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30 May 2017

## **DATA REPORT: MORE DETAILED BREAKDOWN OF MONTHLY REPORTING OF PERSONAL INCOME TAX**

National Treasury publishes statements of revenue, expenditure and borrowing on a monthly basis, in terms of Section 32 of the Public Finance Management Act. From this month there will be additional detail in table 1, in the section that reports revenue from taxation of persons and individuals. This data report is published to provide historical data series that is consistent with the new categorisation, which indicates employees' tax, refunds and amounts claimed for the Employment Tax Incentive separately. These figures will be released on a monthly basis from now on, along with the regular Section 32 reporting.

Total claims for the Employment Tax Incentive amounted to R11.28 billion since the start of the programme on 1 January 2014 to 31 March 2017. The incentive has been claimed by 50 977 unique employers. The total monthly claims vary according to income received in a particular month, the maximum allowable claim in a particular month, and number of employees in respect of whom employers claim the incentive. These claims remain subject to assessment, verification and audit and are therefore subject to revision.

Interested members of the public are encouraged to investigate and analyse the data. National Treasury and SARS would like to sensitise users of this published data to the following.

- There are delays in the receipt of tax data, but this is to accommodate a fair compliance burden on tax payers.
- Revisions of the data published in this report, as well as the monthly claims, are still possible.

More detail is provided below in the technical discussion, which users are encouraged to consult.

| R thousand   | 2016/17             |            |            |            |            |            |            |            |            |            |            |            |            |
|--|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Preliminary outcome | April      | May        | June       | July       | August     | September  | October    | November   | December   | January    | February   | March      |
| Tax on persons and individuals                     | 424,545,241         | 33,319,425 | 31,590,956 | 32,135,159 | 28,202,467 | 38,721,509 | 33,493,087 | 32,791,459 | 31,921,814 | 35,809,975 | 36,679,508 | 46,322,622 | 43,552,292 |
| Provisional tax, assessment payments and penalties | 41,359,398          | 731,828    | 823,848    | 790,777    | 726,556    | 8,999,267  | 2,270,744  | 1,050,579  | 1,403,780  | 1,270,947  | 1,811,242  | 18,454,582 | 3,020,281  |
| Employees tax                                      | 410,806,889         | 33,704,058 | 31,888,652 | 32,183,346 | 32,680,887 | 32,345,193 | 34,001,419 | 34,451,173 | 34,500,595 | 36,524,508 | 36,634,405 | 29,678,971 | 42,213,682 |
| ETI credit - Refunds granted against PAYE payment  | 4,595,099           | 272,884    | 286,164    | 281,241    | 280,376    | 321,897    | 351,600    | 501,132    | 724,139    | 428,977    | 490,199    | 229,171    | 427,319    |
| ETI credit - Refunds                               | 61,110              | 1,770      | 2,656      | 5,710      | 2,592      | 3,752      | 5,606      | 6,532      | 9,070      | 7,923      | 1,380      | 3,330      | 10,790     |
| PIT Refunds  | 22,964,837          | 841,805    | 832,724    | 552,013    | 4,922,009  | 2,297,302  | 2,421,869  | 2,202,629  | 3,249,352  | 1,548,582  | 1,274,560  | 1,578,430  | 1,243,562  |

| R thousand   | 2015/16         |            |            |            |            |            |            |            |            |            |            |            |            |
|--|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Audited outcome | April      | May        | June       | July       | August     | September  | October    | November   | December   | January    | February   | March      |
| Tax on persons and individuals                     | 388,102,385     | 30,265,137 | 28,592,693 | 29,195,263 | 25,986,192 | 35,387,615 | 30,134,274 | 30,557,070 | 29,175,553 | 33,140,447 | 34,508,278 | 45,463,740 | 35,696,008 |
| Provisional tax, assessment payments and penalties | 36,748,433      | 602,904    | 619,333    | 718,544    | 765,132    | 7,903,410  | 1,881,566  | 984,291    | 1,257,033  | 1,166,599  | 1,576,673  | 17,110,252 | 2,162,698  |
| Employees tax                                      | 376,164,359     | 30,404,214 | 28,876,990 | 29,248,602 | 30,222,372 | 30,510,899 | 30,804,997 | 32,088,312 | 30,428,500 | 33,659,233 | 34,741,730 | 30,079,467 | 35,099,043 |
| ETI credit - Refunds granted against PAYE payment  | 3,999,574       | 225,733    | 391,852    | 234,287    | 230,698    | 246,940    | 263,594    | 388,289    | 305,870    | 332,080    | 764,235    | 316,710    | 299,286    |
| ETI credit - Refunds                               | 63,648          | 3,801      | 4,899      | 9,358      | 3,368      | 1,632      | 1,287      | 1,957      | 3,999      | 2,631      | 2,562      | 18,446     | 9,708      |
| PIT Refunds  | 20,747,185      | 512,447    | 506,880    | 528,238    | 4,767,246  | 2,778,123  | 2,287,408  | 2,125,288  | 2,200,112  | 1,350,673  | 1,043,327  | 1,390,823  | 1,256,740  |

| R thousand   | 2014/15         |            |            |            |            |            |            |            |            |            |            |            |            |
|--|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Audited outcome | April      | May        | June       | July       | August     | September  | October    | November   | December   | January    | February   | March      |
| Tax on persons and individuals                     | 352,950,431     | 26,861,214 | 25,207,608 | 25,133,278 | 22,100,118 | 31,144,742 | 26,970,938 | 27,617,045 | 30,681,101 | 30,878,624 | 29,596,768 | 41,847,380 | 34,911,187 |
| Provisional tax, assessment payments and penalties | 31,352,319      | 599,901    | 582,659    | 636,205    | 706,849    | 6,915,566  | 1,663,110  | 874,706    | 1,001,526  | 976,899    | 1,281,901  | 14,132,505 | 1,980,331  |
| Employees tax                                      | 344,522,794     | 27,152,481 | 25,327,572 | 25,189,781 | 26,291,282 | 27,525,091 | 27,365,851 | 29,007,067 | 32,557,548 | 31,301,701 | 29,715,641 | 29,055,828 | 34,032,683 |
| ETI credit - Refunds granted against PAYE payment  | 2,418,921       | 116,729    | 136,027    | 186,791    | 141,630    | 175,642    | 213,986    | 308,928    | 231,596    | 230,877    | 215,972    | 211,015    | 249,728    |
| ETI credit - Refunds                               | 1,493           | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | 1,493      |
| PIT Refunds  | 20,504,268      | 774,440    | 566,597    | 505,917    | 4,756,382  | 3,120,272  | 1,844,036  | 1,955,800  | 2,646,377  | 1,169,099  | 1,184,802  | 1,129,938  | 850,607    |

| R thousand   | 2013/14         |            |            |            |            |            |            |            |            |            |            |            |            |
|--|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Audited outcome | April      | May        | June       | July       | August     | September  | October    | November   | December   | January    | February   | March      |
| Tax on persons and individuals                     | 309,931,176     | 23,867,082 | 23,306,307 | 23,737,942 | 19,674,095 | 27,828,894 | 24,610,287 | 23,695,967 | 22,949,001 | 27,856,024 | 27,322,447 | 35,793,956 | 29,289,174 |
| Provisional tax, assessment payments and penalties | 28,075,537      | 633,907    | 744,379    | 601,728    | 615,566    | 6,439,002  | 1,616,077  | 913,082    | 939,262    | 869,711    | 1,030,114  | 11,773,859 | 1,898,847  |
| Employees tax                                      | 302,894,854     | 23,885,941 | 23,214,693 | 23,653,355 | 23,688,009 | 24,460,090 | 25,126,461 | 24,831,744 | 24,853,875 | 28,035,704 | 27,391,318 | 25,370,511 | 28,379,550 |
| ETI credit - Refunds granted against PAYE payment  | 143,362         | -          | -          | -          | -          | -          | -          | -          | -          | -          | 1,022      | 46,532     | 92,204     |
| ETI credit - Refunds                               | -               | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| PIT Refunds  | 20,895,853      | 652,766    | 652,764    | 517,141    | 4,629,480  | 3,070,199  | 2,132,251  | 2,048,859  | 2,844,137  | 1,049,391  | 1,097,963  | 1,303,883  | 897,018    |

## TECHNICAL DISCUSSION

### THE DATA GATHERING PROCESS TO EVALUATE THE EMPLOYMENT TAX INCENTIVE

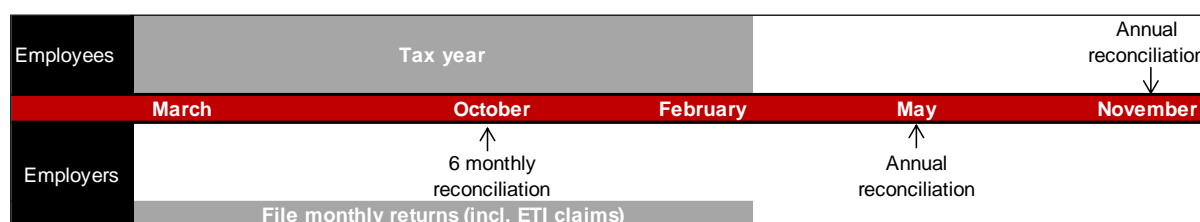
National Treasury and SARS have a track record of making data available in an open and transparent manner. This contributes to better informed policy discussion and improved accountability, and supports Government's move towards more evidence-based policy making.

While the legislation that governs our core functions<sup>1</sup> supports and encourages the publication of information, this is always subject to the confidentiality requirements set in those acts. Practically this means that information is published at aggregated levels, rather than sharing information that is specific to any taxpayer.

National Treasury and SARS make every effort to ensure that tax filing is as easy as possible, so that the compliance burden on tax payers low. This results in important trade-offs in the detail and frequency of data provided through returns, and the quality of data for policy analysis.

**The filing of tax returns follows a specific pattern each year, which has important implications for the availability of data for policy analysis.**

In the case of the Pay As You Earn (PAYE) system which enables the Employment Tax Incentive, the flow of information is summarised in the chart below.



**Employers** are compelled to file monthly returns to transfer the taxes withheld from employees to SARS. This monthly return (the EMP201) indicates amounts withheld from employees and transferred to SARS, and the amount claimed for the Employment Tax Incentive (ETI). This data cannot be used to calculate the number of employees for whom employers claimed the incentive. In May, three months after the end of the tax year, employers file a final reconciliation return (the EMP 501 per employer and IRP5 per employee). This return contains more information than the monthly return and most fields in this return are compulsory. As a result, this return is the most complete source of information SARS receives from employers on claiming the tax incentive. The number of employees for whom employers claimed the incentive can be directly identified from the IRP5 return. However, this data arrives with a delay – it is only submitted three months after the end of the tax year it refers. This is the data used for summary statistics, particularly the [descriptive report](#) released by National Treasury in August 2016.

The interim reconciliation return filed in October by employers is not suitable for reliable analysis, since not all firms are required to complete all the information.

**Employees** that earn above a certain amount are compelled to submit an annual reconciliation in November.<sup>2</sup> This data is only submitted 9 months after the tax year it refers to. However, many employees who are eligible for the ETI will not be compelled to submit a return, limiting its usefulness for analysis of the ETI.

<sup>1</sup> The Public Finance Management Act, 1999, Tax Administration Act, 2011, and Promotion of Access to Information Act, 2000.

<sup>2</sup> Although provisional taxpayers have a different date, it is unlikely that provisional tax payers are affected by the ETI. Manual taxpayer submissions are earlier than the electronic submissions in November.

In light of this, evaluation of the broad take-up of the Employment Tax Incentive by employers is reliant on the data from employer returns.

**There will inevitably be a time lag between when the data is submitted to SARS and when it is available for further analysis.**

The E-filing system speeds up data capturing, but meticulous compiling and cleaning of data sets is still required to ensure that the records for approximately 14 million individuals (with information on 20 fields) associated with more than 226 000 firms are accurate enough for policy analysis. This process ensures that data is reliable, conforms to best practice in statistical reporting, and is consistent over time and with other data sets.

The data verification process that takes place following annual and interim reconciliations can result in significant revisions to monthly data – as is the case for most economic data. In the case of tax data, further revisions can also take place due to compliance checks and audits.