



**GLOBAL BUSINESS SOLUTIONS**

future thinking, now

# QUICK GUIDE TO BUSINESS RELIEF MEASURES

---

COVID-19 TOOLKIT SERIES



# Background

*In addition to the Temporary Employer-Employee Relief Scheme (TERS), National Disaster Fund (Covid-19) and Unemployment Insurance Fund benefits (National Disaster Benefit and other UIF benefits) which we cover in separate booklets in this series, there are some other key support measures for business who have been impacted by the coronavirus pandemic. These include:*

- **SMME SA:** The Department of Small Business Development made R 500 million available to distressed SMEs
- **IDC:** The Industrial Development Corporation together with the Department of Trade, Industry and Competition has committed R3Billion to a range of funding products in support of business to address vulnerable firms and for companies critical to fight the virus and its economic impact
- **Solidarity Response Fund:** This Fund was set up to help deal with the fallout of the coronavirus and measures to slow its spread. Individuals and businesses are invited to contribute to this fund
- **Tourism Relief Funding:** The Department of Tourism has made an additional R200 million available to assist SMEs in the tourism and hospitality sector who are under particular stress due to the lockdown and travel restrictions
- **Banking sector:** The Department of Trade and Industry has passed new regulations in the banking sector providing for exemptions which will assist small businesses, consumers and firms in distress
- **Possible temporary reductions:** Possible temporary reductions of employer and employee contributions to the Unemployment Insurance Fund and possible temporary reduction of employer contributions to the Skill Development Fund may be implemented
- **Tax subsidy:** A new tax subsidy of up to R500 per month for the next four months for employees earning below R 6 500 per month
- **Employment tax incentive:** SARS to accelerate the employment tax incentive reimbursement from twice per year to monthly
- **PAYE & Provisional corporate income tax:** Tax compliant businesses with a turnover of less than R50 million will be allowed to delay 20% of their PAYE liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months



**GLOBAL BUSINESS SOLUTIONS**

future thinking, now

## SMME SA

The **Department of Small Business Development** made R500million available to distressed SMEs.

Small and medium-sized businesses that require help during the coronavirus crisis can apply for assistance on their website.

*For more information, visit*

<http://www.smmesa.gov.za/>

### **Debt Relief Fund**

All small, micro and medium enterprises (SMMEs) may apply for relief on existing debts and payments.

In order to be eligible, all applicants will be required to show an impact, or potential impact, of the virus on their business.

This facility will also assist entities to acquire raw material, pay labour and operational costs.

All these interventions will be structured to match the patterns of the SMME's cash flows, as well as the extent of the impact suffered.

### **Business Growth/Resilience Facility**

Specifically created to enable continued participation of SMMEs in supply value-chains – particularly those small businesses which manufacture locally or supply items which are in demand due to the pandemic.

This facility will offer working capital, stock, bridging finance, order finance and equipment finance, and the amount provided will be based on the funding needs of the business

## IDC

The **Industrial Development Corporation**, together with the **Department of Trade, Industry and Competition** has committed at least R3Billion to a range of funding products in support of business to address vulnerable firms and for companies critical to fight the virus and its economic impact. This facility will be available to South African owned businesses.

*For more information, visit*

[www.idc.co.za](http://www.idc.co.za)

*Email:* [callcentre@idc.co.za](mailto:callcentre@idc.co.za)

*Call:* 011 269 3888 / 0860-693-888.

### COVID-19 Essential Supplies

- ❑ Support for the manufacturing of essential medical products
- ❑ R500 million for trade finance to import essential medical products
- ❑ The focus is on short term interventions
- ❑ In order for IDC to react timeously a fast-tracked process to consider applications for funding will be utilised

### Working Capital Support

- ❑ Specifically earmarked to assist suppliers of identified critical goods that are affected by the outbreak of COVID-19
- ❑ The funding will be shared with Small Enterprise Finance Agency (**sefa**) and National Empowerment Fund (**NEF**): IDC will receive R300million and sefa and NEF R200million each.
- ❑ Funds to be used to fund businesses that fall within the mandate of the institutions and support prioritised products that are required to curtail the impact of the virus.

### Sector Specific Interventions

- ❑ Ensuring food security by prioritizing support to Agriculture and food value chains
- ❑ Tourism sector support for working capital
- ❑ Bridging finance to support supply chain interruptions
- ❑ Working capital to ensure energy security by supporting suppliers of primary energy
- ❑ Working capital and Bridging Finance to SMEs that provide components to car-makers

## Solidarity Response Fund

Set up to help deal with the fallout of the coronavirus, and measures to slow its spread.

Government has made an initial R150 million available as seed funding and has invited individuals and businesses to contribute to this fund.

Johann Rupert and Nicky Oppenheimer have donated R1billion each into this newly established Solidarity Fund.

*For more information, visit*

[www.solidarityfund.co.za](http://www.solidarityfund.co.za)

### **Aimed as Rapid Response Vehicle**

To alleviate the suffering and distress caused by the virus to our country, this fund is aimed to mobilise the support of business and civil society in support of government's efforts in response to COVID-19.

It will primarily fund four key initiatives:

- Prevent: preventative and supporting measures to “flatten the curve” by lowering infection rates
- Detect: detect and understand the magnitude of the infection problem
- Care: assist with the management of those people in hospital or medical care
- Support: support those people whose lives are disrupted by COVID-19.

### **Administration and Governance**

Organized business is assisting with the initial formation of the Fund and thereafter the Board which is being appointed will take full responsibility for the fund and its activities.

The Chairperson of the Fund is Ms Gloria Serobe and the Vice Chairperson is Mr Adrian Enthoven.

The Fund will be independently administered and transparently governed through an independent board to ensure that the funds are effectively and efficiently used to combat COVID-19

## Tourism Relief

The **Department of Tourism** has made an additional R200million available to assist SMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions.

*For more information, visit*

[www.tourism.gov.za](http://www.tourism.gov.za)

### SME Funding Categories

Applicants from the following categories would be eligible to apply:

- Hotels, resort properties and B&Bs.
- Restaurants, conference venues, professional catering businesses, and tourist attractions.
- Tour operators, travel agents, tourist guides, car rental companies, and coach operators.

**The relief will be distributed to ensure that all provinces benefit**

**At least 70% of beneficiaries will be Black owned**

**At least 50% of beneficiaries will be women owned**

**At least 30% of beneficiaries will be youth owned**

**At least 4% of beneficiaries will be owned by people with disabilities**

### Qualifying Criteria

- Registered business (CIPC)
- Turnover must not exceed R2.5 million per year
- Valid tax clearance certificate
- Guaranteed employment for staff for a period of 3 months
- Proof of minimum wage compliance
- Proof of UIF registration for employees
- Existing tourism-specific establishment
- In existence for at least one business financial year
- Prove that the relief is required as a result of the impact of COVID-19
- Statements of financial position
- Indicate the intended use of the resources

## Tax System Relief

Businesses in distress will also be assisted via the **tax system** – initiatives include a new tax subsidy accelerated payment of the Employment Tax Incentive, delayed tax liabilities for PAYE & Provisional Corporate Income Tax and possible temporary reductions of UIF contributions and skills development levies

*For more information, visit*

[www.sars.gov.za](http://www.sars.gov.za)

### SARS

- Tax subsidy:** A new tax subsidy of up to R500 per month for the next four months for employees earning below R 6 500 per month.
- Employment tax incentive:** SARS to accelerate employment tax incentive reimbursement from twice per year to monthly.
- PAYE & Provisional corporate income tax:** Tax compliant businesses with a turnover of less than R50 million will be allowed to delay 20% of their PAYE liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months.

### UIF and Skills Development Levies

More detail to follow but there may be temporary reductions of:

- employer and employee contributions to the **Unemployment Insurance Fund** and
- employer contributions to the **Skill Development Fund**.





# GLOBAL BUSINESS SOLUTIONS

future thinking, now

East London	Durban	Port Elizabeth	Johannesburg	Cape Town
T 043 721 1030	041 364 0472	041 364 0472	011 483 3722	021 418 1617
F 043 721 1027	086 414 4926	086 414 4925	011 483 1650	021 418 1619
elmarketing @globalbusiness.co.za	dbnmarketing @globalbusiness.co.za	pemarketing @globalbusiness.co.za	jhbmarketing @globalbusiness.co.za	infoct @globalbusiness.co.za

[www.globalbusiness.co.za](http://www.globalbusiness.co.za)