directives) • **Rules:** Value is valid from 1999 year of assessment
	05 or 5= Exempt foreign employment income • **Rules:** Value is valid from 2002 year of assessment
	06 or 6= Directors remuneration – income determined in the following tax year • **Rules:** Value is valid from 2002 year of assessment
	07 or 7 = Labour Broker with valid IRP 30 • **Rules:** Value is valid from 2005 year of assessment

6.9 EMPLOYER'S CONTRIBUTIONS CODES

Code	Description
4472	Employer's Pension fund contributions • **Rules:** Code 4472 is valid from 2006 year of assessment
4473	Employer's provident fund contributions • **Rules:** Code 4473 is valid from 2006 year of assessment
4474	Employer's medical aid contributions • **Rules:** Code 4474 is valid from 2006 year of assessment
4485	Medical services costs deemed to be paid by the employee in respect of other relatives • **Rules:** Code 4485 is valid from 2007 year of assessment
4486	Capped amount determined in terms of Section 18(2)(c)(i) • **Rules:** Code 4486 is valid from 2007 year of assessment
4487	No value benefits in respect of medical services provided or incurred by the employer • **Rules:** Code 4487 is valid from 2007 year of assessment
4493	Employer's medical aid contributions in respect of an employee where the no value of the 7th Schedule apply • **Rules:** Code 4493 is valid from 2007 year of assessment

7 FROM 2010 YEAR OF ASSESSMENT CODES

• These codes are applicable for all certificates which are issued for years of assessment from 2010.

7.1 Rules for the Consolidation of Source Codes from 2010 Year of Assessment

• The codes reflected under the 'Main Code' heading are now the only valid codes that may be used. The codes reflected under the 'Sub-Code Rationalisation' heading are the codes that may not longer be used. This table reflects how these codes are absorbed in to the remaining codes.

Type of Income	Main Code	Sub-Code Rationalisation
Income	3601/3651	Codes 3607/3657, and 3603/3653 and 3610/3660 must be incorporated into 3601/3651.
	3602/3652	Codes 3604/3654, 3609/3659 and 3612/3662 must be incorporated into 3602/3652
	3605/3655	
	3606/3656	
	3608/3658	
	3611/3661	
	3613/3663	
	3614	
	3615/3665	
	3616/3666	
	3617/3667	
Allowances	3701/3751	
	3702/3752	
	3703/3753	
	3704/3754	
	3707/3757	
	3708/3758	
	3713/3763	Codes 3706/3756, 3710/3760, 3711/3761 and 3712/3762 must be incorporated into 3713/3763.
	3714/3764	Codes 3705/3755 and 3709/3759 and 3716/3766 must be incorporated into 3714/3764.
	3715/3765	
	3717/3767	

Type of Income	Main Code	Sub-Code Rationalisation
	3718/3768	
Fringe Benefit	3801/3851	Codes 3803/3853, 3804/3854, 3805/3855, 3806/3856, 3807/3857, 3808/3858 and 3809/3859 must be incorporated into 3801/3851.
	3802/3852	
	3810/3860	
	3813/3863	
Lump sum	3901/3951	
	3906/3956	
	3907/3957	
	3908	
	3909	
	3915	
	3920	
	3921	
Gross Remuneration Codes	3696	
	3697	
	3698	
Deductions	4001	
	4002	
	4003	Code 4004 must be incorporated into 4003.
	4005	
	4006	
	4007	
	4018	
	4024	
	4026	Applicable to non-statutory forces (government).
	4030	
	4474	
	4493	
	4497	
Employees' Tax Deduction and Reason Codes	4101	
	4102	
	4115	
	4141	
	4142	
	4149	
	4150	

7.2 NORMAL INCOME CODES

Code	Description	Explanation
3601 (3651)	Income (PAYE)	An amount which is paid or payable to an employee for: • services rendered; • overtime; • pension paid on a regular basis; and • a monthly annuity paid by a fund. Examples include: • Salary / wages; • Backdated salary / wages / pension (Accrued in the current year of assessment); • Remuneration paid to migrant / seasonal workers / full time scholars or students; etc. Note: • Such income as paid to a director must be reflected under code 3615. • Code 3651 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3603/3653, 3607/3657 and 3610/3660 must be included in this code (3601/3651).
3602 (3652)	Income (Excl)	Any non-taxable income excluding non-taxable allowances and fringe benefits. For example, this code accommodates all payments of a capital nature. Examples include: • Non-taxable pension paid on a regular basis (e.g. war pension, etc.); • Non-taxable income of a capital nature; etc. • Non-taxable arbitration award, i.e. a portion of a settlement agreement between an employer and an employee as ordered by Court or allocated via a settlement out of Court or in respect of Labour disputes; • Non-taxable portion (capital interest) received on an annuity purchased from a Fund; etc. Note: • Code 3652 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3604/3654, 3609/3659 and 3612/3662 must be included in this code (3602/3652)..
3603 (3653)	Pension (PAYE) Not applicable from 2010	Any pension paid on a regular basis as well as backdated pension payment (for current tax year. Note: • Code 3653 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3601/3651 with effect from the 2010 year of assessment.
3604 (3654)	Pension (Excl) Not applicable from 2010	Any pension paid on a regular basis that is not taxable, for example war pensions, etc. Note: • Code 3654 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3602/3652 with effect from the 2010 year of assessment.

Code	Description	Explanation
3605 (3655)	Annual payment (PAYE)	An amount which is defined as an annual payment. Examples include: • Annual bonus; • Incentive bonus; • Leave pay (on resignation / encashment); • Merit awards; • Bonus / incentive amount paid to an employee to retain his / her service for a specific period; etc. Note: Code 3655 MUST only be used for foreign service income.
3606 (3656)	Commission (PAYE)	An amount derived mainly in the form of commission based on sales or turnover attributable to the employee. Note: Code 3656 MUST only be used for foreign service income.
3607 (3657)	Overtime (PAYE) Not applicable from 2010	An amount paid as overtime for rendering services. The tax on such payments is calculated as on income taxable. Note: • Code 3657 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3601/3651 with effect from the 2010 year of assessment.
3608 (3658)	Arbitration award (PAYE)	The taxable portion of a settlement agreement between an employer and an employee as ordered by Court or allocated via a settlement out of Court or in respect of Labour disputes. Note: Code 3658 MUST only be used for foreign service income.
3609 (3659)	Arbitration award (Excl) Not applicable from 2010	The non-taxable portion of a settlement agreement between an employer and an employee as ordered by Court. Also including all awards allocated via a settlement out of Court or in respect of Labour disputes. Note: • Code 3659 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3602/3652 with effect from the 2010 year of assessment.
3610 (3660)	Annuity from a RAF (PAYE) Not applicable from 2010	A monthly annuity paid by a RAF to any person. Note: • Code 3660 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3601/3651 with effect from the 2010 year of assessment.
3611 (3661)	Purchased annuity (PAYE)	The taxable portion of interest received on an annuity purchased from an Annuity Fund. Note: Code 3661 MUST only be used for foreign service income.
3612 (3662)	Purchased annuity (Excl) Not applicable from 2010	The non-taxable portion (capital interest) received on an annuity purchased from an Annuity Fund. Note: • Code 3662 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3602/3652 with effect from the 2010 year of assessment.
3613 (3663)	Restraint of trade (PAYE)	Restraint of trade income paid to an employee Note: Code 3663 MUST only be used for foreign service income.
3614	Other retirement lump sums (PAYE)	A retirement lump sum payment paid by a fund according to Section 1(eA) of the Act.

Code	Description	Explanation
3615 (3665)	Director's remuneration (PAYE)	Such income as would normally be reported under code 3601 as paid to a director of a private company / member of a close corporation. Note: Code 3665 MUST only be used for foreign service income.
3616 (3666)	Independent contractors (PAYE)	Remuneration paid to an independent contractor. Note: MUST only be used for foreign service income.
3617	Labour Brokers (PAYE/IT)	Remuneration paid to a labour broker - irrespective if the labour broker is in possession of an exemption certificate (IRP 30) or not.

7.3   Allowance codes

Code	Description	Explanation
3701 (3751)	Travel allowance (PAYE)	An allowance or advance paid to an employee in respect of travelling expenses for business purposes – including fixed travel allowances, petrol-, garage- and maintenance cards. Note: Code 3751 MUST only be used for foreign service income.
3702 (3752)	Reimbursive travel allowance (IT)	A reimbursement for business kilometres exceeding 8 000 kilometres per tax year or at a rate exceeding the prescribed rate per kilometre or the employee receives any other form of compensation for travel. Note: Code 3752 MUST only be used for foreign service income.
3703 (3753)	Reimbursive travel allowance (Excl)	A reimbursement for business kilometres not exceeding 8 000 kilometres per tax year and at a rate which does not exceed the prescribed rate per kilometre. Should only be used if the employee does not receive any other form of compensation for travel. Note: Code 3753 MUST only be used for foreign service income.
3704 (3754)	Subsistence allowance – local travel (IT)	An allowance paid for expenses in respect of meals and / or incidental costs for local travel, which exceeds the deemed amounts. Note: Code 3754 MUST only be used for foreign service income.
3705 (3755)	Subsistence allowance (Excl) Not applicable from 2010	An allowance paid for expenses in respect of meals and / or incidental costs for local travel, which does not exceeds the deemed amounts. Note: • Code 3755 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3714/3764 with effect from the 2010 year of assessment.
3706 (3756)	Entertainment allowance (PAYE) Not applicable from 2010	This allowance is not valid with effect from 1 March 2002 and may not be reflected on an employees' tax certificate. Note: • Code 3756 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3713/3763 with effect from the 2010 year of assessment.
3707 (3757)	Share options exercised (PAYE)	Any amount in terms of a qualifying equity share disposed or gain made under a share scheme operated for the benefit of employees. Note: Code 3757 MUST only be used for foreign service income.
3708 (3758)	Public office allowance (PAYE)	An allowance granted to a holder of a public office to enable him / her to defray expenditure incurred in connection with such office. Note: Code 3758 MUST only be used for foreign service income.

Code	Description	Explanation
3709 (3759)	Uniform allowance (Excl) Not applicable from 2010	An allowance for a special uniform which is clearly distinguishable from ordinary clothes. Note: • Code 3759 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3714/3764 with effect from the 2010 year of assessment.
3710 (3760)	Tool allowance (PAYE) Not applicable from 2010	An allowance for the acquisition of tools for business use. Note: • Code 3760 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3713/3763 with effect from the 2010 year of assessment.
3711 (3761)	Computer allowance (PAYE) Not applicable from 2010	An allowance for the acquisition or use of a computer. Note: • Code 3761 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3713/3763 with effect from the 2010 year of assessment.
3712 3762)	Telephone/cell phone allowance (PAYE) Not applicable from 2010	An allowance for expenses incurred in the use of a telephone / cell phone for business purposes. Note: • Code 3762 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3713/3763 with effect from the 2010 year of assessment.
3713 (3763)	Other allowances (PAYE)	All other allowances, which do not comply with any of the descriptions listed under allowances, must be added together and reflected under this code on the certificate. Examples include: • Entertainment allowance; • Tool allowance; • Computer allowance; • Telephone allowance; • Cell phone allowance; etc. Note: • Code 3763 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3706/3756, 3710/3760, 3711/3761 and 3712/3762 must be included in this code (3713/3763).
3714 (3764)	Other allowances (Excl)	All other non-taxable allowances, which do not comply with any of the descriptions listed under allowances, must be added together and reflected under this code on the certificate. Examples include: • Non-taxable Relocation allowance; • Non-taxable Subsistence allowance for local and foreign travel not exceeding the daily limits; • Non-taxable Uniform allowance; etc. Note: • Code 3764 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3705/3755, 3709/3759 and 3716/3766 must be included in this code (3714/3764)..

Code	Description	Explanation
3715 (3765)	Subsistence allowance – foreign travel (IT)	An allowance paid for expenses in respect of meals and / or incidental costs for foreign travel, which exceeds the deemed amounts. Note: Code 3765 MUST only be used for foreign service income.
3716 (3766)	Subsistence allowance – foreign travel (Excl) Not applicable from 2010	An allowance paid for expenses in respect of meals and / or incidental costs for foreign travel, which does not exceed the deemed amounts. Note: • Code 3766 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3714/3764 with effect from the 2010 year of assessment.
3717 (3767)	Broad-based employee share plan (PAYE)	An amount received / accrued from the disposal of any qualifying equity share or any right of interest in a qualifying equity share in terms of certain conditions. Note: Code 3767 MUST only be used for foreign service income.
3718 (3768)	Vesting of equity instruments (PAYE)	Any gain in respect of the vesting of any equity instrument. Note: Code 3768 MUST only be used for foreign service income.

7.4   Fringe benefit codes

Code	Description	Explanation
3801 (3851)	General fringe benefits (PAYE)	All fringe benefits, which do not comply with any of the descriptions listed under fringe benefits, must be added together and reflected under this code on the certificate. Examples include: • Acquisition of an asset at less than the actual value and / or insurance policies ceded; • Right of use of an asset (other than a motor vehicle); • Meals, refreshments and meal and refreshment vouchers; • Free or cheap accommodation or holiday accommodation; • Free or cheap services; • Low interest or interest free loans and subsidies; • Payment of an employee's debt or release of an employee from an obligation to pay a debt; • Bursaries and scholarships**.** Note: • Code 3851 MUST only be used for foreign service income. • With effect from 2010 year of assessment, amounts previously included under codes 3803/3853, 3804/3854, 3805/3855, 3806/3856, 3807/3857, 3808/3858 and 3809/3859must be included in this code (3801/3851).
3802 (3852)	Use of motor vehicle (PAYE)	Right of use of a motor vehicle. Note: Code 3852 MUST only be used for foreign service income.
3803 (3853)	Use of asset (PAYE) Not applicable from 2010	Right of use of an asset (other than a motor vehicle). Note: • Code 3853 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.

Code	Description	Explanation
3804 (3854)	Meals, etc (PAYE) Not applicable from 2010	Meals, refreshments and meal and refreshment vouchers. Note: • Code 3854 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3805 (3855)	Accommodation (PAYE) Not applicable from 2010	Free or cheap accommodation or holiday accommodation. Note: • Code 3855 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3806 (3856)	Services (PAYE) Not applicable from 2010	Free or cheap services. Note: • Code 3856 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3807 (3857)	Loans or subsidy (PAYE) Not applicable from 2010	Low interest or interest free loans and subsidy. Note: • Code 3857 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3808 (3858)	Employee's debt (PAYE) Not applicable from 2010	Payment of an employee's debt or release an employee from an obligation to pay a debt. Note: • Code 3858 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3809 (3859)	Bursaries or scholarships (PAYE) Not applicable from 2010	Bursaries and scholarships. Note: • Code 3859 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3801/3851 with effect from the 2010 year of assessment.
3810 (3860)	Medical aid contributions (PAYE)	Medical aid contributions paid on behalf of an employee. Note: Code 3860 MUST only be used for foreign service income.
3813 (3863)	Medical services costs (PAYE)	Medical costs incurred on behalf of an employee in respect of medical, dental and similar services, hospital and / or nursing services or medicine. Note: Code 3863 MUST only be used for foreign service income.

7.5 Lump sum codes

Code	Description	Explanation
3901 (3951)	Gratuities (PAYE)	Gratuities paid by an employer in respect of retirement, retrenchment or death. Note: Code 3951 MUST only be used for foreign service income.

Code	Description	Explanation
3902 (3952)	Pension / RAF (PAYE) Not applicable from 2010	Lump sum accruing prior to 1 March 2009 from a Pension / Retirement annuity fund in respect of withdrawal (e.g. resignation, transfer, surplus apportionment, etc.). Note: • Code 3952 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3920 or 3921 (where applicable) with effect from the 2010 year of assessment.
3903 (3953)	Pension / RAF (PAYE) Not applicable from 2009	Lump sum payments accruing prior to 1 October 2007 from a Pension / retirement annuity fund in respect of retirement of death. Note: • Code 3953 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3915 with effect from the 2009 year of assessment.
3904 (3954)	Provident (PAYE) Not applicable from 2010	Lump sum accruing prior to 1 March 2009 from a Provident fund lump sum in respect of withdrawal (e.g. resignation, transfer, surplus apportionment, etc.). Note: • Code 3954 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3920 or 3921 (where applicable) with effect from the 2010 year of assessment.
3905 (3955)	Provident (PAYE) Not applicable from 2009	Lump sum payments accruing prior to 1 October 2007 from a Provident fund in respect of retirement or death. Note: • Code 3955 MUST only be used for foreign service income. • The value of this code must be included in the value of code 3915 with effect from the 2009 year of assessment.
3906 (3956)	Special Remuneration (PAYE)	Special remuneration paid to proto-team members. Note: Code 3956 MUST only be used for foreign service income.
3907 (3957)	Other lump sums (PAYE)	Other lump sum payments. (e.g. backdated salaries extending over previous tax years, not approved funds). Examples include: • Backdated salary/wage/pension extending over previous year of assessments; • Lump sum payments paid by an unapproved fund; • Gratuity paid to an employee due to normal termination of service (e.g. resignation. Note: Code 3957 MUST only be used for foreign service income.
3908	Surplus apportionments (Excl)	Surplus apportionments on or after 1 January 2006 and paid in terms of section 15B of the Pension Funds Act of 1956.
3909	Unclaimed benefits (PAYE)	Unclaimed benefits prior to 1 March 2009 and paid by a fund in terms of the provisions of General Note 35.

Code	Description	Explanation
3915	Retirement / involuntary termination of employment lump sum benefits (PAYE)	Lump sum payments accruing after 1 October 2007 from a fund (pension / pension preservation / retirement annuity / provident / provident preservation fund) in respect of retirement or death. Lump sum payments accruing after 28 February 2009 from a Pension or Provident Fund in respect of involuntary termination of services per sub par. 2(1)(a)((ii)(AA) or (BB) of the Second Schedule of the Income Tax Act (e.g. retrenchment) must be reflected under code 3915 on the IRP5/IT3(a) certificate. Note: With effect from 2009 year of assessment, amounts previously included under codes 3903/3953 and 3905/3955 must be included in this code (3915).
3920	Lump sum withdrawal benefits (PAYE)	Lump sum payments accruing after 28 February 2009 from a Pension/ Pension preservation / Retirement annuity / Provident / provident preservation fund in respect of withdrawal (e.g. resignation, transfer, divorce, maintenance, housing loan payments, etc.). Note: With effect from 2010 year of assessment, amounts previously included under codes 3902/3952 and 3904/3954 (where applicable) must be included in this code (3920).
3921	Living annuity and section 15C surplus apportionments (PAYE)	Lump sum payments accruing after 28 February 2009 from a Pension/ Pension preservation / Retirement annuity / Provident / provident preservation fund in respect of withdrawal due to: • surplus apportionments paid in terms of section 15C of the Pension Funds Act of 1956; • withdrawal after retirement from a living annuity in terms of paragraph (c) of the definition of living annuity, where the value of the assets become less than the amount prescribed by the Minister in the Gazette. Note: With effect from 2010 year of assessment, amounts previously included under codes 3902/3952 and 3904/3954 (where applicable) must be included in this code (3920).

7.6   Gross remuneration codes

Code	Description
3696	Gross non-taxable income (amounts under codes 3602/3652, 3703/3753, 3714/3764, 3908).
3697	Gross retirement funding employment income.
3698	Gross non-retirement funding employment income.

7.7   Deduction codes

Code	Description
4001	Current pension fund contributions.
4002	Arrear pension fund contributions.
4003	Current and arrear provident fund contributions.
4004 Not applicable from 2010	Employee's arrear provident fund contributions Note: Value of this code must be included in the value of code 4003 with effect from the 2010 year of assessment.
4005	Medical aid contributions.
4006	Current retirement annuity fund contributions.
4007	Arrear (re-instated) retirement annuity fund contributions.
4018	Premiums paid for loss of income policies.
4024	Medical services costs deemed to be paid by the employee in respect of himself / herself, spouse or child.
4025 Not applicable	Medical contribution paid by employee allowed as a deduction for employees' tax purposes Note: This code is not applicable with effect from the 2010 year of assessment and must not

Code	Description
from 2010	be included in any other code.
4026	Arrear pension fund contributions – Non-statutory forces (NSF).
4030	Donations deducted from the employee's remuneration and paid by the employer to the Organisation.
4472 Not applicable from 2010	Employer's pension fund contributions Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4473 Not applicable from 2010	Employer's provident fund contributions Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4474	Employer's medical aid contributions in respect of employees not part of code 4493
4485 Not applicable from 2010	Medical services costs deemed to be paid by the employee in respect of other relatives Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4486 Not applicable from 2010	Capped amount determined by the employer in terms of Section 18(2)(c)(i) Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4487 Not applicable from 2010	No value benefits in respect of medical services provided or incurred by the employer Note: This code is not applicable with effect from the 2010 year of assessment and must not be included in any other code.
4493	Employer's medical aid contributions in respect of pensioners or their dependants to whom the "no value" provisions apply.
4497	Total Deductions / Contributions

7.8 Employees' tax deduction and reason codes

Code	Description
4101	SITE (Standard Income Tax on Employees)
4102	PAYE (Pay-As-You-Earn)
4115	Tax on retirement lump sum benefits (tax on code 3915, 3920 and 3921)
4141	UIF contribution (employer and employee contributions)
4142	SDL contribution
4149	Total Tax, SDL and UIF
4150	01 or 1= Invalid from 1 March 2002
	02 or 2= Earn less than the tax threshold
	03 or 3= Independent contractor
	04 or 4= Non taxable earnings (including nil directives)
	05 or 5= Exempt foreign employment income
	06 or 6= Directors remuneration – income quantified in the following year of assessment (only valid from 1 March 2002)
	07 or 7 = Labour Broker with valid IRP 30 (only valid from 1 March 2004)

8 QUALITY RECORDS

Number	Title
IRP5/IT3(a)	Employee tax certificate
EMP201	Monthly return for remittance
EMP501	Employer reconciliation declaration
EMP601	Certificate cancellation declaration
EMP701	Reconciliation Declaration Adjustment

9   DOCUMENT MANAGEMENT

Designation	Name / Division
Business Owner:	GE: Enterprise Business Enablement
Policy Owner:	GE: Enterprise Business Enablement
Author:	Cathy Rossouw
Detail of change from previous revision:	Inclusion of lump sum payments in respect of involuntary termination of employment
Template number and revision	POL-TM-07 - Rev 3