HOW TO DECLARE MEDICAL SCHEME CONTRIBUTIONS AND INSURANCE PAYMENTS IT3 (F) VIA eFILING

SARS

At Your Service

REVISION HISTORY TABLE

Date	Version	Description
30-11-2020	1	Updated to include eFiling Redesign
13-09-2021	2	Updated to include HTML form changes

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1 PURPOSE

- The purpose of this guide is to describe how to activate and declare medical scheme contribution and insurance payments on eFiling. The guide further describes the requirements for a successful submission. The guide is structured as follows:

  □ How to activate medical scheme contribution and insurance payments on eFiling
  □ How to submit medical scheme contribution and insurance payments data
  □ How to declare medical scheme contribution and insurance payments on eFiling

- This guide in its design, development, implementation and review phases is guided and underpinned by the SARS Strategic Plan 2020/21 - 2024/25 and the applicable legislation. Should any aspect of this guide be in conflict with the applicable legislation the legislation will take precedence.
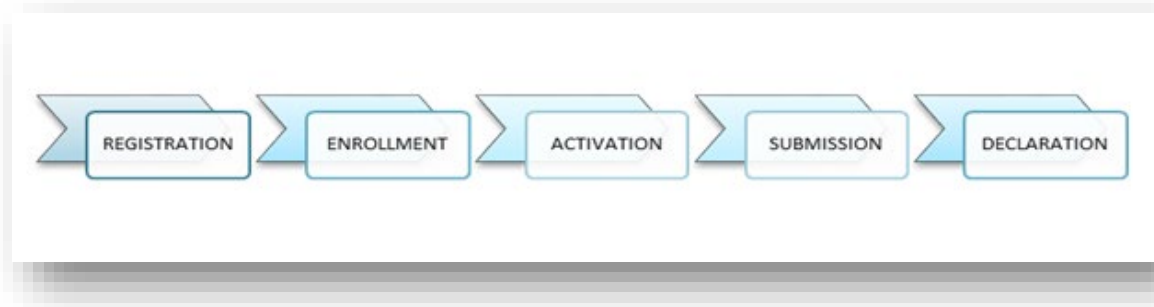
2 INTRODUCTION

- Third Parties include financial institutions such as banks, medical schemes, and fund administrators to name a few. These parties are by legislation required to submit financial and demographical data periodically to SARS. The data which is submitted must be detailed as per SARS external Business Requirement Specification (BRS) for a particular third party data tax type.

- Medical Scheme Contributions and Insurance payments form part of the third party data for submission to SARS. Third party entities are to report on medical scheme contributions made by employers and employees towards a medical scheme as well as on benefits not covered such as interest and refunds. Insurance payment data submissions, on the other hand, report on member and other demographics and contributions made by members towards insurance.

- This guide will detail the necessary requirements for a successful submission of the IT3 (F) by describing how to activate, submit data and declare the IT3 (F) medical scheme contributions and insurance payments data to SARS.

3 REQUIREMENTS FOR A SUCCESSFUL DATA FILE SUBMISSION AND DECLARATION

- In order for an entity to submit Medical Scheme Contributions and Insurance payments data successfully, there are required processes that the user must follow. This section will highlight these processes and unpack what is required within each process. Furthermore, this section will direct the user to whom he/she should contact when there are problems experienced.

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Figure 1: Process for a successful submission

3.1 REGISTRATION

- Registration must take place for the use of eFiling. The organisation must register its entity either as an organisation or via a tax practitioner profile. Once your organisation is registered, safe guard your login and password for the future use of eFiling.

- On how to register on eFiling, refer to the following external guide:

  ▫ GEN-ELEC-18-G01 - How to register manage users and change password on eFiling - External Guide

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This process is done once and does not have to be repeated for every submission.

3.2 ENROLLMENT

- Once registered the organisation must register and enrol their selected representatives of the organisation. To manage third party data submissions, the organisation must have the following three types of representatives allocated in the enrolment and submission of third party data to SARS:

  ▫ **Business Administrator** – This user is the same as the current eFiling full administrator. The role of this user is to enroll the legal entity/organisation that will be submitting data to SARS and the Technical Administrator. The taxpayer is not required to allocate new eFiling administrators for the purposes of third party data submissions if one already exists.

  ▫ **Technical Administrator** – The role of this user is to request the security certificate and to enrol technical users. If the taxpayer decides to change the Technical Administrator, a new Technical Administrator must be added before the existing one can be removed. There must always be at least one Technical Administrator for each enrolled organisation.

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▫ **Technical User** – The role of this user is to submit the data files to SARS via the Direct Data Flow channel. An organisation can have multiple Technical Administrators and Technical Users in order to allocate work according to the organisation's requirements. The technical user must be a different person from the technical administrator.

- To enrol for the use of HTTP or Connect Direct refer to the following external guides available on the SARS website:

  ▫ GEN-ENR-01-G01 - Guide for Submission of Third Party Data using the Connect Direct Channel - External Guide
  ▫ GEN-ENR-01-G02 - Guide for Submission of Third Party Data Using the HTTPS Channel - External Guide

> **Important to note:** Once enrollment of the organisation is completed, the person who enrolled the organisation becomes the Business Administrator. This implies that he/she (the Business Administrator) cannot be enrolled as a Technical Administrator or a Technical User.
>
> **This process is done once and does not have to be repeated for every submission.**

3.3 ACTIVATION

- Activation process involves the creation of a desired tax type on eFiling so that a return of the desired tax type may be issued by SARS.

- For how to activate Medical Scheme Contributions and Insurance payments tax type refer to section 4 on this guide

> **This process must be done for every new tax type return that will be submitted via eFiling.**

3.4 DATA SUBMISSION

- Data submission involves routing a completed data file via HTTP or Connect Direct to the SARS third party data unit.

- Always refer to the SARS website for the external BRS which details how to prepare the data file for submission purposes.

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- For how to submit Medical Scheme Contributions and Insurance payments data file, refer to section 5 on this guide.

- There will be messages that SARS will send the user notifying him/her whether the submission was successful or not. For any errors or messages that you have encountered which noted that the submission was not successful, kindly communicate to SARS detailing the technical challenges experienced on the following email address:

  ▫ Bus_Sys_CDSupport@sars.gov.za

3.5 DECLARATION

- Declaring involves the verification of the submitted data file. This implies that the user is required to validate whether the submitted data file is correct by determining whether the pre-populated data displayed on the submission return is the summary data of the submitted data file.

- The MIT02 return is used to declare the Medical Scheme Contributions and Insurance payments. Refer to section 6.1 of this guide on how to declare the Medical Scheme Contributions and Insurance payments.

> **The user must only declare once the data has been successfully submitted**.

- If the entity wants to revise a submitted declaration, the correct data should be resubmitted via the submission channels and once successfully submitted, the entity may view and file the revised declaration on eFiling via the MIT02 return.

> **Note:** No changes may be done on the MIT02 form, the entity may only request submitted data and if correct, they may file the revised declaration.

4 ACTIVATION OF THE IT3(F) TAX TYPE

- In order to submit data and declare on eFiling, the tax type (IT3) must be activated.

> **Note that for any submissions, ensure that the Tax Type for filing as been activated on your eFiling profile. This will ensure that the appropriate return is issued to your profile**

- This section will describe how to activate IT3(f) tax type on eFiling

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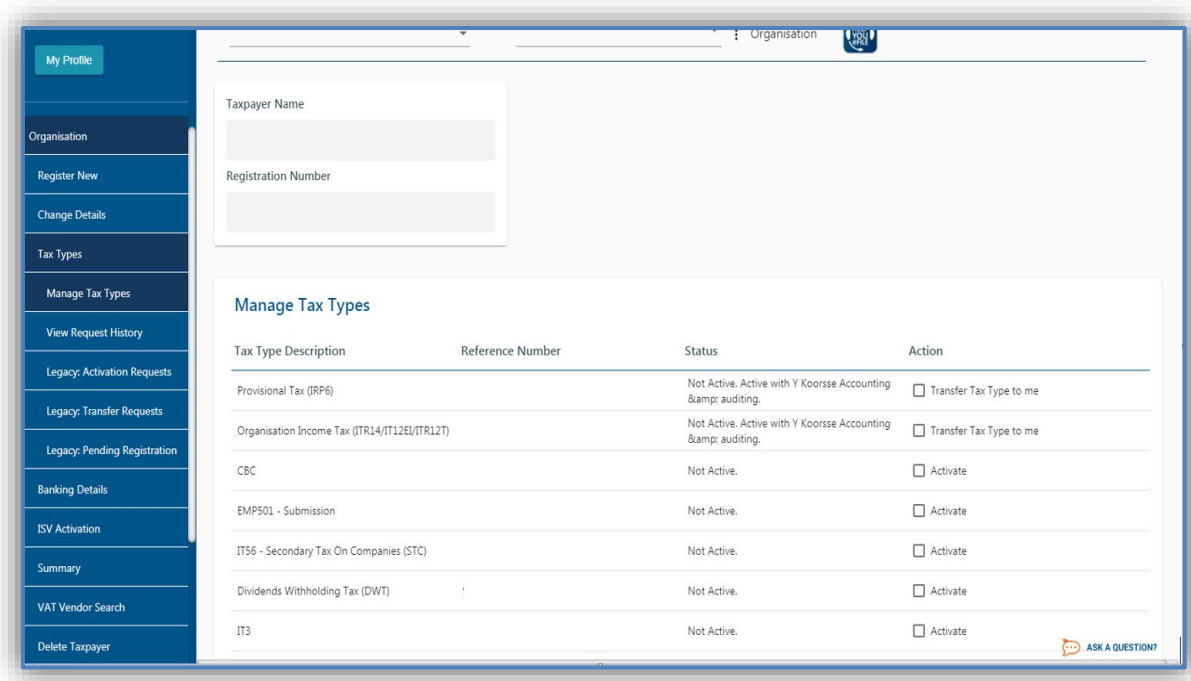> **Note that this activation includes all the sub types for IT3, which are:**
> ➢ **IT3(f)**

- To activate IT3(f) ensure that the tax representative for your organization is registered as a representative of your organization on eFiling. Additionally the tax registered representative must be linked to the organizational profile on eFiling. Refer to the following external guide: GEN-ELEC-18-G01 – How to register for eFiling and manage your user profile – External Guide, available on the SARS website www.sars,gov.za

- Note that if it's a first time registration of the representative on eFiling, the process might require related supporting documents and should be resolved with 48 hours due to the verification of the documentation process.
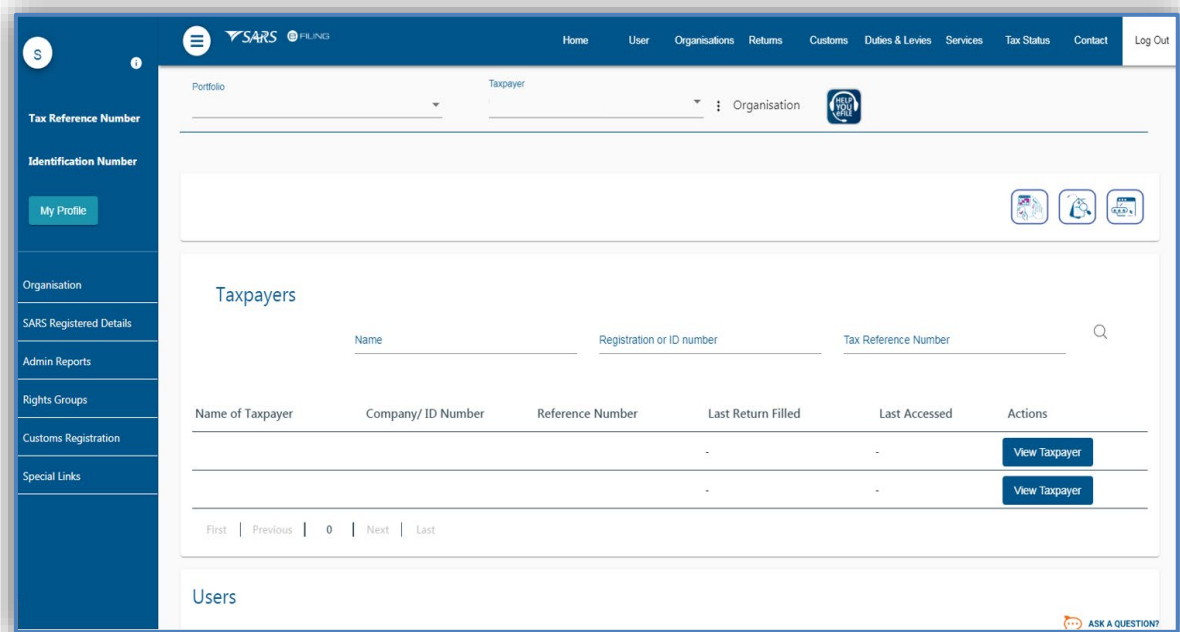
- The registered representative should proceed as follows:

  ▫ Select on the left menu:
    o   <Organisation>
    o   <Tax Types >
    o   <Manage Tax Type>

- The following screen will be displayed

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- Select the applicable product, and click the **Submit** button displayed below to continue.
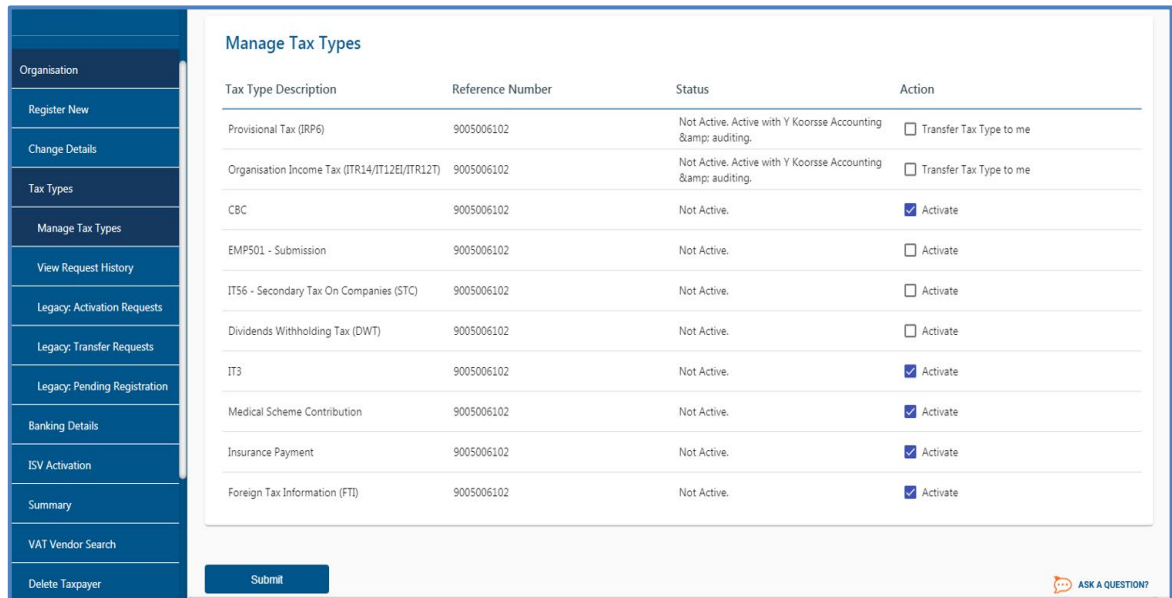
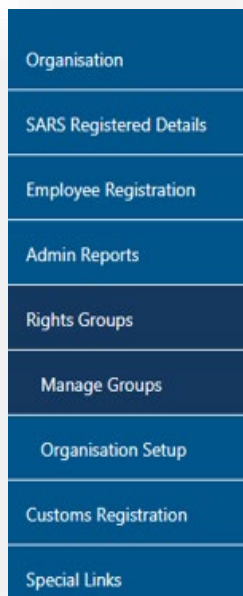- Upon successful activation, a message will be displayed that the tax types have been activated.

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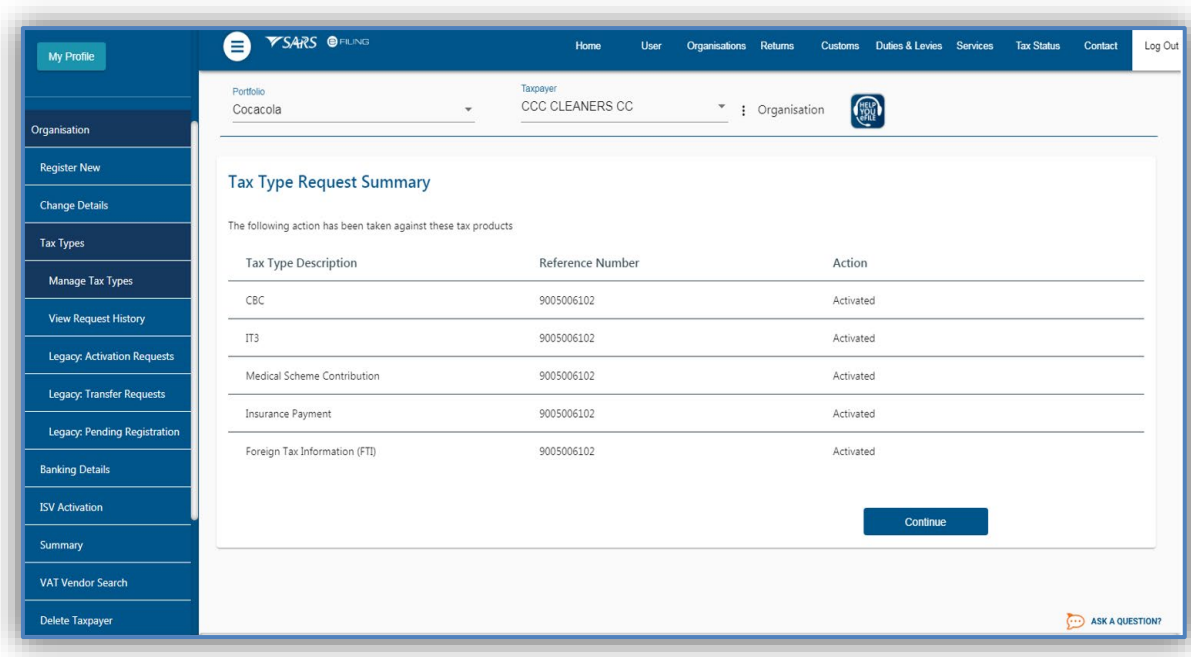
- Click on **Continue**
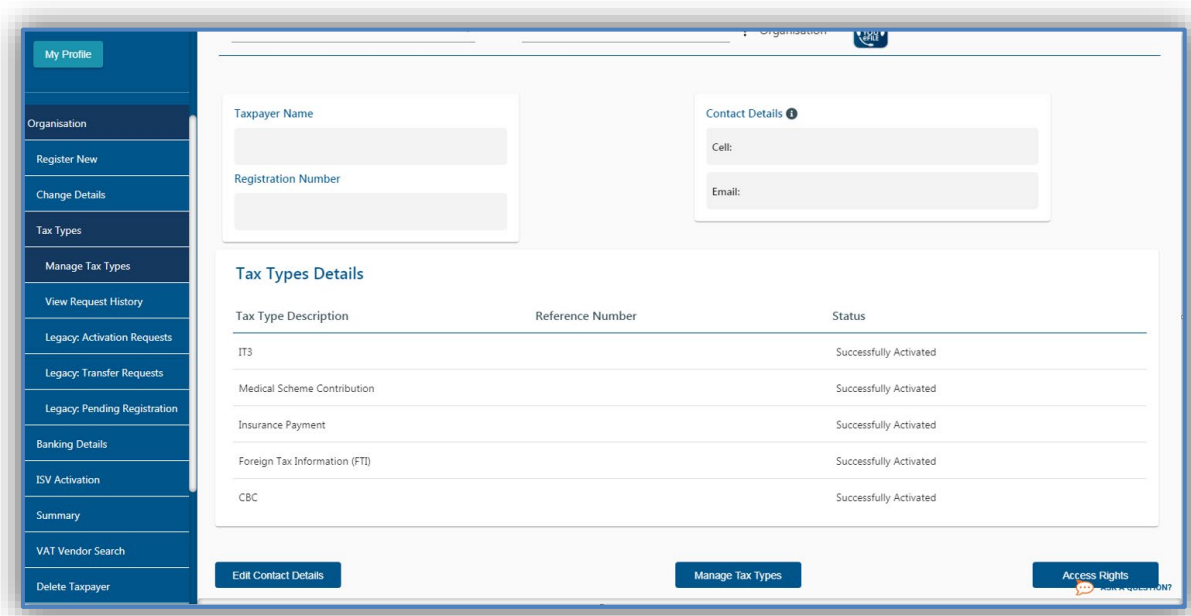
- Note the three buttons below and their functionality:

    - **Edit Contact Details** – used to update Contact Details
    - **Manage Tax Types** – used to assess the status of the activation and validate which tax type has been activated/deactivated
    - **Access Rights** - used to validate whether the correct rights are assigned to the user for the use of the functionality

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4.1 ACCESS RIGHTS

- After the activation of the product type was successful, validate whether the correct rights are assigned to you as the user to use the functionality on eFiling.

- Select the **Organisations** menu tab and **Rights Group** and **Manage Groups**

- The **Group Details** page will be displayed. Click the **Open** hyperlink.

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- On the **Update Group Details** screen, select **Medical Scheme Contributions** and **Insurance Payments** option.

- Click on the **Update** button to continue.

- This step will ensure that the IT3(f) Third Party Data functionality is activated on the eFiling profile.

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5   SUBMISSION OF DATA FILE

- Submission of the Medical Scheme Contributions and Insurance payments data is when an organisation representative has detailed the Medical Scheme Contributions and Insurance payments data file as per external BRS and routes the file to SARS.

- This section will illustrate how to submit Medical Scheme Contributions and Insurance payments data file.

> **Note that the organisations representative must prepare the submission file as per SARS external BRS on Medical Scheme Contributions and Insurance payments. The following external BRS must be utilized to prepare the file for submission:**

Table 1: External BRS available for IT3 (f)

Third party tax type	SARS external Business Requirement Specification (BRS)
Medical Scheme Contributions	BRS: SARS External BRS - Medical Scheme Contributions (MSC) v1.0.3
Insurance Payments	BRS: SARS External BRS - Insurance Payments (INS) v1.0.3

- Once the organisation has enrolled a representative for submission purposes, proceed as follows:
    - Click on **Services**
    - Click on **Enroll 3rd Party Data**
    - Select **Secure File Submission**
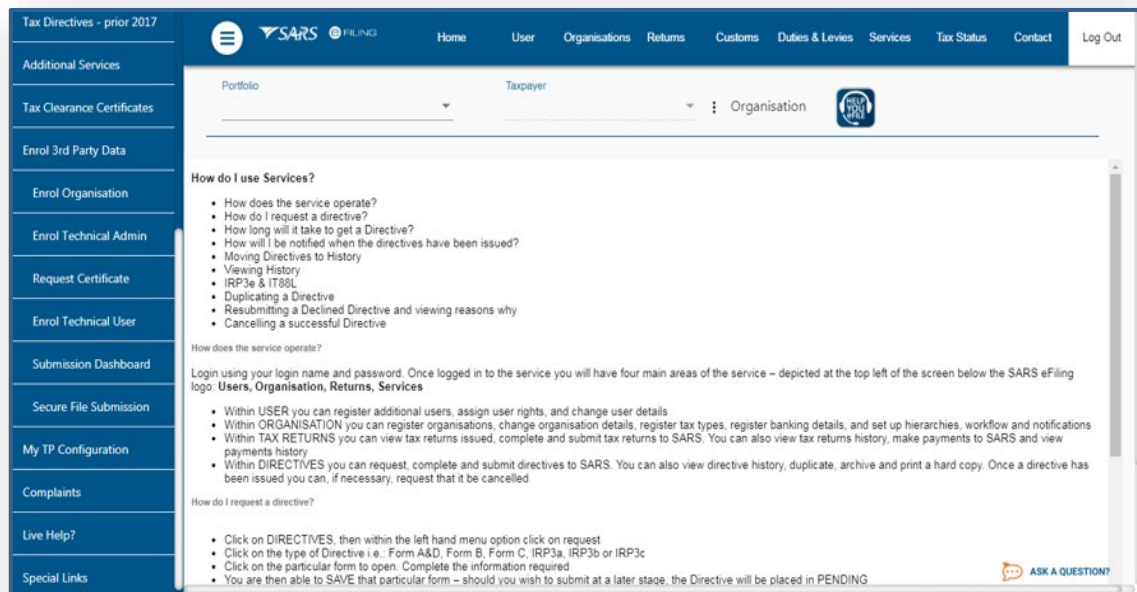
- The user will be redirected to the secure site where data may be uploaded.

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- Kindly refer to the following submission guides:
  - GEN-ENR-01-G01 - Guide for Submission of Third Party Data using the Connect Direct Channel - External Guide
  - GEN-ENR-01-G02 - Guide for Submission of Third Party Data Using the HTTPS Channel - External Guide

- Any technical queries or challenges experienced during submission, kindly revert them to the following email address:
  - Bus_Sys_CDSupport@sars.gov.za

5.1 VIEW THE STATUS OF THE SUBMITTED DATA FILE

- Once the data has been submitted, the user may view the status of the submitted Medical Scheme Contributions and Insurance payments data via the third party data dashboard report. To do so, proceed as follows:
  - Login
  - Click on **Services**
  - Click on **Enroll 3rd Party Data**
  - Click on **Submission Dashboard**
  - Select the appropriate data product from the dropdown list
  - The dashboard will present the following screen:

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> **Note that the following codes that could appear on the 3rd party data dashboard and their interpretation.**

Table 2: Code status of the submitted third party data

Status Code	Status Description
013	File pre-validation in progress
014	File validation in progress
015	File processing complete and response sent

- Any technical related queries on the submission process, send them to the following email address:
  - Bus_Sys_CDSupport@sars.gov.za

6 THIRD PARTY DATA

- Third party data is functionality on eFiling applicable for third party data submissions, declaration and viewing of the dashboard. Since this guide is applicable for IT3 (f), we will unpack how to use this functionality in declaring, submitting and viewing the status of submission for medical scheme contributions and insurance payments IT3 (f).

- Note that there are more functions available on eFiling for the submission of third party data however they are exclusively for IT3(b,c,e, s). For more information on how to activate, submit and declare third party data, refer to the following external guide:
  - GEN-ENR-01-G03 – How to activate submit and declare IT3 third party data via eFiling – External

6.1 SUBMIT NEW RETURN

- This button is applicable when the user wants to declare their organisation submission of third party data tax type via eFiling. The form that must be completed will be based on the third party data you wish to declare. For medical scheme contributions and insurance payments, the applicable form is the MIT02.

6.1.1 MEDICAL SCHEME CONTRIBUTION DECLARATION

- For the declaration of Medical scheme contributions, proceed as follows:
  - Click on **Returns** on the main menu
  - Click on **Third Party Data** on the left menu
  - Click on **Submit New Return**
  - The following screen will be displayed

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- Select the appropriate year and month from the drop down option.

- Click on the **Request Fund Entities** button.

- The list of funds will be displayed:

- Select the appropriate fund from the list by clicking on the radio button besides the appropriate fund entity.

- Once all the desired fund entities have been selected, click on the button **Continue**.

- This will display the **MIT02** return

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- Once the above screen is displayed, validate the populated MIT02 form.

- Once done, click on the **File Return** button to file the return.

6.1.2 INSURANCE PAYMENTS DECLARATION

- For the declaration of insurance payments, proceed as follows:
  - Click on **Returns** on the main menu
  - Click on **Third Party Data** on the left menu
  - Click on **Submit New Return**
  - Click on **Insurance Payment**
  - The following screen will be displayed

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- Select the appropriate year and month from the drop down option

- Click on **Request Fund Entities**

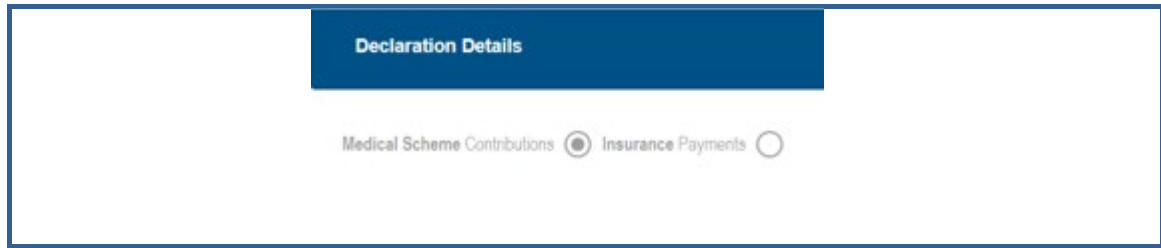- The list of funds screen will be displayed

- Select the appropriate fund from the list by clicking on the radio button besides the appropriate fund.

- Once all have been selected, click on the button **Continue**

- This will display the **MIT02** return

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- Once the above screen is displayed, validate the populated MIT02 form.

- Once done, click on the **File Return** button to file the return.

Note that the medical contribution and insurance payments return (MIT-02) appears the same however indication of the difference between medical contributions and insurance payments is detailed in the section titled <u>Declaration Details</u>

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Declaration Details

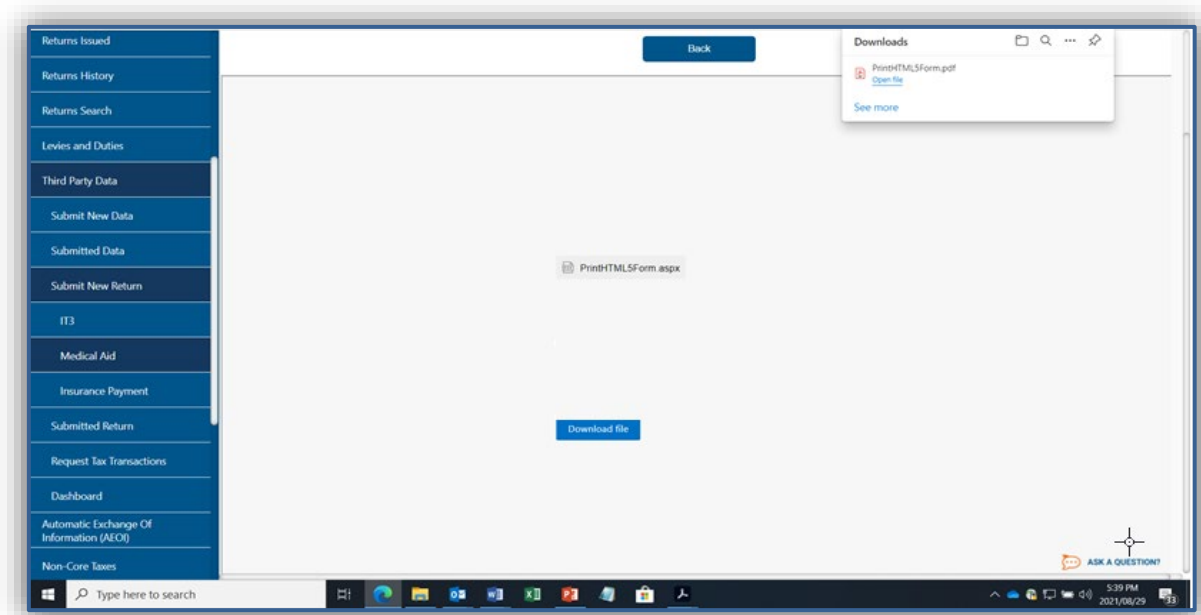Medical Scheme Contributions ⦿ Insurance Payments ◯

6.1.3 PRINT THE MIT02 RETURN
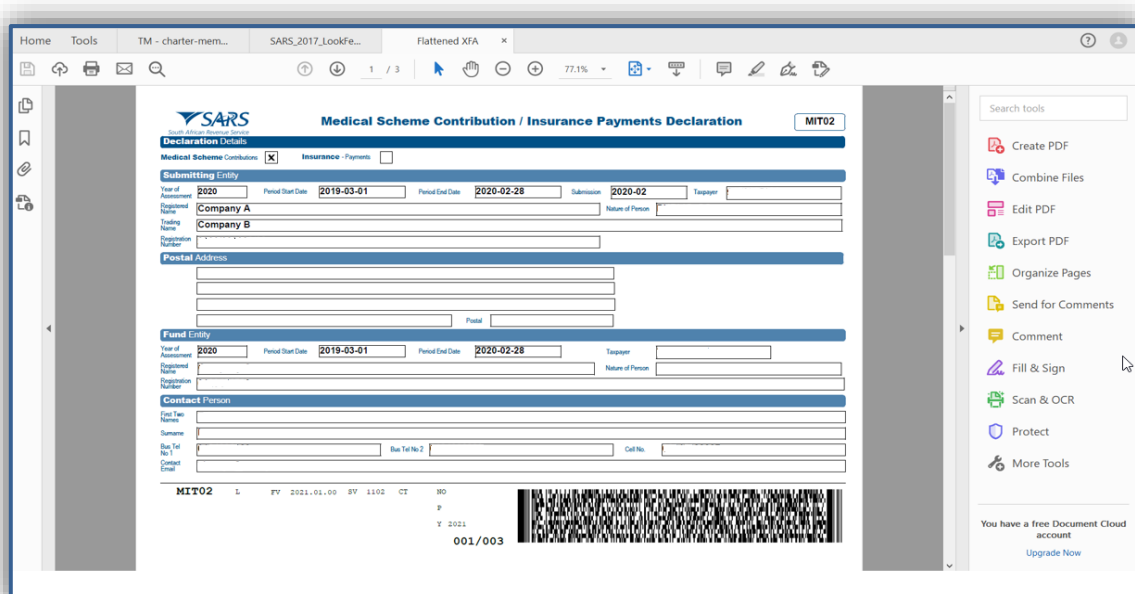
- To print the MIT02 PDF return proceed as follows:

  ▫ Click on the **Print** button displayed on the menu above the return.

Back   File Return   Print

  ▫ Click on **Open File** to view the downloaded MIT02

  ▫ Once opened the MIT02 form will appear as follows:

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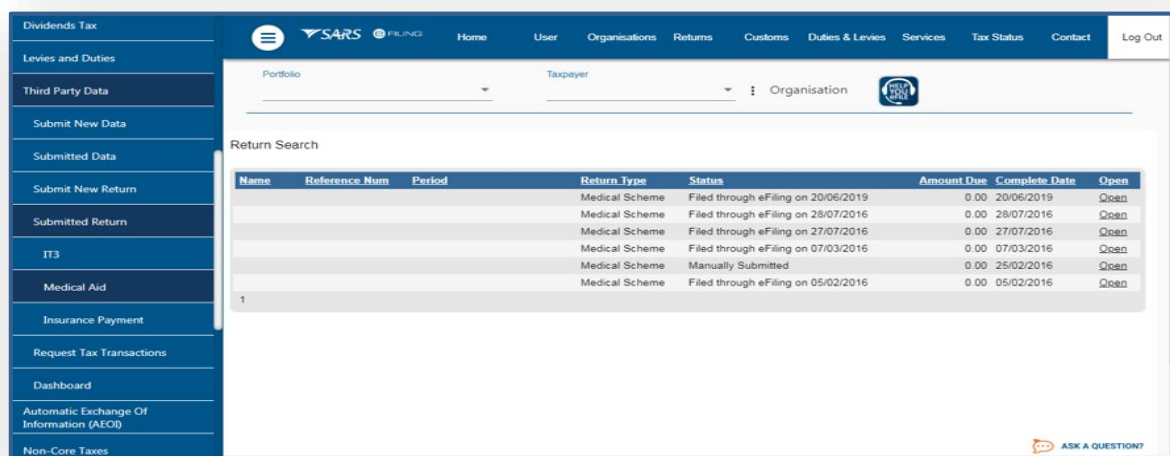REVISION: 2   Page 20 of 26

6.2   SUBMITTED RETURN

- This option is applicable if the user wants to view the history of all the third party data that has been submitted and declared to SARS.

6.2.1 MEDICAL SCHEME CONTRIBUTIONS

- To access previously submitted and declared medical scheme contributions, proceed as follows:
    - ▫ Click on the **Returns**
    - ▫ Click on **Third Party Data**
    - ▫ Click on **Submitted Return**
    - ▫ Click on **Medical Aid**

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- Click on the **Open** hyperlink

- The **Medical Scheme Contribution Work Page** will be displayed
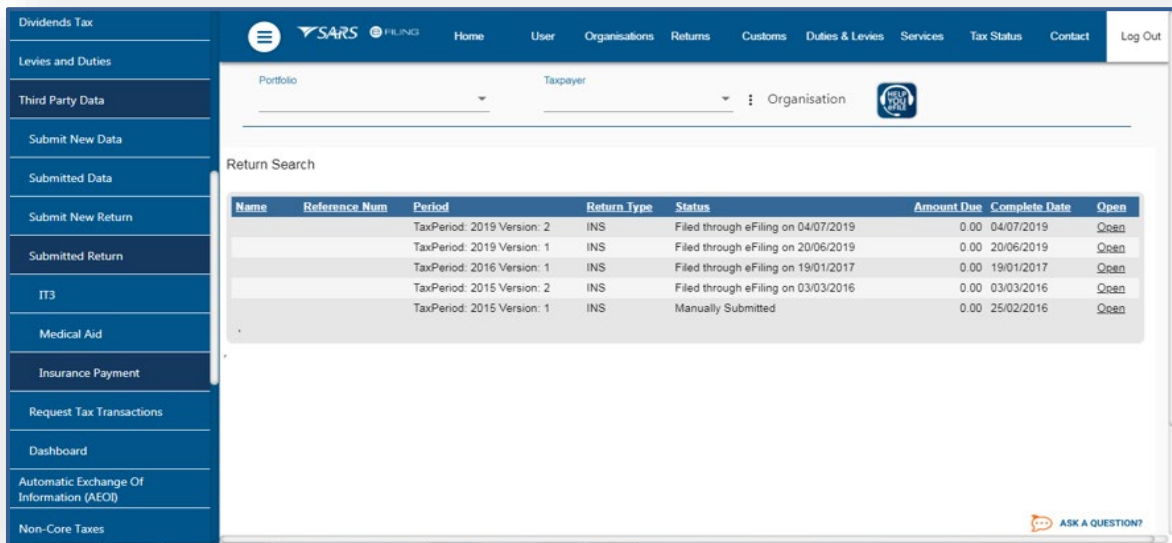

- Click on the hyperlink **Medical Scheme** to open up the filed return.

> Note that the **Revised Declaration** button on the **Medical Scheme Contribution Work Page** will open up the MIT02 form which will include the revised data submitted by the entity.
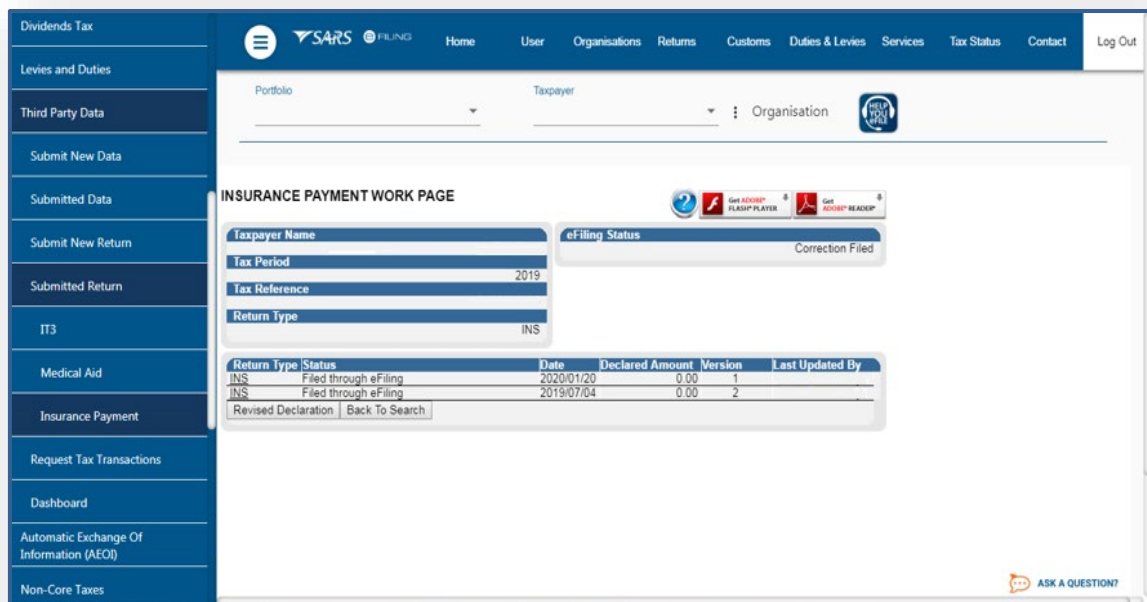
6.2.2 INSURANCE PAYMENTS

- To access the returns that have been submitted for insurance payments proceed as follows:
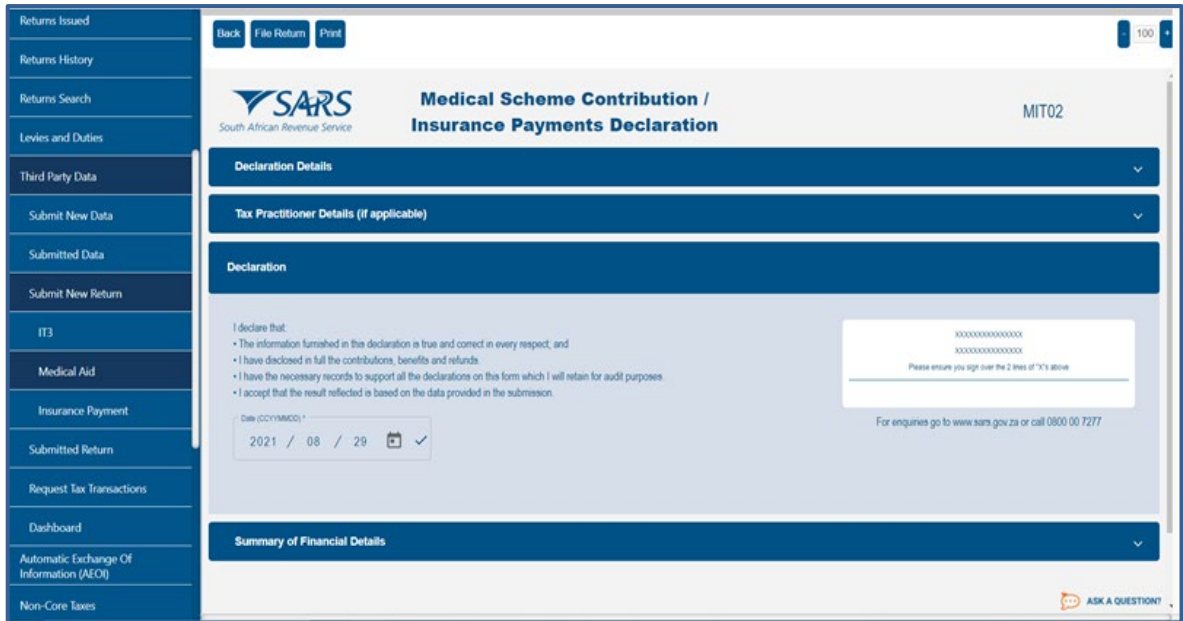 - ▫ Click on the **Returns**

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- □ Click on **Third Party Data**
- □ Click on **Submitted Return**
- □ Click on **Insurance Payment**
- □ The following screen will be displayed

- Click on the open hyperlink

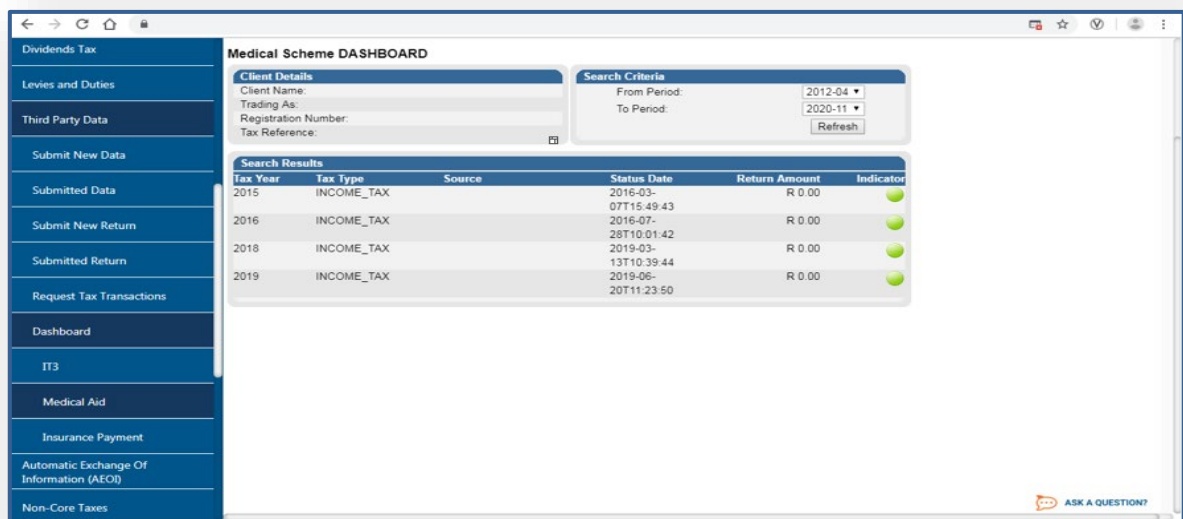- The **Insurance Payment Work Page** will be displayed

- Click on the hyperlink **Insurance Payment** to open up the filed return.

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- Note that the **Revised Declaration** button on the **Insurance Payments Work Page** will open up the MIT02 form which will include the revised data submitted by the entity.

6.3 DASHBOARD

- The dashboard allows you to view the summary of all the submitted data.

- To access the dashboard for Medical Scheme Contributions, proceed as follows:

  ▫ Click on **Returns**
  ▫ Click on **Dashboard**
  ▫ Click on **Medical Aid**

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- To access the dashboard for Insurance payments, proceed as follows:

  ▫ Click on **Returns**
  ▫ Click on **Dashboard**
  ▫ Click on **Insurance Payment**
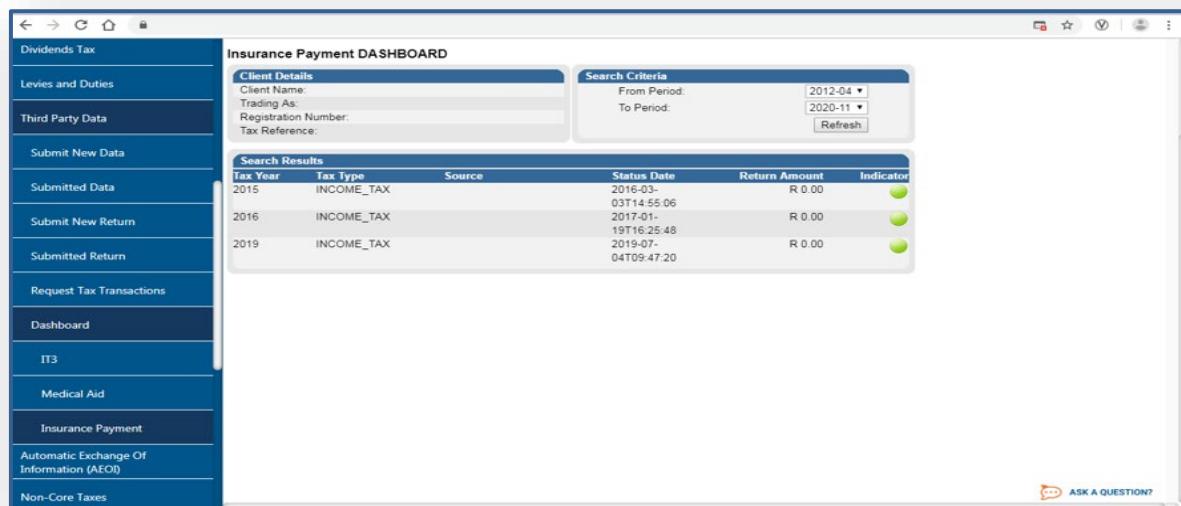
7 CROSS REFERENCES

DOCUMENT TITLE	APPLICABILITY
How to activate submit and declare third party data IT3 via eFiling	All
Guide for submission of third party data using the HTTPS channel	All
Guide for the submission of third party data using the connect direct channel	All
How to register manage users and change password on eFiling	All

8 DEFINITIONS AND ACRONYMS

Entity	Collective term informally used for the legal person that interacted with SARS. Formally these would be referred to as the "Legal Entities". Examples of an entity/ a legal entity includes: • Company (Pty Ltd) • Closed corporation • Trust • Individual
INS	Insurance Payments as it relates IT3(f)
MED	Medical Scheme Contribution as it relates to IT3(f)

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