

**Sage Business Cloud Payroll**

# **Release Notes**

**ZA.25.09.08**

**08 September 2025**

**Sage**

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# 1.0 RSA: Mid-Year Submission Legislative Changes

The South African Revenue Services (SARS) have published the latest SARS Business Requirements Specification for 2025/2026, including the validations for the Interim Employer Reconciliation for March to August 2025 (Period 202508).

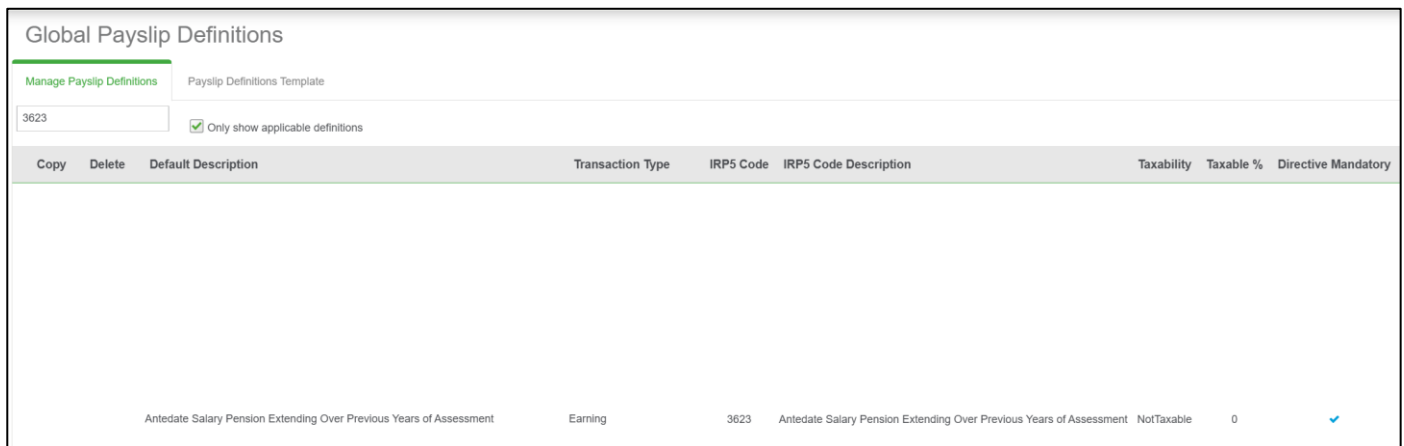
The system has been aligned to the latest SARS requirements for mid-year submissions. This includes the IRP5 file and reports.

Please implement any necessary changes that are applicable to your unique company setup and employee needs.

## 1.1 New IRP5 Code 3623 (Antedated Salary/Pension (PAYE))

There is a new IRP5 code 3623 (Antedated Salary/Pension (PAYE)) that is applicable as from the 2025 Year of Assessment as a **non-taxable** earning.

To view the line, go to **Company > Global payslip definitions**



The screenshot shows the 'Global Payslip Definitions' interface. At the top, there are tabs for 'Manage Payslip Definitions' (active) and 'Payslip Definitions Template'. Below the tabs is a search bar containing '3623' and a checkbox labeled 'Only show applicable definitions' which is checked. Below this is a table with the following columns: Copy, Delete, Default Description, Transaction Type, IRP5 Code, IRP5 Code Description, Taxability, Taxable %, and Directive Mandatory. The table contains one row with the following data: Copy (empty), Delete (empty), Default Description (Antedate Salary Pension Extending Over Previous Years of Assessment), Transaction Type (Earning), IRP5 Code (3623), IRP5 Code Description (Antedate Salary Pension Extending Over Previous Years of Assessment), Taxability (NotTaxable), Taxable % (0), and Directive Mandatory (checked).

Copy	Delete	Default Description	Transaction Type	IRP5 Code	IRP5 Code Description	Taxability	Taxable %	Directive Mandatory
		Antedate Salary Pension Extending Over Previous Years of Assessment	Earning	3623	Antedate Salary Pension Extending Over Previous Years of Assessment	NotTaxable	0	<input checked="" type="checkbox"/>

The value entered against IRP5 code 3623 is included in the SDL and UIF calculations by default, but it may be excluded, depending on whether an exemption applies to the payment. It may be included in RFI calculations and is fully included in ETI Remuneration.

**Employers** are required to **apply for a directive** when paying antedated salary or pension for prior tax years. These amounts must be reported under the **non-taxable earning** line using IRP5 code 3623.

## 1.2 New IRP5 Code 4042 and 4588 (Repayment/Refund/Recoupment of s11(nA) Amount)

### 1.2.1 IRP5 Code 4042 (Repayment/Refund of s11(nA) Amount)

IRP5 code 4042 was added in Release ZA.25.03.19 to the Global Payslip Definitions screen with the description “Repayments/Refunds”. Refer to the [SBCP Release notes ZA.25.03.19](#) – point 2.1 for more information concerning “Repayments/Refunds to Employers”.

**Please Note:**

After we released our software update on 24 March 2025, SARS amended the description for IRP5 code 4042 and added code 4588 and 4589.

As from this release, IRP5 code 4042 is now treated purely as a reporting code, and therefore no longer visible in the front-end.

Any amounts captured under IRP5 code 4588 (Total Amount Repaid by the Employee for s11 (nA) Recoupment) will automatically be reflected against IRP5 code 4042.

The amount reported under IRP5 code 4042 is classified as a Tax-Deductible Deduction and is fully included for SDL calculations.

**Please Note:**

If an amount was previously captured under IRP5 code 4042, before this release, the system will automatically move it to the IRP5 code 4588 deduction line and apply the tax deduction under IRP5 code 4042.

### 1.2.2 IRP5 Code 4588 (Total Amount Repaid by the Employee for s11 (nA) Recoupment)

Use IRP5 code 4588 (Total Amount Repaid by the Employee for s11 (nA) Recoupment) to record the actual amount the employee has repaid to the employer. This applies to repayments of income that was previously taxed. The code is only applicable from the 2026 Year or Assessment.

To view the line, go to **Company > Global payslip definitions**

**Please Note:**

The inclusion of this code on the IRP5/IT3(a) Certificate replaces the repayment confirmation letter that the employer issued to the employee in the past.

If the employee repays the amount directly into the company’s bank account, **do not capture it in the payroll**. In this case, you should still issue a repayment confirmation letter so the employee can claim it during their personal tax assessment.

## In Summary:

The amount repaid by the employee to the employer will be reported under code 4588, while the portion allowed as a tax-deductible deduction will be reported under code 4042.

4588	The total amount <b>repaid</b> by the employee in the tax year for a s11(nA) recoupment. This amount will be used by the ITR12 assessment process.
4042	Amounts deducted for the purpose of <b>calculating PAYE—i.e., tax-deductible amounts</b> —in the current year of assessment, in respect of remuneration paid to an employee in the current or a previous year, which the employee refunded to the employer in the current year, such as the recoupment of overpaid remuneration or clawback of commission received for the employee’s own benefit, excluding administration errors.

### Please Note:

It is your responsibility to NOT enter an amount that is greater than the employee remuneration in the current pay period.

If the repayment exceeds what is permitted in the current pay period, the outstanding amount must be captured in a subsequent pay period.

## 1.3 New IRP5 Code 4589 (Section 11(nB) Recoupment)

The total amount **repaid** by the employee in the tax year for a s11(nB) recoupment, i.e. **restraint of trade**. This amount will NOT be used by the ITR12 assessment process, and the employee must still declare the repayment in source code 4058 on the ITR12 return.

Use this option when the employee repays a “s11 (nB) amount” via the payroll as a deduction on the payslip. The code is only applicable from the 2026 Year or Assessment. This amount is not allowed as a tax deductible on the payroll.

To view the line, go to **Company > Global payslip definitions**

## 1.4 Upcoming SARS requirement: Employee Income Tax Reference numbers

### **Please Note:**

SARS has confirmed that, starting with the **February 2026 submission** (covering March 2025 to February 2026 – Period 202602), **Employee Income Tax Reference numbers will be mandatory** in certain scenarios as part of the SARS submission requirements.

While these numbers are **not yet required for the upcoming Interim Employer Reconciliation** (March to August 2025 – Period 202508), we are sharing this information now so that you can **have sufficient time to prepare**.

We strongly recommend that you **begin updating and maintaining employee tax reference numbers** as soon as possible to avoid any last-minute issues and to ensure a smooth, compliant submission when this requirement comes into effect.

For detailed, step-by-step guidance, please visit the [Community Hub](#).

## 2.0 Changes not affecting the system: Employment Equity Changes

The amended **Employment Equity Regulations** were promulgated on 15 April 2025 under Government Gazette No. 52515.

### Please Note:

These changes apply to employers with more than 50 employees.

All employers will now follow a **standard reporting cycle** running from **1 September to 31 August** each year. Employers must develop a **five-year Employment Equity (EE) Plan** (or a shorter plan, if applicable), with the **first cycle ending on 31 August 2030**. In addition, employers are required to set **annual numerical targets**.

### Please Note:

A notable new requirement is that employers must also align their targets with sector-specific numerical goals for the top four occupational levels.

The key changes are summarised below; however, users are encouraged to consult the full regulations for comprehensive details.

### Deadlines and plans

- Deadlines remain unchanged, but all designated employers must submit new EE Plans covering the period 1 September 2025 to 31 August 2030.
- Employers must start their planning from scratch, both the five-year EE Plans and the one-year annual targets.

### Submission Periods

- Manual submissions: 1 September to the first working day of October.
- Electronic submissions: 1 September to 15 January of the following year.

### Newly Designated Employers

Employers who become designated **after 1 April 2025** must:

- Prepare an EE Plan for the **remaining period** up to 31 August 2030.
- Submit their report in the **next reporting cycle**.
- Note: Employers will **not be assessed** for compliance with annual targets in their **first submission after becoming a designated employer**.

## Developing plans

Employers must consider:

- Their current workforce profile.
- The relevant five-year sectoral targets.
- The applicable Economically Active Population (EAP).

They may also consider:

- Inherent job requirements.
- Availability of suitably qualified candidates.
- Qualifications, experience, and potential to acquire skills.
- Turnover and attrition rates.
- Recruitment and promotion trends.

## 5-Year Sectoral Targets and Compliance

Designated employers must:

- Comply with the numerical targets set for their economic sector.
- Refer to the EEA17 or the relevant government notice to determine their sector.
- Apply the targets for the sector where the majority of their employees are engaged, if they operate in multiple sectors.

## Annual Targets and EAP Considerations

When setting annual EE targets to meet the five-year sectoral goals, employers must:

- Set targets for all designated groups in the **four upper occupational levels**, aligned with **sector targets** and **Economically Active Population (EAP)** data, and for persons with disabilities.
- Set numerical goals and annual targets for **semi-skilled** and **unskilled levels**, considering the **applicable EAP**.

Designated employers will be assessed for compliance based on the annual targets they set to achieve the applicable five-year sectoral numerical goals.

## Additional Important Information

- Employers must record whether they are using **national or regional EAP** for analysis.
- EE Plans must be **retained for five years after the expiry of the plan**.
- Employers may refer to **EEA9** for guidance on occupational levels.
- Employees may add information to their **EEA1 (employee declaration)**.

Please consult [Department of Employment and Labour](#) for more information.

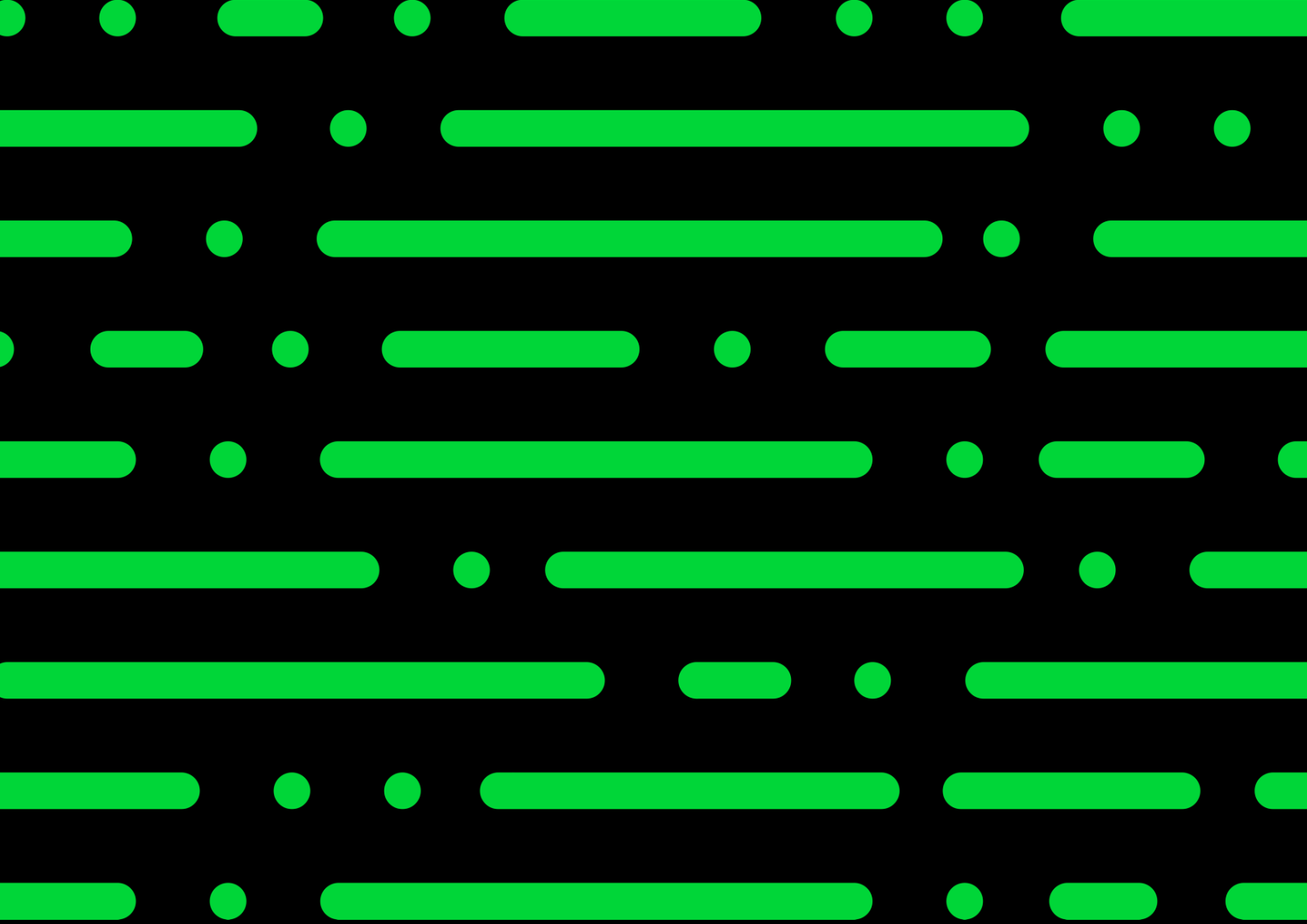
## 3.0 Informative Note: OI D Earnings Threshold Update

The Minister of Employment and Labour increased the OI D earnings threshold from **R597 328** per annum to **R633 168** per annum effective **1 March 2025** (2025/2026 year of assessment).

You can find the OI D Report at:

- Reports > Financial > OI D Report

The new limit is automatically applied to the OI D PDF Details and Summary Reports.



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