SARS Tax Compliance Checklist

For a South African company that employs people. Registrations, payroll taxes, provisional tax, VAT and compliance status.

Most SARS exposure for a small company is not the tax itself, it is the administrative penalty that recurs monthly on a return nobody filed. This checklist covers the registrations, the recurring filings, and the record keeping that keeps your tax compliance status green.

1. Registrations and entity set up

Registration duties are triggered by conduct, not by choice. Section 234 of the Tax Administration Act makes negligent as well as wilful failure to register an offence.

- [ ] **1. Register as an employer within 21 business days**
  Any company paying remuneration on which employees' tax is deductible must register for PAYE within 21 business days of becoming an employer.
  Fourth Schedule para 15

- [ ] **2. Register for SDL once payroll passes R500 000**
  The Skills Development Levy is 1 percent of total remuneration, and liability starts once you expect total salaries to exceed R500 000 over the next 12 months.
  Skills Development Levies Act 9 of 1999

- [ ] **3. Register for UIF contributions**
  1 percent from the employer and 1 percent from the employee, capped at monthly remuneration of R17 712, so a maximum of R177,12 per party per month.
  Unemployment Insurance Contributions Act 4 of 2002

- [ ] **4. Appoint and register a public officer**
  Every company must have a public officer as its representative taxpayer. Not having one, or not telling SARS when it changes, is an offence and commonly blocks eFiling access.
  Tax Administration Act s246

2. Monthly and biannual payroll taxes

The Fourth Schedule to the Income Tax Act carries the whole PAYE system, including the 10 percent late payment penalty and the reconciliation penalty.

- [ ] **5. Submit and pay EMP201 by the seventh**
  The EMP201 declares PAYE, UIF and SDL for the month, due within seven days after the month of deduction. If the seventh falls on a weekend or public holiday, the deadline moves to the last business day before it.
  Fourth Schedule para 2(1)

- [ ] **6. File the interim EMP501 reconciliation**
  The interim reconciliation covers 1 March to 31 August and reconciles EMP201 declarations, actual payments and certificate values. The window is confirmed by SARS each year.
  Fourth Schedule para 14(3)

- [ ] **7. File the annual EMP501 reconciliation**
  The annual reconciliation covers 1 March to the end of February. For the year ended 28 February 2026 the window was 1 April to 31 May 2026.
  Fourth Schedule para 14(3)

- [ ] **8. Validate every employee income tax number**
  From the February 2026 filing season SARS strictly enforces valid income tax reference numbers. Reconciliations without them are rejected, which turns a filing problem into a late submission penalty.
  SARS BRS v24.0.2

- [ ] **9. Substantiate every ETI claim with real evidence**
  Contracts and age or wage thresholds are no longer enough. You must show the person actually worked, through job descriptions, task records, hours and leave records.
  Interpretation Note 145, 27 July 2026

3. Income tax and provisional tax

Every company is a provisional taxpayer by definition, so there is no opt out. Paragraphs 21 and 23 set the two compulsory payment dates.

- [ ] **10. Submit the ITR14 within twelve months**
  A company must file its annual income tax return within 12 months after the end of its financial year. The corporate rate is 27 percent for years ending 1 April 2026 to 31 March 2027.
  Tax Administration Act s25

- [ ] **11. Pay the first provisional tax instalment**
  Due within six months of the start of the year of assessment, so 31 August for a February year end. The estimate may not be below the basic amount unless SARS agrees.
  Fourth Schedule para 21

- [ ] **12. Pay the second instalment accurately**
  Due on the last day of the year of assessment. Below R1 million of taxable income the estimate must reach 90 percent of actual or the basic amount, above R1 million it must reach 80 percent, or a 20 percent underestimation penalty applies.
  Fourth Schedule paras 23 and 20

- [ ] **13. Consider a third top up payment**
  A voluntary third payment stops interest running on a shortfall. For a February year end it is due by 30 September.
  Fourth Schedule para 23A

4. VAT

Section 23 of the VAT Act creates the compulsory registration duty on both a backward looking and a forward looking test. Section 16 makes a valid tax invoice a precondition for the input tax deduction, not a formality.

- [ ] **14. Track taxable supplies against R2,3 million**
  From 1 April 2026 registration is compulsory once taxable supplies exceed R2,3 million in any consecutive 12 month period, raised from R1 million. Apply within 21 business days.
  VAT Act s23(1)

- [ ] **15. Submit and pay VAT201 on time**
  For eFiling users the return and payment are both due on the last business day of the month following the tax period. For manual channels the deadline is the 25th.
  VAT Act s28

- [ ] **16. Hold valid tax invoices before claiming input tax**
  Input tax may only be deducted where you hold a valid tax invoice with the prescribed particulars. VAT records must be kept for five years.
  VAT Act s16(2) and s20

5. Compliance status and record keeping

Section 256 empowers SARS to issue a tax compliance status. Sections 29 to 32 create a standalone record keeping duty that exists whether or not a return is due.

- [ ] **17. Keep the tax compliance status green**
The TCS PIN is generated on eFiling and lets third parties view live compliance. SARS checks for outstanding returns, outstanding debt without an arrangement, missing registrations and stale particulars. The Tender option has been withdrawn, so use Good Standing.
Tax Administration Act s256

- [ ] **18. Retain records for five years**
Five years from submission of the return, or from the end of the tax period where no return is required, in original or acceptable electronic form, readily accessible and kept in South Africa unless SARS authorises otherwise.
Tax Administration Act s29, s30 and s32

What non-compliance costs

- Administrative non-compliance penalty: R250 to R16 000 per month depending on taxable income in your last assessment, recurring for up to 35 months per outstanding return. At the top bracket that reaches R560 000 on a single return.
- Percentage based penalties: 10 percent on late PAYE, UIF or SDL; 1 percent per month to a maximum of 10 percent on a late EMP501; 10 percent on late VAT; 10 percent on a late provisional payment; 20 percent on provisional underestimation.
- Understatement penalty: 10 percent for a substantial understatement rising to 200 percent for intentional evasion in an obstructive or repeat case.
- Interest: 10,25 percent per annum from 1 March 2026 to 31 August 2026, rising to 10,50 percent from 1 September 2026. Interest is separate from penalties.
- Criminal: failing to submit a return, failing to register or update particulars, and failing to retain records are offences, prosecutable where merely negligent, carrying a fine or imprisonment of up to two years.