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# QUICK GUIDE TO BUSINESS RELIEF MEASURES

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COVID-19 TOOLKIT SERIES



# Introduction

- The global pandemic caused by the coronavirus Covid-19 has already disrupted how we live, interact with one another and now, how we work. You have no doubt been swamped with questions from all quarters as your business tries to figure out how to manage the current 21-day national lockdown.
- At **Global Business Solutions** we've set up a dedicated support service for our clients and are committed to not only ensuring that you have all the latest, accurate information, but that you're able to make the adjustments necessary **NOW**, and look beyond into the **FUTURE**, to ensure business sustainability and transformation into what will most definitely be a "new normal" post Covid-19.
- The information supplied below is for information purposes only & has been developed from publicly available knowledge. This information should not be relied upon for detailed planning, but for guidance only.



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- Opportunity to ask questions** and to benefit from Q&A of other participants
- Best Practice Ideas** and Knowledge Sharing
- Scenario Planning** around critical issues, including BBEE, Skills, Workforce (re)engineering and other key challenges under Covid-19 shutdown and beyond

- Practical Advice** on managing the Covid-19 shutdown period and necessary transition into the “new normal” beyond the coronavirus pandemic including:
  - Employee Engagement & Communication
  - Remote Working
  - Leave Management
  - Employee Capacitation opportunities
- Toolkits and Templates**
- Click the link below to access our webinar brochure and registration form:**

<https://www.globalbusiness.co.za/news/covid-19-latest-news/>

## SA Covid-19 TRENDS AND STEPS

This is the full presentation developed by Ministerial Advisory Committee (MAC) chairman **Professor Salim Abdool Karim**.

For more information, visit

<https://sacoronavirus.co.za/2020/04/13/sas-covid-19-epidemic-trends-next-steps/>

### Outline

- ❑ **The Coronavirus epidemic in South Africa**
  - The first Million cases of Covid-19
  - Country level epidemic trajectories
  - SA's Covid-19 Cumulative number of cases
  - SA's Covid-19 Trends in cumulative cases
  - SA's Covid-19 Trends in new cases
- ❑ **Why is SA not on the expected Covid epidemic trajectory? (SA vs UK Comparison)**
  - SA's expected vs actual trajectory
  - Uniqueness of SA's epidemic trajectory
  - Trends in cumulative private & NHLS covid-19 tests.

- ❑ **How much community transmission in SA?**
  - 3 waves of the SA epidemic
  - Why did SA not follow the expected epidemic curve
  - Where is the highest risk of community transmissions in SA?
- ❑ **Some future epidemic scenarios**
  - So what is next?
  - Can SA escape the worst of this epidemic?
  - Why the delay is so important
- ❑ **Stages of the SA Covid-19 Response**
  - Current Stages of SA's response
  - What should we do this week?
  - Community transmission levels
  - Next Stages of South Africa's response

- ❑ **Stopping small flames to reduce the risk of raging fires**
  - Vigilance/ Surveillance
  - The medical care response
- ❑ **Conclusions**
  - SA has a unique epidemic trajectory
  - The exponential curve is almost inevitable
  - Lockdown bought SA some time and will likely reduce peak case load
  - Systematic approach to keeping infection rates low while easing lockdown stages.
- **Emergency Hotline: 0800 029 999**
- **WhatsApp Support Line: 0600-123 456**



# COVID-19 Business Relief Measures



- **C-19 TERS**: Temporary UIF relief fund for businesses that suffer distress directly due to Covid-19 - claims for 3 months or less
- **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 stress due to the lockdown and travel restrictions
- **Banking sector( Covid-19 Loan Scheme)**. 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
- **Spaza/General dealer scheme**: The support scheme benefits Spaza shops and the general dealers/traditional grocery stores in townships & villages with applicable licenses.
- **ITAC**: The (Dti) has requested that the South African Revenue Service to add listed goods to its prohibited and restricted list for the purposes of export control.
- **Social Relief of Distress Grant**: The grant forms part of the R500bn economic & social relief measures announced by the president.

## C-19 TERS

This scheme is intended to provide emergency relief to enable employers to pay employees who are temporarily laid off due to the Covid-19 crisis

For more information, visit

<http://www.labour.gov.za/easy-guide-for-employers-on-covid19>

### Directive was created:

- ❑ Avoid contact and contain the spread of Covid-19 during the process of application for benefit
- ❑ Businesses that are still in operation, albeit partially, because they provide essential services and goods may now claim on behalf of employees who have been affected by the partial closure.
- ❑ Online applications for benefits in order to avoid contact during the national disaster period.

### Important to note

- ❑ **Covid-19 TERS** replaces the National Disaster Benefits previously published by UIF.
- ❑ Employers do not need to prove financial distress in order to claim. The focus is now on **'affected employees'** rather than a business in financial distress.
- ❑ **The Memorandum of Agreement** between the employer or bargaining council and the UIF may be concluded electronically.
- ❑ **Total amount** that an employee receives from both the UIF and their employer must not exceed that employee's normal remuneration.

### Qualifying Criteria

- ❑ Temporary UIF relief fund for businesses that suffer distress directly due to Covid-19 - claims for 3 months or less.
- ❑ You need to be up-to-date with all UIF payments
- ❑ Employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided in the UI Act, max R17 712 per month
- ❑ Businesses to apply on behalf of employees.
- ❑ Email applying documents to [covid19ters@labour.gov.za](mailto:covid19ters@labour.gov.za).

If you require assistance in managing/administering the Covid-19 Temporary Relief Scheme application process via UIF, Global Business Solutions has a dedicated team ready to help you navigate this process, including a detailed Application Toolkit available. For more information please contact: [natalies@globalbusiness.co.za](mailto:natalies@globalbusiness.co.za)



## 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.dsbd.gov.za/?p=3>

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### **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





## Spaza-shop/General dealer Support Scheme

The department of Small Business development has finalised an agreement with Nedbank to support spaza shops & general dealers on the back of the **Khula Credit Guarantee Scheme** of the **Small Enterprise Finance Agency (SEFA)**. The support scheme also benefits the general dealers/traditional grocery stores in townships & villages with applicable licenses.

For more information, visit

[http://www.dsbd.gov.za/  
?p=3472](http://www.dsbd.gov.za/?p=3472)

### Support Under the Scheme

- ❑ Access to working capital investment and revolving credit facility that is backed by the **Khula Credit Guarantee scheme** of SEFA in partnership with **NEDBANK**.
- ❑ **Business Management support** that includes assistance with basic financial management with support of Financial/ Business graduates that will be assigned to give dedicated support to the business over a 24 month period.
- ❑ **Legal compliance** that includes assistance to register with CIPC, SARS and UIF, and other compliance requirements that may be necessary for participation in the scheme.
- ❑ For additional assistance or enquiries, spaza shop and general dealer owners may call **0860 663 7867** or e-mail to **Spzasupport@dsbd.gov.za**

### How to Apply?

- ❑ **A spaza shop/ general dealer owner** who is a South African and holds a valid trading permit (including temporary) or business license in the case of a general dealer qualifies.
- ❑ **The qualify spazas and general dealer** owner will need the following documents:
  - ❑ a) A valid South African ID document
  - ❑ b) A valid and original municipal trading license/ permit to trade or business license in case of a general dealer (COPIES ARE NOT ACCEPTABLE). Only permits or licenses issued by the municipality, NOT a councillor are valid.
- ❑ **The qualifying Spaza-shop/ General Dealer owner** must be willing to accept assistance to register with CIPC, SARS and UIF, in the case were the owner is not already registered before approval to participate in the scheme.

## 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*

<https://www.idc.co.za/2020/03/24/idc-interventions-in-response-to-covid-19/>

**Please refer to next slide for more info**

### 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

## Small Enterprise Finance Agency

The below support will be offered to SMME's and administered by (**SEFA**) in reaction to the COVID-19 pandemic through:

- Business Growth Facility
- SMME Relief Finance and;
- Restructuring of SEFA-funded SMME's

Click links below for more information:

- Debt Relief finance scheme  
<https://www.fasa.co.za/corona/SMME-Debt-Relief-Scheme.pdf>
- SEFA Application form  
<https://www.fasa.co.za/corona/COVID-19-Finance-Relief-Application-BR1.pdf>

## National Empowerment Fund

The National Empowerment Fund (**NEF**) is managing a R200m COVID-19 Intervention Fund on behalf of the Department of Trade and Industry (**dti**)

- Funds will be available to black empowered business that provide confirmation of valid and verifiable orders.
- The minimum loan amount will be R 500 000 and the maximum is R 10 000 000. This will be structured as follows:
  - 60 Months repayment term
  - 12 months payment holiday (0% interest during this period)
  - Repayment over the remaining period at a fixed rate of 2,5%
  - For further details on funding criteria click the link below:
  - <https://www.nefcorp.co.za/covid-19-business-funding/>

## Dti Financial Schemes

- The Department of Trade, Industry and Competition (**dtic**), in partnership with the NEF, has invited black businesses to apply for funding.
- There are about 24 different schemes available under this funding, for more information click links below:
- Application Process:  
[http://www.thedti.gov.za/financial\\_assistance/financial\\_assistance.jsp](http://www.thedti.gov.za/financial_assistance/financial_assistance.jsp)
- Enquiries / Contact Information:  
[http://www.thedti.gov.za/news2020/Incentive\\_contact\\_info.pdf](http://www.thedti.gov.za/news2020/Incentive_contact_info.pdf)



## 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, Nicky Oppenheimer and Patrice Motsepe have donated R1billion each into this newly established Solidarity Fund. Naspers have also committed support.

### 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.

For more information, visit

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

Please refer to next slide for more info

### Administration and Governance (Draft)

- Contributions to the Solidarity Fund: Taxpayers can claim an additional 10% as tax deduction on donations to the fund (NB!! Amended in red).
- The tax-deductible limit for donations; currently 10% of taxable income, be increased to 20%. 10% for any qualifying donations & an additional 10% for donations to the Solidarity Fund.
- ADJUSTING PAY AS YOU EARN FOR DONATIONS MADE THROUGH THE EMPLOYER TO THE SOLIDARITY FUND
  - Government is proposing a special relief measure by temporarily increasing the current 5 per cent tax limit in the calculation of monthly PAYE of the employee.
  - An additional limit of up to a maximum of 33.3 per cent for three months or 16.66% for six months, depending on an employee's circumstances, will be available

**The above is included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020)**

For more information, visit

<https://opp-gen.com/saft>

## South African Future Trust (SAFT) – (Oppenheimer)

This is to allow SMME's who are suffering from short term cash flow constraints to continue being operational whilst retaining their employees.

It will primarily fund these key initiatives:

- Money paid out directly as interest-free loans to employees of business with a turnover of less than R 25 million a year. Employers and not employees will be liable at paying the money back.
- The expected typical loan amount per employee will be around R 750/ week, for a period of 15 weeks.
- Once the need for a short term financing facility has passed, funds will be used to support initiatives with a focus on creating employment.
- Currently the money is available to clients of Absa, FNB, Nedbank and Standard Bank. Business will be able to apply directly with their banks from Friday, 03 April. For more details: <https://opp-gen.com/saft>

## Other Fund Donations

- **Johann Rupert's (Sukuma Relief Programme)** R1 billion donation will also be distributed as loans via the small company funder Business Partners. Entrepreneurs ( formal sole proprietors) can get cash payment of R 25 000 which does not need to be repaid. Business can also get the cash payment , plus a low interest loan of up to R 1 million
- <https://finance.businesspartners.co.za/welcome-to-the-sukuma-relief-programme/> **(N.B!! Temporary Closure Notice)**
- <https://www.businessinsider.co.za/how-to-get-johann-rupert-money-small-business-2020-3>
- **Patrice Motsepe's** R1 billion donation via the Motsepe Foundation and his associated companies. Motsepe's donation will be used to help buy and distribute water and healthcare products across the country.
- **Naspers** R 1,5 billion donation will be used to buy medical supplies for South Africa and donate R 500 million to the Solidarity Response Fund.

## 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)

Please refer to next slide for more info

### 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





## Tourism Relief Fund

Established as an intervention to mitigate the impact of COVID-19 on the tourism sector, the R200 million Tourism Relief Fund provides once-off capped grant assistance to Small Micro and Medium Sized Enterprises (SMMEs) to ensure sustainability during and post the implementation of government measures to curb the spread of Covid-19 in South Africa.

Guided by the Tourism B-BBEE codes of good practice. The Tourism Relief Fund administered in line with the objectives of economic transformation and the vision to ensure sustainable and inclusive tourism development.

Capped at R50 000 per entity. The grant funding can be used to subsidize expenses towards:

- Fixed Costs
- Operational Costs
- Supplies & Other pressure cost items

*For more information, visit*

<http://www.tourism.gov.za/Pages/COVID19TOURISMRELIEFFUND.aspx>

- The application period for the Tourism Relief Fund is **(07 April to 31 May 2020)**
- SMMEs can submit funding applications by completing a form accessible online by clicking the link supplied above
- For comprehensive information on the Fund terms & Qualifying criteria click the link below
- [www.tourism.gov.za](http://www.tourism.gov.za)
- Frequently asked questions about the fund**
- [https://www.tourism.gov.za/CurrentProjects/Tourism\\_Relief\\_Fund\\_for\\_SMMEs/Documents/Tourism%20Fund%20%20Web%20FAQs.pdf](https://www.tourism.gov.za/CurrentProjects/Tourism_Relief_Fund_for_SMMEs/Documents/Tourism%20Fund%20%20Web%20FAQs.pdf)





## BASA

The Minister of Trade, industry and competition published Gazette Notice 11058, which allowed **Bank Association South Africa** to introduce various measures in assisting consumers who have been financially impacted by COVID-19 and the 21 day lockdown.

*For more information, visit*

<https://www.banking.org.za/news/banks-respond-to-covid-19/>

**Please refer to next slide for more info**

### Banking Approach

Banks will waive Saswitch penalty fees. Customers can use any ATM and only pay the usual fees charged by their bank. Other measures placed include:

- Suitable payment deferrals
- Restructuring of debt
- Provision of Small and Medium Enterprise (SME) bridging finance and liaising with government

- DTI Gazette:**  
<https://www.thedti.gov.za/gazettes/43127.pdf>

### Nedbank

Nedbank has offered clients individual solutions to cashflow challenges.

- Monthly Credit card repayments
- Penalty fees on early investment withdrawals
- For more information click link below:

<https://nedbank.co.za/content/nedbank/desktop/gt/en/business/covid-19-relief1.html>

### Standard Bank

Standard Bank has offered payment holiday & finance relief to SMME's, students and bond homeowners.

- Covid-19 Payment Interruption Scheme on business loans for small businesses.
- 3 month instalment relief for all personal loans for small business owners of businesses with a turnover of less than R 20 million per year.
- <https://www.standardbank.co.za/southafrica/business/covid-19>



**Please refer to next slide for info on the R200 Billion allocated to the Covid-19 Loan Scheme for SME's**

## ABSA

**Payment relief plan gives instant, short term financial relief to clients who are struggling due to Covid-19 and lockdown.**

- Loan adjustment & non-payment period of 3 months
- Burden of payments during this period will be eased.
- Bespoke solutions for businesses.
- For more information click on the link below:

<https://www.absa.co.za/personal/covid-19/covid-19-payment-relief-plan/>

## First National Bank

Covid-19 Interventions are available for 3 months and will cover the following:

- Cashflow relief with a turnover up to R 20 million and a preferential interest rate will apply to where Covid-19 relief interventions are given.
- No fees charged for any relief granted
- Individualised bridge facilities for who need it
- For more information click on the link below:
- <https://www.fnb.co.za/realhelp/for-my-business/cash-flow-relief.html>

## Covid-19 Loan Scheme

As announced by the President, National treasury, the South African Reserve Bank & commercial banks have jointly created a guaranteed loan scheme. The purpose of the scheme is to help small and medium-sized businesses and the economy. **R200 billion** will be ultimately made available for new loans to existing customers. The initial phase will be R100 billion.

### KEY FEATURES

- ❑ **Covid-19 loans** will be available from banks to eligible businesses in good standing with their commercial banks with an annual turnover of less than R300 million.
- ❑ **Funds borrowed** through this scheme can be **used for operational expenses** such as salaries, rent, lease agreements, contracts with suppliers etc. Loans will cover up to 3 months of operational costs & will be drawn down monthly.
- ❑ **Banks** are not obliged to extend Covid-19 loans, and those that do will use their normal risk-evaluation and credit-application processes.

**NB!! YOU CAN NOW APPLY FOR THE SCHEME**

For more information, visit

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

- ❑ **Each business** may accept only one Covid-19 loan.
- ❑ **Covid-19 loans will be offered at a single**, agreed lending rate by all banks participating in the scheme. The rate will track the repo rate.
- ❑ **A six-month repayment holiday** will commence from the first drawdown, although interest will accumulate from the date on which the first drawdown on the loan occurs.
- ❑ **Repayment of interest and capital starts** after six months and businesses have a maximum of 60 months to do so. Borrowers can repay the loan ahead of schedule.
- ❑ **LOAN GUARANTEE SCHEME OPENS:**  
[http://www.treasury.gov.za/comm\\_media/press/2020/20200512%20Media%20statement%20-%20Loan%20guarantee%20scheme%20opens.pdf](http://www.treasury.gov.za/comm_media/press/2020/20200512%20Media%20statement%20-%20Loan%20guarantee%20scheme%20opens.pdf)
- ❑ **More details on the scheme can be found in a Frequently Asked Questions guide posted at:**  
[http://www.treasury.gov.za/comm\\_media/press/2020/COVID-19%20Loan%20Guarantee%20Scheme%20Q&A.pdf](http://www.treasury.gov.za/comm_media/press/2020/COVID-19%20Loan%20Guarantee%20Scheme%20Q&A.pdf)



## Tax System Relief

Businesses under stress due to the lockdown 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

### SARS

- ❑ **Tax subsidy:** A new tax subsidy of up to R 750 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 R100 million will be allowed to delay 35% of their PAYE liabilities over the next four months. SARS will not impose any penalty or interest on the deferred PAYE liability amount. This means that employers are still liable to pay the remaining 65% as per normal.

For more information, visit

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

Please refer to next slide for more info

### Skills Development Levy Holiday (DRAFT)

- ❑ For the **4 month** period from **1<sup>st</sup> of May to August 2020**, employers who are registered for SDL do not have to declare and pay SDL to SARS.
- ❑ **All employers** who are registered for SDL automatically qualify for the SDL Payment Holiday.
- ❑ **The SDL payment holiday** will be automatically provided. The zero amount SDL Liability will be defaulted on the EMP201 return for the four month period from May to August 2020
- ❑ **This is a suspension**, not a deferral, as a result, employers will not become liable for these amounts after 31 August 2020.
- ❑ **This has been included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020).**



## Covid-19 Tax Relief for ETI

An incentive aimed at encouraging employers to hire young & less experienced work seekers. It reduces an employers cost of hiring young people through a cost-sharing mechanism with government, while leaving the wage of the employee unaffected.

### TAX RELIEF (DRAFT)

- ❑ Government extended existing **Employment Tax Incentives (ETI)** programme aimed at young workers, to workers of all ages. It will hike the amount of money companies can claim.
- ❑ For every worker under the age of 30 who earn less than R6 500 employers can claim back R 1000 a month in the first year of employment and R500 in the second year of employment from SARS.
- ❑ Now companies will be able to claim R1500 in the first year and R1000 in the second year for employees younger than 30.
- ❑ **Companies will get R500 for all workers up to the age of 65 who earn less than R6500 a month. For young workers who have already been covered by the ETI for two years, employers will get R500 per worker for an additional year. (NB!! Amended section in red)**

For more information, visit

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>

### ADDITIONAL (ETI DRAFT)

- ❑ **The amount of R 500 per month for each employee that earns less than R 6 500 per month be increased to R 750 per month and the monthly refund payment of any excess ETI claimed.**
- ❑ **The COVID-19 Tax Relief for ETI** is available for the four month period from April 2020 to July 2020. The first extended ETI can be claimed in your EMP201 for April 2020
- ❑ **EMPLOYERS COVID-19 TAX RELIEF USER GUIDE**  
<https://www.sars.gov.za/TaxTypes/PAYE/Pages/FAQs%20Employers---Tax-Relief.aspx>
- ❑ **Disaster Management Tax Relief Bill 2020 (Revised Draft)**  
<https://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2020-28%20-%20Draft%20EM%20on%20the%20Revised%20Draft%20Disaster%20Management%20Tax%20Relief%20Bill%20-%201%20May%202020.pdf>

**Above is included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020)**

## Covid-19 Tax Relief for PAYE

The COVID-19 outbreak coupled with the extended nationwide lockdown continues to have a significant impact on cashflows of businesses. Government remains committed to assisting companies in this regard and has as a result proposed further measures to help alleviate cash flow problems.

### TAX RELIEF (DRAFT)

- ❑ **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. SARS will not impose any penalty or interest on the deferred PAYE liability amount. This means that employers are still liable to pay the remaining 65% as per normal (**NB!! Amended Section in Red**).
- ❑ **The proportion of PAYE that can be deferred, without SARS imposing administrative penalties and interest for the late payment thereof, is increased from 20 per cent to 35 per cent.**
- ❑ **The annual turnover threshold for tax compliant small or medium sized businesses is increased from R50 million to R100 million. Individuals will be eligible if no more than 10 per cent of their gross income is derived from interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer.**

For more information, visit

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>

- ❑ **Note:** The 35% deferral is only applicable on the PAYE liability declared on the original EMP201 return submitted to SARS. Any increase in the PAYE liability through a request for correction will not be taken in consideration when the 35% deferral is calculated.
- ❑ **You can claim** the COVID-19 Tax Relief for PAYE on the EMP201 return that you submit monthly.
- ❑ **All qualifying employers** can claim the COVID-19 Tax Relief for PAYE regardless of whether they claim ETI or not.
- ❑ **Employers COVID-19 Tax Relief User Guide**  
<https://www.sars.gov.za/TaxTypes/PAYE/Pages/FAQs%20Employers---Tax-Relief.aspx>
- ❑ **Disaster Management Tax Relief Bill 2020 (Revised Draft)**  
<https://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2020-28%20-%20Draft%20EM%20on%20the%20Revised%20Draft%20Disaster%20Management%20Tax%20Relief%20Bill%20-%201%20May%202020.pdf>
- ❑ **Above has been included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020)**



## Delay in Payment of Provisional Tax

The COVID-19 outbreak coupled with the extended nationwide lockdown continues to have a significant impact on cashflows of businesses. Government remains committed to assisting taxpayers in this regard and has as a result proposed further measures to help alleviate cash flow problems.

### TAX RELIEF (DRAFT)

- ❑ Currently provisional taxpayer (companies or individuals who earn income other than their salary must make two payments a year.
- ❑ Provisional taxpayers will only have to pay 15% of the estimated total tax liability for the first provisional tax payment.
- ❑ The second provisional tax payment will be based on 65% of the estimated total tax liability.
- ❑ The outstanding amount must be paid 30 September 2021 (or after six months after a company's financial year end) to avoid interest charges
- ❑ Measures will apply to companies with an annual turnover of less than R50 million (NB!! Amended section in Red).

For more information, visit

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>

- ❑ The annual turnover (i.e. gross income) limit for tax compliant small or medium sized businesses discussed above be increased from R50 million to R100 million.
- ❑ the 10 per cent limit on passive income be increased to 20 per cent
- ❑ passive income in this regard should be extended to include income derived from royalties and annuities.
- ❑ rental income derived from the letting of fixed property should exclude rental income derived by a person whose main trading activity is the letting of fixed property.
- ❑ **Disaster Management Tax Relief Bill 2020 (Revised Draft)**  
<https://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2020-28%20-%20Draft%20EM%20on%20the%20Revised%20Draft%20Disaster%20Management%20Tax%20Relief%20Bill%20-%201%20May%202020.pdf>

**The above has been included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020)**



## Further Suggested Tax Measures

The following set of measure will help businesses focus on staying afloat and paying their employees and suppliers. Assisting businesses now will ensure that our economy is in a better position to recover once the health crisis starts to subside.

### Interventions (DRAFT)

The measures are expected to provide around **R70 billion in support**. Through **reductions in taxes** otherwise payable or through **deferrals of tax payments** for tax compliant businesses. The interventions include:

- ❑ **SDL holiday:** From 1 May 2020, there will be a four-month holiday for skills development levy contributions.
- ❑ **Fast-tracking of value-added tax (VAT) refunds:** Smaller VAT vendors in a net refund position will be temporarily permitted to file monthly instead of once every two months. Unlocking the input tax refund faster and helping with cashflow.

- ❑ **Expanded (ETI) amount:** The first set of tax measures provided for a wage subsidy of up to R500 per month for each employee earning less than R6 500 per month. This amount will be increased to R750 per month.
- ❑ **An increase in the proportion of PAYE tax being deferred:** The proportion of employees' tax that is deferred has increased from 20% to 35% over the next four months.
- ❑ **Contributions to the Solidarity Fund:** Taxpayers can claim an additional 20% as tax deduction on donations to the fund.

For more information, visit

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>

- ❑ **Application to SARS for waiving of penalties:** Businesses that can show they are incapable of making payment due to the COVID-19 disaster. May apply directly to SARS to defer tax payments without incurring penalties.
- ❑ **Carbon Tax:** 3 month deferral for filing and first payment of carbon tax liabilities. First carbon tax payment which was due by **31 July 2020** will be **delayed to 31 October 2020**.

<https://www.sars.gov.za/ClientSegments/Customs-Excise/Excise/Environmental-Levy-Products/Pages/Carbon-Tax.aspx>

- ❑ **The above has been included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020).**



## Social Developments

The government has directed a **Temporary 6 month Covid-19 Grant**. This will be **R50 billion** directed towards relieving the plight of those who are most desperately affected.

For more information, visit

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

Please refer to next slide for more info

### Assistance provided

- An additional** R300 per month for child support grant beneficiaries in May 2020
- An additional** R500 per month for child support grant beneficiaries from June 2020 to October 2020
- An additional** R250 per month for all other grant beneficiaries for the next 6 months
- A Covid-19 Social Relief of Distress grant** amounting to R350 per month for the next 6 months will be paid to individuals who are currently unemployed and DO NOT receive any other form of social grant of UIF payment \*

- Distribution of **food parcels to 250 000 homes** in the next two weeks
- New model for food assistance** through vouchers and cash transfers

### Emergency Contact details

- Substance Abuse Helpline:** 0800 12 13 14
- Gender Based Violence Command Centre:** 080 042 8428
- SMS Line:** 32312
- WhatsApp Support:** 0600 123 456
- Emergency Number:** 0800 029 999



## Social Relief of Distress Grant

The Special Covid-19 Social Relief of Distress Grant will be implemented in terms of the existing avenue provided for by the Social Relief of Distress (SRD) channel, which is administered in accordance with the provisions as set in the Social Assistance Act, 2004.

### Qualifying Criteria

- The grant forms** part of the R 500bn economic & social relief measures announced by President Cyril Ramaphosa to support the economy, save jobs and businesses during the Covid-19 Pandemic.
- The grant will be available** to South African Citizens, Permanent Residents or Refugees registered on the Home Affairs system. Who are resident within the borders of the Republic of South Africa.
- Applicants** above the age of 18
- Unemployed** and not receiving any income, social grant or unemployment benefit scheme.
- Provide:** ID, contact details, banking details, contact details and proof of residence.

For more information, visit

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

### Application Process

- An application** for social relief of distress or a social grant may be lodged electronically over and above any other available means of lodging such applications.
- Unemployed South Africans** can apply for the grant sending a WhatsApp message to 0600-123-456 selecting SASSA.
- Or an e-mail to [SRD@sassa.gov.za](mailto:SRD@sassa.gov.za)
- Still finalising additional** access channels, including SMS, self-help desks and an online application process. Will keep you posted regarding further developments.
- Applicants should note** that by virtue of application, all applicants grant consent to SASSA to verify their residency, sources of income and/or social security benefits with government departments and financial institutions; including – all ID/ Permits will be cross checked against other data sources.

## Covid-19 Disaster Relief Trust

Special provisions have been given for tax relief to be granted to trusts established for the sole purpose of providing disaster relief in respect of the Covid-19 pandemic. These are referred to as **Covid-19 Disaster Relief Trust (CDR Trusts)**.

### Relief Measures (DRAFT)

A Covid-19 disaster relief trust will be deemed to be an approved public benefit organisation in terms of section 30 of the Income Tax Act if it carries on a public benefit activity as defined in the ITA. Their approval will subject them in being taxed using special tax dispensation applicable to **Public Benefit Organisations** as follows:

- ❑ **An exemption** from income tax on receipts and accruals of the PBO
- ❑ **Donations made to or by** the Covid-19 disaster relief funds will be exempt from donations tax
- ❑ Donations to such trusts will **not be subject to donations tax** and **will be tax deductible** in terms of section 18A of the Income Tax Act, subject to the usual limit of 10% of taxable income, with carry forward

For more information, visit

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

- ❑ An employee who receives or accrues remuneration directly from a COVID-19 disaster relief trust on or after 1 April 2020 and on or before 31 July 2020, will not be subject to employees' tax withholding on such amounts. However, the amounts will be taxable upon assessment of the employee.
- ❑ A COVID-19 disaster relief trust that has not distributed all of its assets in terms of section 30 and been dissolved by 31 July 2020 will be deemed to be an approved small business funding entity in terms of section 30C of the Income Tax Act from that date.
- ❑ **Disaster Management Tax Relief Bill 2020 (Revised Draft)**  
<https://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2020-28%20-%20Draft%20EM%20on%20the%20Revised%20Draft%20Disaster%20Management%20Tax%20Relief%20Bill%20-%201%20May%202020.pdf>
- ❑ **The above has been included in the Disaster Management Tax Relief Bill, which is out for public comment (deadline 15 May 2020).**



## Export Control Regulation

The Dti has requested that the South African Revenue Service to add listed goods to its prohibited and restricted list for the purposes of export control. Traders may apply to the International Trade Administration Commission (ITAC) for an export permit, and if granted the goods may be exported.

For more information, visit  
[www.itac.org.za](http://www.itac.org.za)

Please refer to next slide for more info

### International Trade Administration Commission (ITAC)

ITAC will be available for the processing of critical **Rebate, Import & Export permits**.

- Tariff Investigations
- Trade remedies and on-going investigations

These will be accessible via

- ITAC Covid-19 Communique**

<http://www.itac.org.za/upload/ITAC%20COVID19%20lockdown%20communique.pdf>

- Covid-19 Rebate Item 412.11**

<http://www.itac.org.za/pages/about-itac/covid-19-news-and-regulat>

- Export Control Regulations relating to Covid-19**

<http://www.itac.org.za/upload/Covid-19%20Export%20Control%20Reg%2027%20March%202020.pdf>

- Goods qualifying for import VAT exemption under item 412.11 – COVID-19 measures**

- (Updated 9 April 2020 to reflect additional exclusion communicated by ITAC, with effect from 8 April 2020)**



For more information please refer to link

<https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>

## Goods Qualifying for Import VAT exemptions under item 412.11

Goods that are not exempt from VAT on importation are goods that the International Trade Administration Commission (ITAC) has indicated are:

1. Dutiable (and no ITAC certificate under item 412.11 of Schedule No. 4 of the Customs and Excise Act, 1964, has been issued)
2. Subject to the duties referred to above, but are entering South Africa duty free because of a preferential trade agreement or other agreement, such as a customs union.
3. The subject of applications for duty support that are currently pending before ITAC;
4. Manufactured by domestic industry and ITAC has determined such industry is being or is likely to be injured by imports.

Goods excluded from the import VAT exemption under 1) are:

- Goods subject to an ordinary customs duty
- Trade remedies (Anti-dumping, countervailing or safeguard)
- The above should be as set out in schedule No.1 and 2 of the customs & excise act of 1964.

Goods excluded under 2) are also set out in these Schedules.

A list of goods excluded under 3) and 4) is available in the relevant ITAC certificate.

- Click here for the [ITAC import VAT certificate](#) dated 30 March 2020. Click here for the [ITAC import VAT certificate](#) dated 8 April 2020.

SARS Customs has also set up a command centre to deal with delayed escalations.

- Send your existing call reference number and transaction (SSM/LRN) [osc@sars.gov.za](mailto:osc@sars.gov.za).

### SADC Guidelines on Harmonisation and Facilitation of cross Border Transport Operations

[https://www.sars.gov.za/AllDocs/Documents/customsandexcise/Final\\_SADC\\_Guidelines\\_on\\_Cross-Border\\_Transport\\_during\\_COVID19-Adopted\\_on\\_6\\_April\\_2020-ENGLISH.pdf](https://www.sars.gov.za/AllDocs/Documents/customsandexcise/Final_SADC_Guidelines_on_Cross-Border_Transport_during_COVID19-Adopted_on_6_April_2020-ENGLISH.pdf)

### Application of Origin proof requirement during the Covid-19 under SADC-EU-EPA

Traders are encouraged to register for the generous Approved Exporter Scheme, within the meaning of Article 25 to Protocol I of the SADC-EU EPA.

Kindly direct all enquiries in relation to this matter to Mr Alfred Ramoroka at [aramoroka@sars.gov.za](mailto:aramoroka@sars.gov.za).





## Procuring from Government

Government has prioritized securing essential goods and services from all critical stakeholders across South Africa. Department of Small Business Development has identified SMME's and cooperatives as essential contributing partners in assisting the country in combating Covid-19.

### Department of Small Business Development (DSBD)

This is a call out for owned South African Small Businesses (**As defined in terms of the National Small Business Act 1997**) nationally that are already manufacturing these products and or are providing the services as outlined in the document.

#### *The Objectives are:*

- Reduce the risk of transmission of Covid-19
- Protect the health of the public, vulnerable members of society & employees of health institutions.
- Ensuring the adequate supply of these products to pharmacies, hospitals and related key sectors.

For more information, visit

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

#### **Requirements:**

- CIPC Incorporation document
- Company Statutory Documents
- FICA Documents
- ID Copies of Directors
- 6 Months Bank Statements
- Latest Annual Financial Statements from date of Submission
- Business Profile
- Production Facility Output and Capacity

**Request for proposals from Small Businesses: Critical Non Food Essentials (Opened from 27 March 2020 and closes on 30 April 2020)**

For more information:

<http://www.dsbd.gov.za/wp-content/uploads/2020/03/Request-for-Proposals-None-Food-Supplies.pdf>





## Personal Protective Equipment

Due to the shortage of **Personal Protective Equipment (PPE)** to curb the spread of Covid-19. National Treasury in support of the Department of Trade, Industry and Competition (DTIC) calls on all compliant, particularly local suppliers providing commodities.

*For more information, visit*


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

### Personal Protective Equipment (PPE) descriptions:

- Disposable aprons
- Protective surgical gowns
- Protective eyewear
- Surgical gloves
- Overshoes
- Protective hoods
- Biohazard bags
- Ventilators
- Alcohol-cleaning, disinfectants- clinical
- Venturi Mask

- Detailed information should be provided for the above items and submitted directly to the email**
- [covid19supplies@businessresponsecovid19.co.za](mailto:covid19supplies@businessresponsecovid19.co.za).
- The submissions should include the following information:**
  - **Supplier name**
  - **Company registration**
  - **Central Supplier Database number (CSD)**
  - **Indication of products that can be supplied**

## Summary of alert levels

<b>ALERT LEVEL 5</b>	<b>ALERT LEVEL 4</b>	<b>ALERT LEVEL 3</b>	<b>ALERT LEVEL 2</b>	<b>ALERT LEVEL 1</b>
 <b>OBJECTIVE</b>				
<b>Drastic measures to contain the spread of the virus and save lives.</b>	<b>Extreme precautions to limit community transmission and outbreaks, while allowing some activity to resume.</b>	<b>Restrictions on many activities, including at workplaces and socially, to address a high risk of transmission.</b>	<b>Physical distancing and restrictions on leisure and social activities to prevent a resurgence of the virus.</b>	<b>Most normal activity can resume, with precautions and health guidelines followed at all times.  Population prepared for an increase in alert levels if necessary.</b>



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