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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

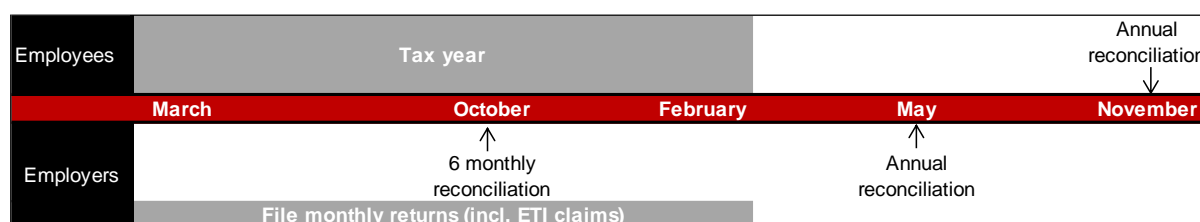
National Treasury and SARS have a track record of making data available in an open and transparent manner. This contributes to better informed policy discussion and improved accountability, and supports Government’s move towards more evidence-based policy making.

While the legislation that governs our core functions¹ 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.² 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.

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

² 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.