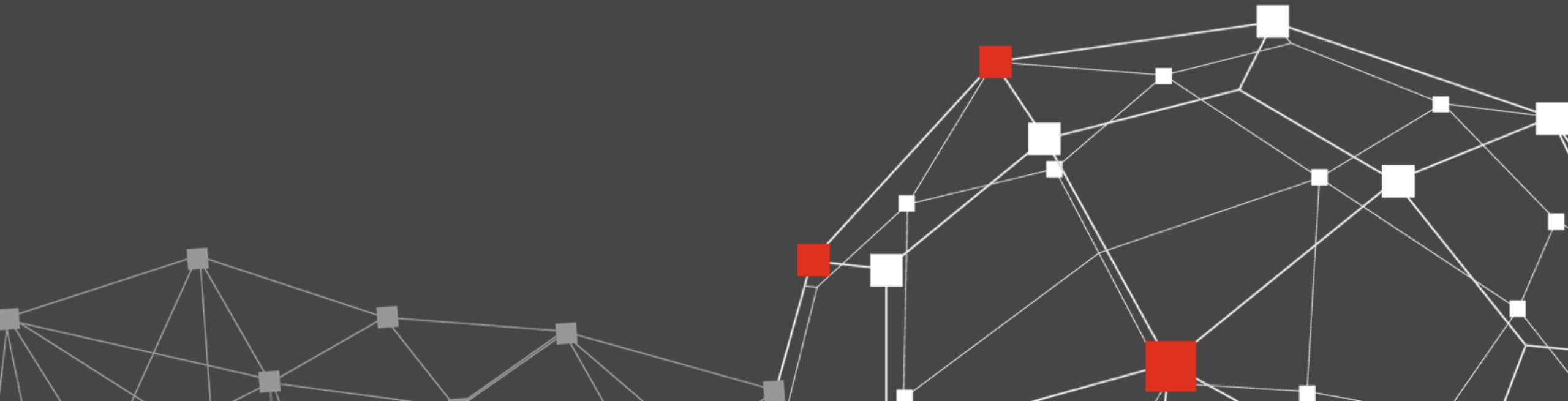


# COVID-19 Tax Relief Measures in South Africa



# Summary of Tax Relief Measures available in South Africa

1

Draft Disaster  
Management  
Tax Relief Bill  
2020

2

Draft Disaster  
Management Tax  
Administration Relief  
Bill 2020

Other tax relief  
measures  
announced 21 April

3

UIF relief

4

General relief  
for SMME's

5

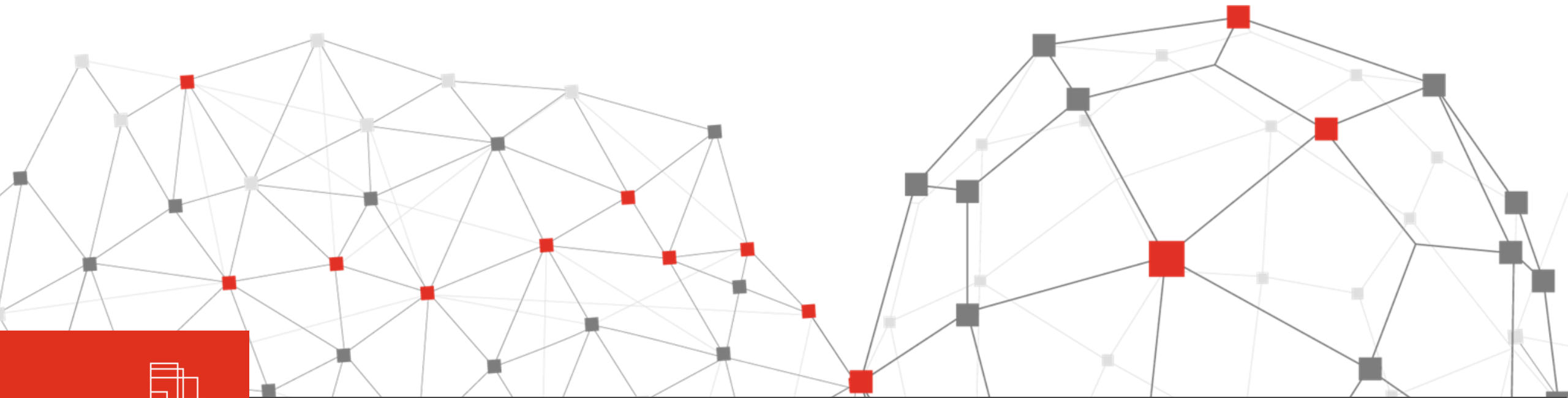
Customs and  
Excise relief

6

VAT relief

# COVID-19

## Draft Disaster Management Tax Relief Bill 2020

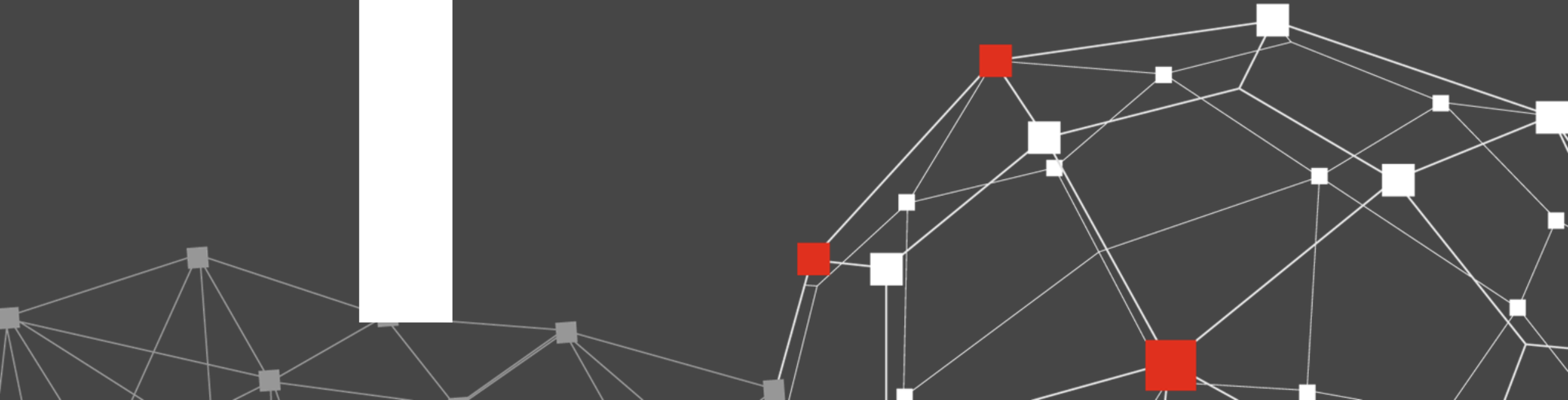
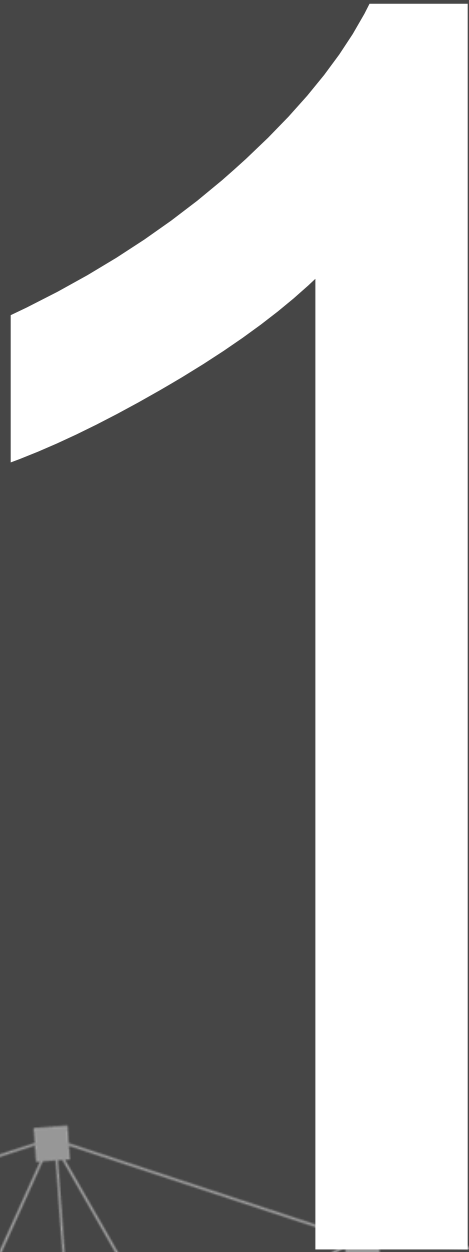


South Africa

# Publication of COVID-19 Draft Tax Bill

- The Draft Bill provides the necessary **legislative amendments required to implement the COVID-19 tax measures**
- The measures contained in the Draft Bill **took effect on 1 April 2020**
- National Treasury and the South African Revenue Services ('SARS') invited public **comments** on the 2020 Draft Disaster Management Tax Relief Bill that had to be submitted by close of business on **15 April 2020**
- Amended Draft Tax Bills published **1 May and 19 May 2020, introduced** in Parliament **24 June 2020**

# Expansion of the Employment Tax Incentive 'ETI'



# Proposal

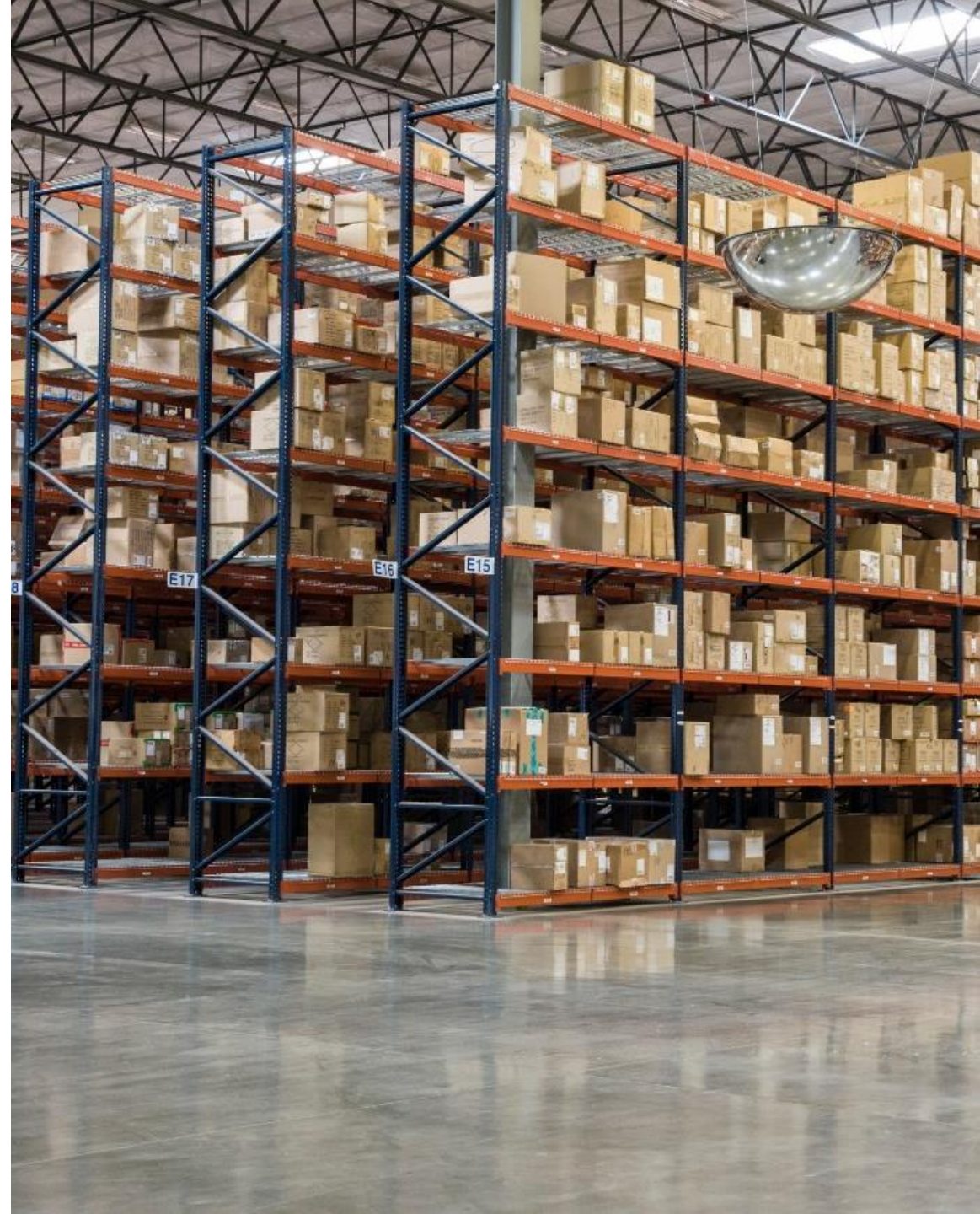
\*巻末 (p.67, 68) にETIに関する補足情報がありますので併せてご覧ください。

Allowing a monthly ETI claim of R500 (now R750) in the 4 months from 1 April 2020 ending 31 July 2020 for employees from the ages of:

- **18 to 29** who are **no longer eligible** for the ETI as the employer has claimed ETI in respect of those employees for 24 months (**new** if the incentive has been claimed uninterrupted prior to 1 April 2020 in respect of that employee) and
- **30 to 65** who are not eligible for the ETI due to their age

Further expansion of ETI for the period of 4 months as follows:

- **increasing the maximum amount** of ETI claimable from R1 000 to **R1 500** in the first qualifying 12 months and
- from R500 to **R1 000** in the second 12 qualifying months

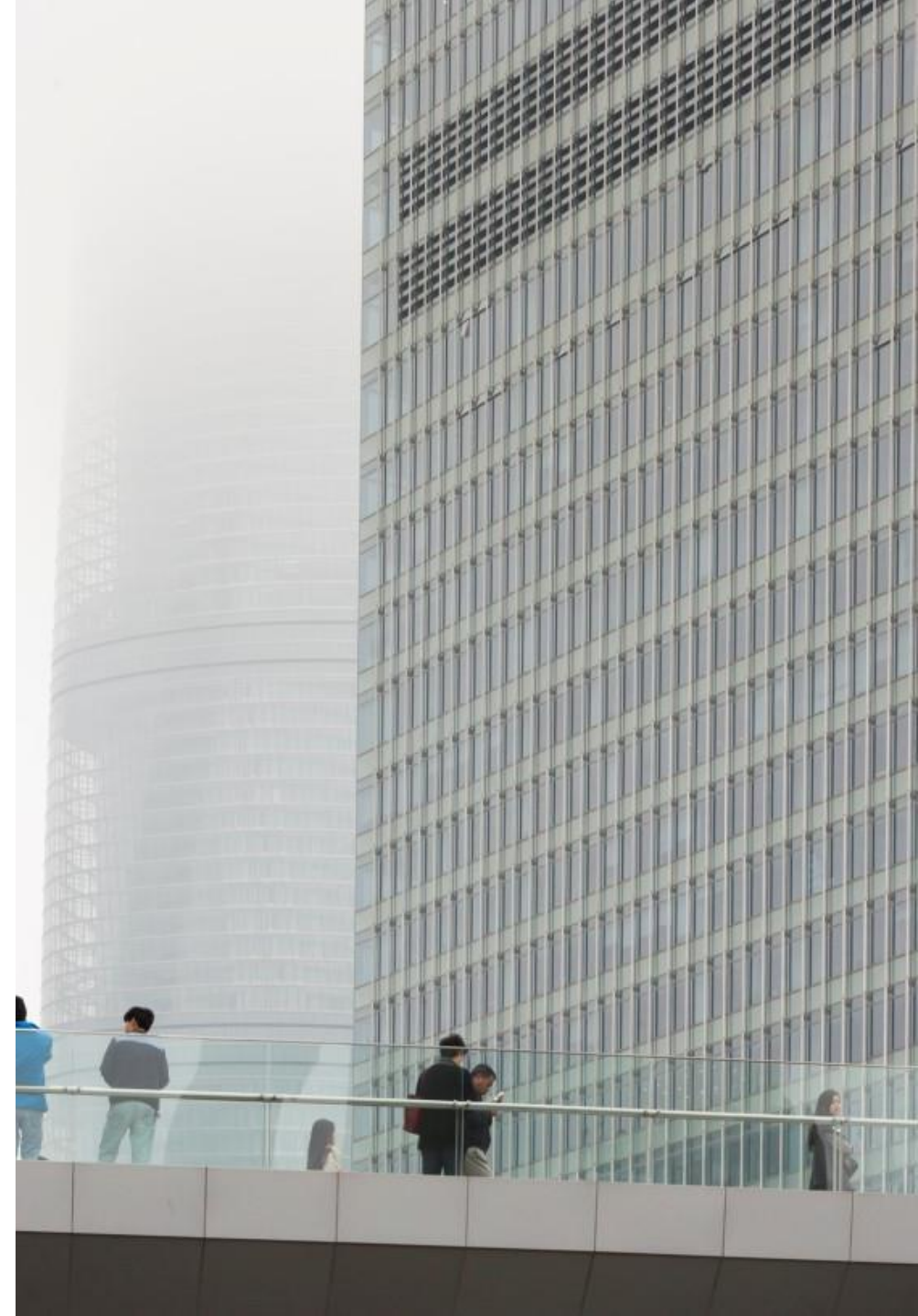




# Proposal

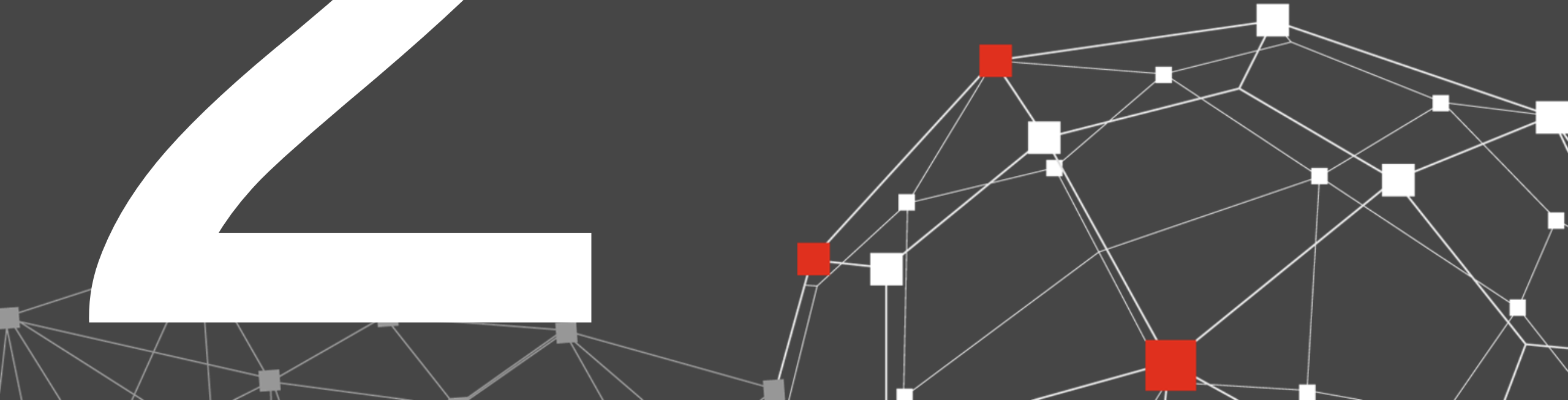
## Accelerating the payment of the ETI

- from **twice a year to monthly**
- to get **cash** into the hands of tax compliant **employers** asap
- **expansion only applicable to employers** that were **registered with SARS as at 1 March 2020**
- current compliance requirements for employers under sections 8 and 10(4) of the ETI Act will continue to apply



# 2

COVID-19 disaster relief  
organisation (previously trust)





# COVID-19 disaster relief organisation

## Definition of COVID-19 disaster relief organisation:

- means any non-profit company as defined in s1 of the Companies Act, 2008
- any trust or
- any association of persons that has been incorporated, formed or established in the Republic
- that carries on activities for the purposes of disaster relief in respect of the COVID-19 pandemic, declared a national disaster on 15 March 2020 by the Minister of Cooperative Governance and Traditional Affairs under section 27(1) of the Disaster Management Act, 2002 (Act No. 57 of 2002);

# Deduction i.r.o. donation to COVID-19 disaster relief organisation

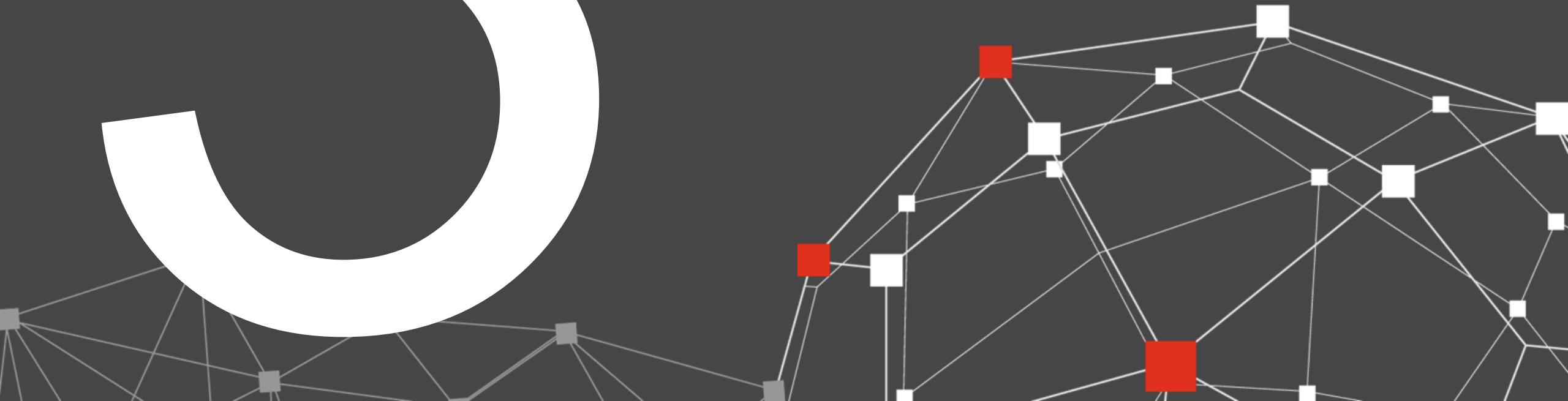
- a **s18A deduction is allowed** from taxable income as defined of so much of any **bona fide donations** made by that taxpayer **in cash or of property made in kind**, which was **actually paid or transferred** during the year of assessment by that taxpayer **to a COVID-19 disaster relief organisation**
- if the total amount of deductions under s18A(1)(a), (b), (bA) and (c) of the ITA **exceeds the amount allowed to be deducted** under s18A(1)(B) of the Act, the portion of the **excess attributable to payment or transfer to the Solidarity Fund must**, notwithstanding s18A(1)(B) t, **be allowed to be deducted up to a maximum of 10 % of the taxable income** (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit) **of the taxpayer as calculated before allowing any deduction under this section, s6quat(1C) or s18A** of the Income Tax Act
- an amount of **excess so deducted** must not be carried forward under s18A(1)(B) of the ITA
- **any donation made** which has been **disallowed** solely due to the fact that it **exceeds the amount of the deduction allowable** i.r.o. of the YOA shall be **carried forward** and shall be **deemed to be a donation actually paid or transferred in the next succeeding year of assessment**

# Amounts received/accrued from COVID-19 disaster relief organization not withheld for employee's tax purposes

- for the purposes of paragraph 2(4) of the Fourth Schedule to the Income Tax Act, **any amount paid by a COVID-19 disaster relief organisation, on behalf of an employer**
- must be **deducted or excluded by the employer from remuneration**, as defined in the Schedule
- in **calculating the balance of remuneration** as referred to in that paragraph (2)
- this is **deemed to have come into operation on 1 April 2020** and **applies in respect of any amount received or accrued** on or after that date but on or before 31 July 2020

# 3

Exemption from skills  
development levy

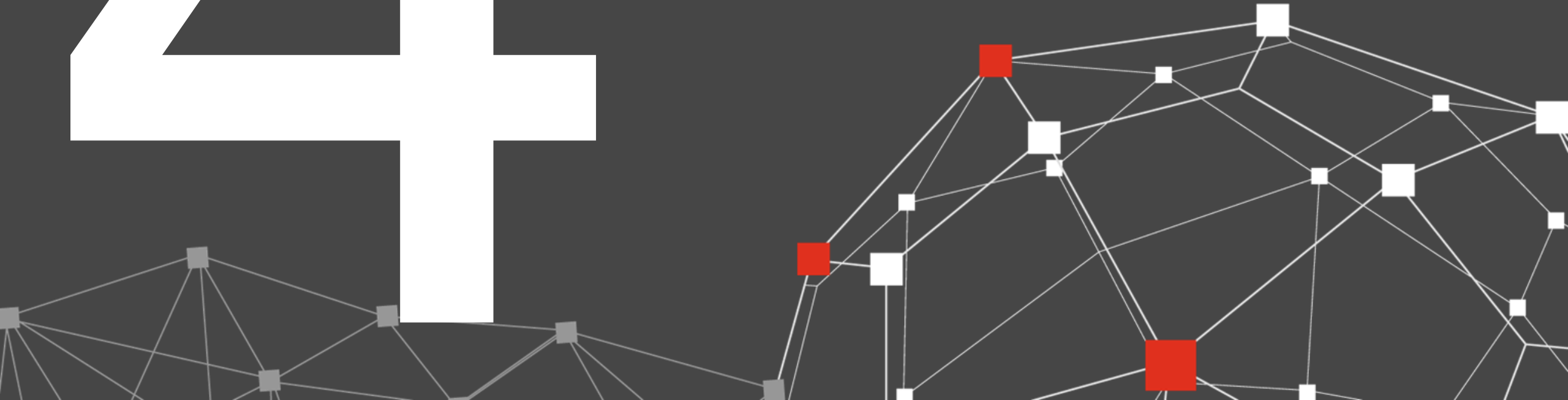


# Exemption from skills development levy

- **any employer, as defined in s1 of the Skills Development Levies Act, must be exempt from liability and payment**
- **of the levy i.t.o s3 and as defined in section 1 of the SDL Act**
- **this is deemed to have come into operation on 1 May 2020 and applies until 31 August 2020**

# 4

Amended COVID-19 Draft Tax  
Bill 19 May 2020





# Amended COVID-19 Draft Tax Bill 19 May 2020

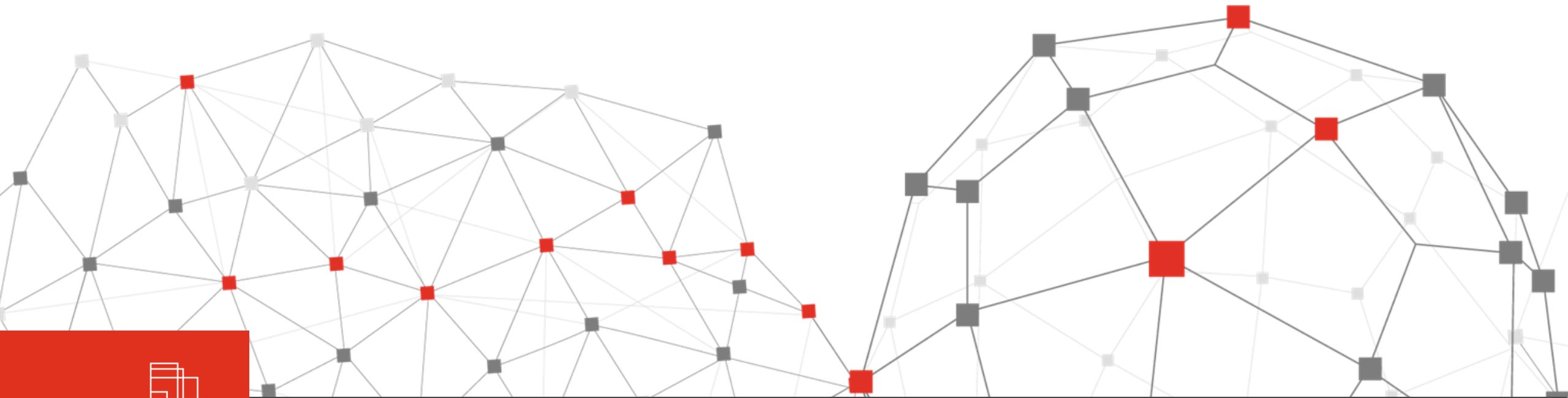
- **Announcement 21 April - expanding access to living annuity funds:** Individuals who receive funds from a living annuity will temporarily be allowed to immediately either increase (up to a **maximum of 20 per cent from 17.5 per cent**) or decrease (down to a **minimum of 0.5 per cent from 2.5 per cent**) the **proportion they receive as annuity income, instead of waiting up to one year until their next contract “anniversary date”**. This will assist individuals who either need cash flow immediately or who do not want to be forced to sell after their investments have underperformed

## 19 May 2020 amendments:

- Government proposes expanding access to living annuities **for a limited period of four months, beginning 1 June 2020 and ending on 30 September 2020**
- Any **elections made during this period will only be applicable for the above mentioned four-month period**. The lapsing of this period will result in the draw down rates automatically reverting to the rates applicable before said election.
- In addition, Government proposes that the **R50 000**, which is the **minimum value of the annuity or part of the retirement interest which an individual can withdraw** in the event that **there was any previous lump sum commutation in the fund** and **R75 000 in any other case** be replaced by a **single threshold of R125 000 to be applied as the de-minimis amount**

# COVID-19

## Draft Disaster Management Tax Administration Relief Bill 2020

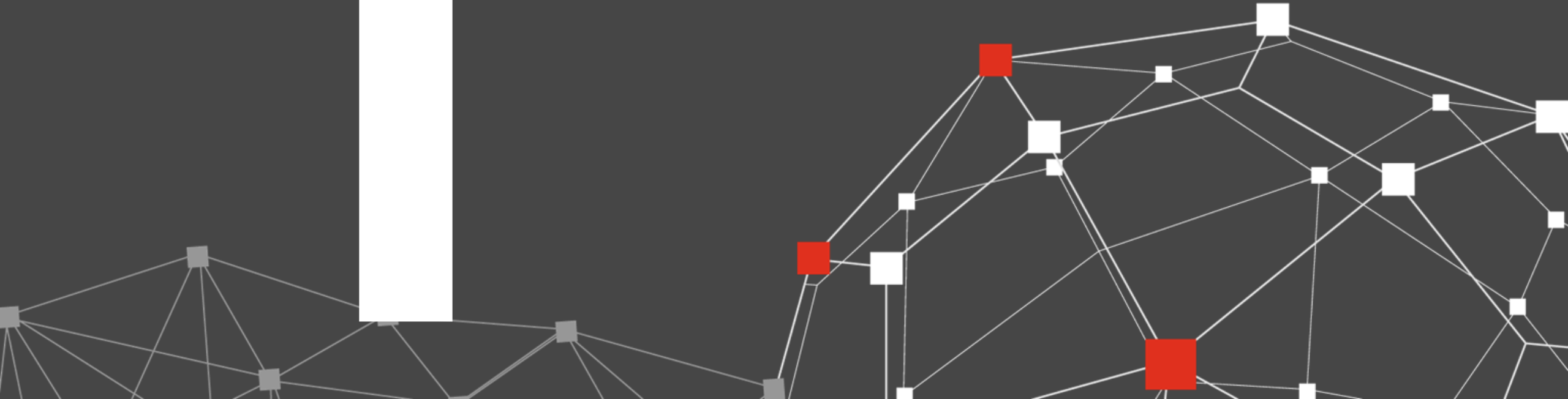


# Publication of COVID-19 Draft Tax Administration Bill for public comment

- The draft Bill provides the **necessary legislative amendments required to implement the COVID-19 tax measures**
- The measures contained in the draft Bill will **take effect on 1 April 2020**
- National Treasury and SARS invited **comments** on the 2020 Draft Disaster Management Tax Administration Relief Bill to be submitted by close of business on **15 April 2020**
- Amended Draft Tax Administration Bill published **1 May 2020**, and amended **Bill introduced in Parliament 24 June 2020**



# Definitions



# Definitions (Clause 1)

## ‘A qualifying taxpayer’ amended 1 May 2020

- **that is a taxpayer** as defined in section 151 of the Tax Administration Act that conducts a trade
- that has a **gross income of R100 million or less** during the year of assessment ending **on or after 1 April 2020 but before 1 April 2021**
- whose **gross income for the year of assessment** does **not include more than 20 per cent** in aggregate of interest, dividends, foreign dividends, royalties, rental from letting fixed property, annuities and any remuneration received from an employer and
- that is **tax compliant** as referred to in section 256(3) of the Tax Administration Act when relying on a deferral under this Act

### Provided that:

- the **gross income of a partnership** for purposes of this definition is the **aggregate of the partners’ gross income** from the partnership and the Commissioner is satisfied that the taxpayer’s estimate of the gross income for that year of assessment, when making a reduced payment, was seriously calculated with due regard to the factors having a bearing thereon and was not deliberately or negligently understated
- **passive income** must be **read without the reference to rental from letting fixed property**, if the **primary trading activity** of the company, trust, partnership or individual is **the letting of fixed properties** and substantially the whole of the gross income is rental from fixed property

# Definitions (Clause 1)

## ‘A qualifying micro business’

A micro business as defined in the Sixth Schedule to the Income Tax Act (‘ITA’):

- natural person or a company where the qualifying turnover for the YOA does not exceed R1m
- that is a **taxpayer** as defined in section 151 of the Tax Administration Act and
- is **tax compliant** as referred to in section 256(3) of the Tax Administration Act when relying on a deferral under this Act

## ‘Solidarity Fund’

- means the Solidarity Response Fund, **registered with the Companies and Intellectual Property Commission (CIPC) as a non-profit company** under registration number 2020/179561/08.



# Definitions (Clause 1)

## 'National lockdown' amended 1 May 2020

### Is the national lockdown:

- is the period of national lockdown as determined by regulations made under the Disaster Management Act, 2002 (Act No. 57 of 2002)
- by the Cabinet member designated under section 3 of that Act
- starting on 26 March at 23H59 and ending on 30 April 2020 at 23H59

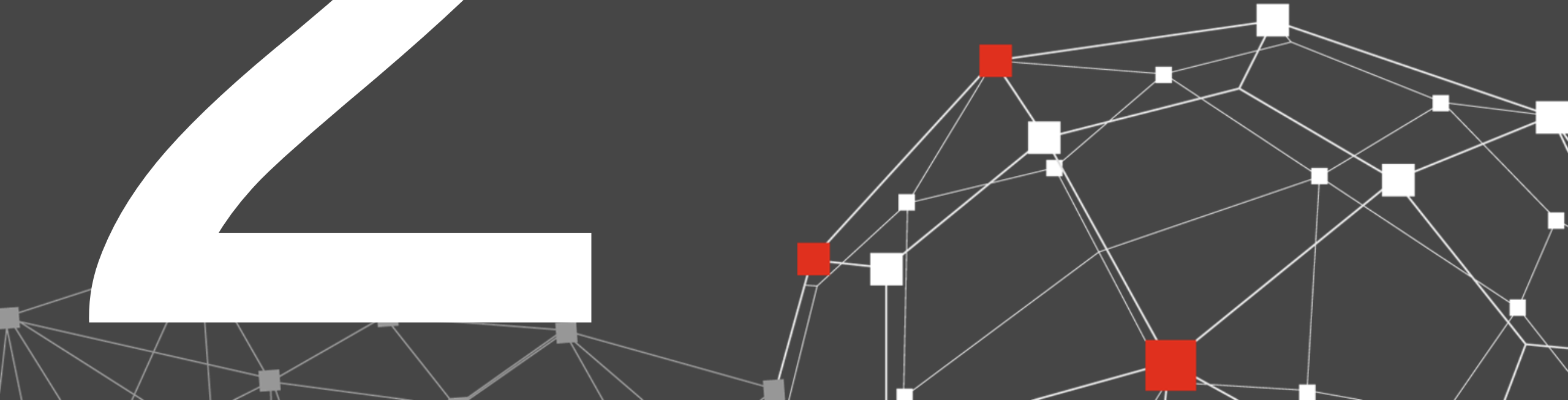
### Amendment of regulation 11A of the Regulations

7. Regulation 11A of the Regulations is hereby amended by the substitution for the definition of "lockdown" of the following definition:

**"lockdown"** means the restriction of movement of persons during the period for which Chapters 2, 3 and 4 of these Regulations apply, namely from 23H59 on 26 March 2020, until 23H59 on 30 April 2020; and".

# 2

## Deferral of employees' tax



# Deferral of employees' tax (Clause 2)

## Subsection (1)

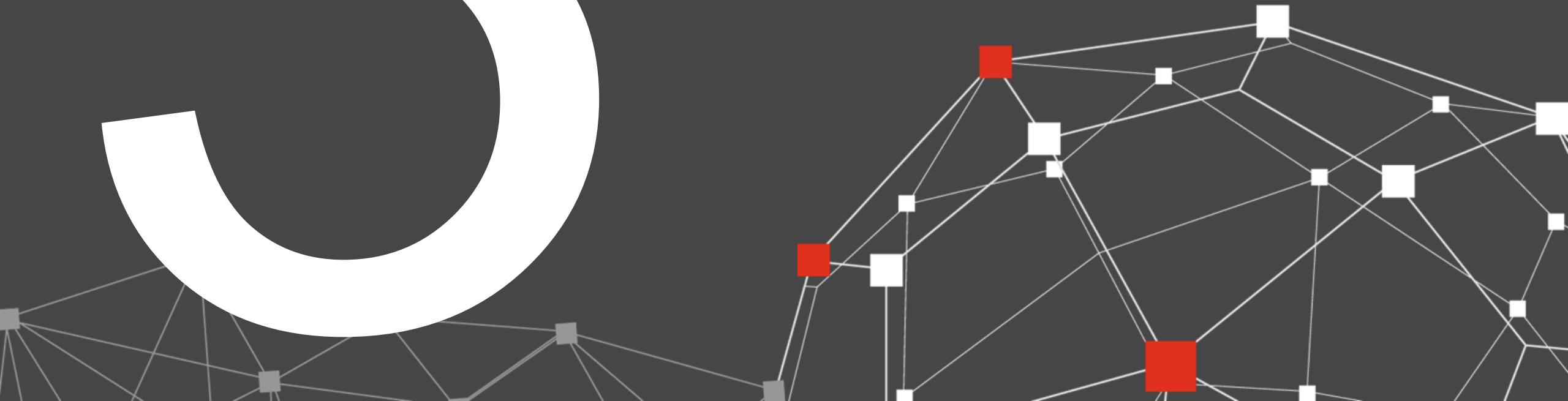
- a qualifying taxpayer that is a **resident employer or representative employer that is registered as such by 1 March 2020**
- **may pay only 65% (previously 80%) of the employees' tax due** in terms of paragraph 2(1) of the Fourth Schedule
- with respect to **amounts deducted or withheld** from 1 April 2020 and ending on 31 July 2020

## Subsection (2):

- the **remaining 35% (previously 20%)** of the employees' tax due with respect to amounts deducted or withheld during the period in subsection (1)
- must be **included in the gross employees' tax due by the employer in six equal monthly instalments**, starting on 7 September 2020 and ending on 5 February 2021

# 3

## Deferral of provisional tax



# Deferral of provisional tax (Clause 3)

## Subsection (1)(a):

A qualifying taxpayer that is a provisional taxpayer may:

- during the period starting on **1 April 2020 and ending on 30 September 2020** i.r.o. provisional tax payable i.t.o. par21(1)(a) or 23(a) of the Fourth Schedule to the ITA
- **pay 15% instead 50%** of its total estimated tax liability as its first provisional payment (per par 17 of the Fourth Schedule) for normal tax in respect of that year less the total amount of:
  - **any employees' tax deducted** by the taxpayer's employer during such year and
  - **any tax proved to be payable to the government of any other country** which will qualify as a rebate under section 6quat of the Income Tax Act and

# Deferral of provisional tax (Clause 3)

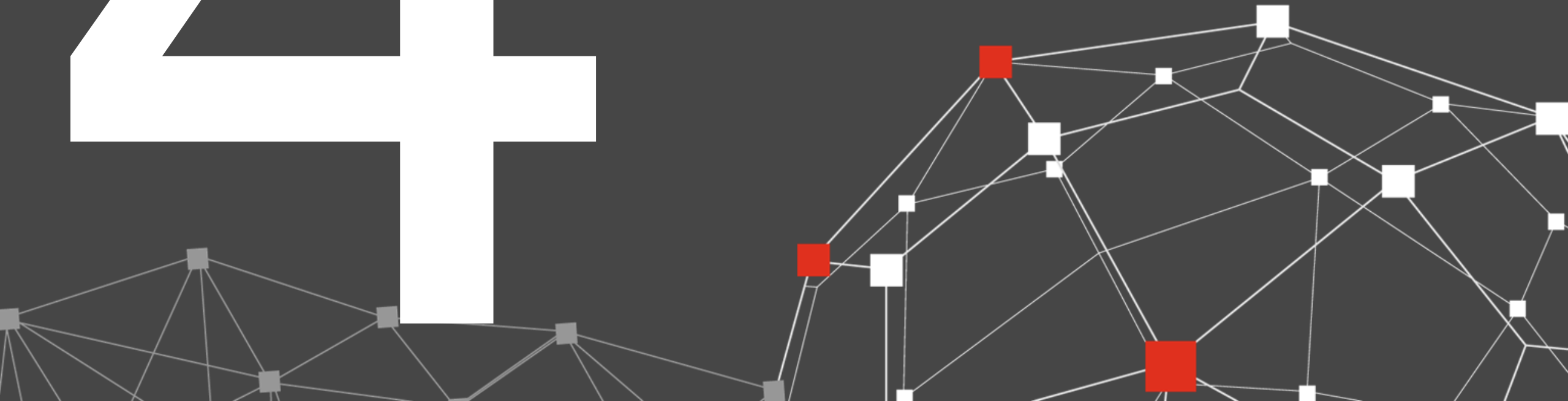
## Subsection (1)(b):

- during the period commencing on **1 April 2020 and ending on 31 March 2021**, i.r.o. of provisional tax payable in terms of paragraph 21(1)(b) or 23(b) of the Fourth Schedule
- pay **65% instead of 100%** of its total estimated tax liability as its second provisional tax payment (as finally determined per par 17 of the Fourth Schedule) for normal tax in respect of that year less the total amount of:
  - **any amount paid** within the period ending six months after the commencement of the relevant year of assessment;
  - **any employees' tax deducted** by the taxpayers employer during such year and
  - **any tax proved to be payable to the government of any other country** which will qualify as a rebate under section 6quat of the Income Tax Act.



# 4

Deferral of interim payments  
for micro businesses



# Deferral of interim payments (Clause 4)

## Subsection (1)

A qualifying micro business may pay the tax due as follows:

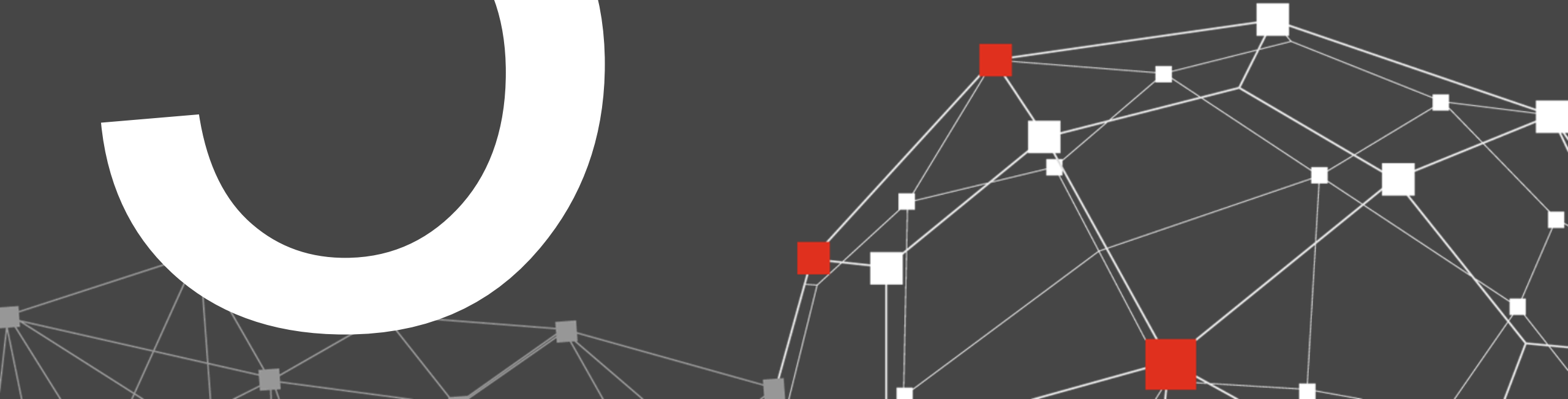
- during the period starting on 1 April 2020 and ending on 30 September 2020, i.r.o. interim payments payable i.t.o. par11(1) of the Sixth Schedule to the ITA, **pay 15% instead of 50 % of the estimated tax payable** and
- during the period starting on 1 April 2020 and ending on 28 February 2021, i.r.o. interim payments payable i.t.o. par11(4) of the Sixth Schedule, **pay 65% of the estimated tax liability for the tax year, less the first amount paid**

# Practical issues to consider for tax deferrals

- Qualifying criteria: do you qualify for relief?
- SARS's system not prepared in specific instances
- Interaction with SARS is important
  - engage with SARS either before deferral to avoid penalties and interest being raised or
  - after submission of returns to request remittance of any penalties & interest
- SARS to engage on a case by case basis
  - announced on 21 April that a case-by-case application must be made to SARS for the waiving of penalties
- SARS need to assess taxpayer's tax compliance status

# 5

## Donations to Solidarity Fund



# Deferral of interim payments (Clause 5)

**An employer may, i.r.o. par2(4) of the Fourth Schedule to the ITA, deduct from remuneration so much of a donation to the Solidarity Fund made by the employer on behalf of the employee either:**

during a period of **3 months commencing on or between 1 April and 1 July 2020:**

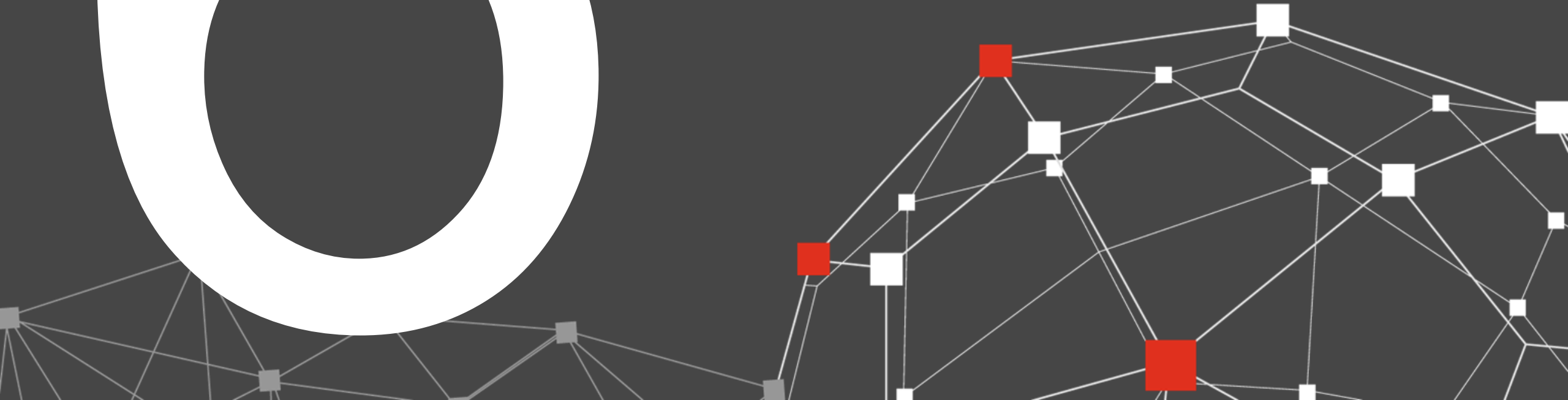
- **that does not exceed 33.33% of that remuneration per month** after deducting therefrom the amounts contemplated in items (a), (b) and (bA) of that paragraph and
- for which the **employer will be issued a receipt** as contemplated in s18A(2)(a) of the ITA or

during a period of **6 months commencing on 1 April 2020:**

- that **does not exceed 16.66 % of that remuneration per month** after deducting therefrom the amounts contemplated in items (a), (b) and (bA) of that paragraph and
- for which the **employer will be issued a receipt** as contemplated in s18A(2)(a) of the Income Tax Act.

# 6

Extension of time periods



# Background

- The Tax Administration Act ('TAA') contains various tax administrative provisions and processes that are subject to specific timelines. See specifically **Section 1 of the TAA**
- These are affected by the COVID-19 national lock down period – being 21 days
- New Draft **Disaster Management Tax Relief Administration Bill – 1 May 2020**
- The national lockdown period (23h59 on 26 March 2020 – 23h59 30 April 2020) will be regarded as *'dies non'* i.e. **a day that has no legal effect and will not be counted for purposes of calculating the listed time periods**
- This is intended to provide **individuals and businesses** impacted by COVID-19 with **additional time to comply with selected tax obligations/due dates** that are affected by or fall within the lockdown period but does not extend to return filing or payments.



# Extension of time periods (Clause 5 of Draft Bill)

In calculating a time period prescribed under a tax Act, as defined in section 1 of the TAA - the period of the national lockdown, must be regarded as *dies non* for a time period prescribed i.t.o. [*excluding Customs & Excise*]

- **Section 47** of the TAA: if the notice requires a taxpayer to attend an interview on a date within the national lockdown period
- **Section 48(1)** of the TAA if the date of the field audit in the notice is on a date within the national lockdown period
- **Section 53** of the TAA - for a notice to appear at an inquiry if the date of appearance is on a date within the national lockdown period
- **Section 60(3)** of the TAA – in respect of a warrant of search and seizure issued under s60 of the TAA
- **Chapter 7** of the TAA – in respect of an advance ruling
- **Section 99(1)** TAA – in respect of prescription periods
- **Section 100** of the TAA – in respect of the finality of an assessment or a decision and
- **Chapter 9** of the TAA – in respect of dispute resolution section 103



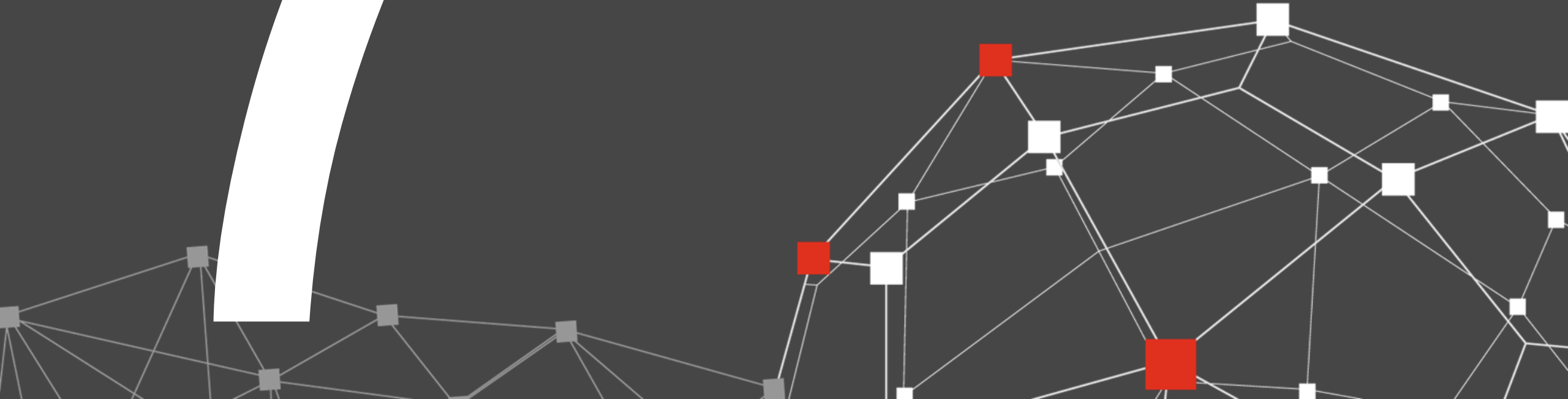
# Extension of time periods (Clause 5 of Draft Bill)

**New** - In calculating a time period prescribed under a tax Act, as defined in section 1 of the TAA - the period of the national lockdown, must be regarded as *dies non* for a time period prescribed i.t.o. **[excluding Customs & Excise]**

- **Section 215(3)** of the TAA – application for **remittance of penalties**
- **Section 219** of the TAA – in respect of **penalty incorrectly assessed**
- **Section 244(3)** of the TAA – in respect of **extension of deadlines**
- **Section 246(6)** of the TAA – for **appointment of a public officer**
- **Section 256(6)** of the TAA – in respect of **revoking third party access**



# Other additional tax relief measures announced 21 April 2020



# Other additional tax relief measures announced 21 April 2020

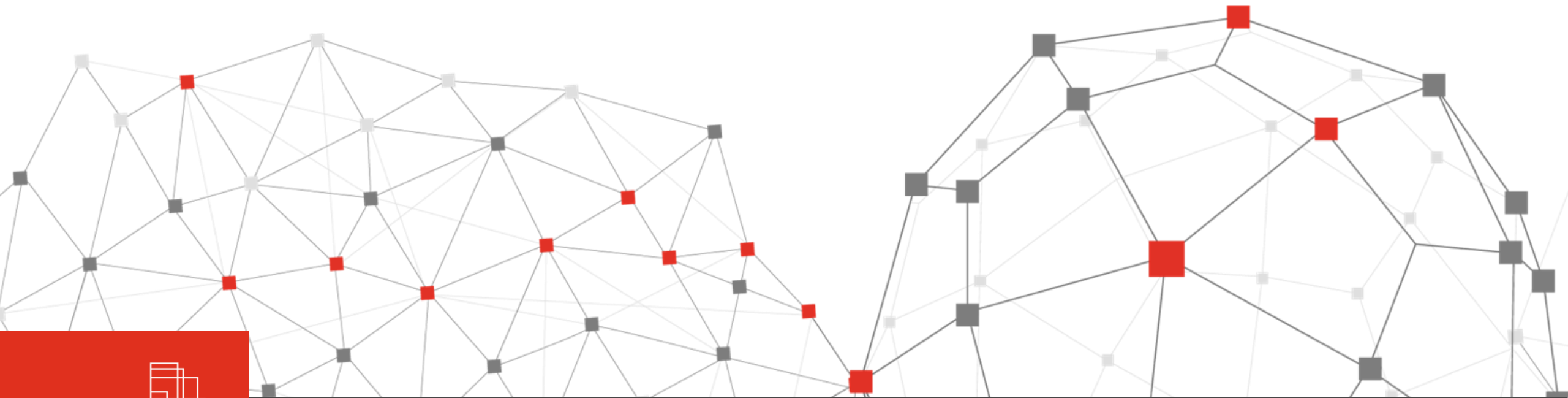
- **Businesses** with gross income of > R100m that can show they are incapable of making payment due to the **COVID-19 disaster**, may **apply directly to SARS** to defer tax payments without incurring penalties
- **Businesses** with gross income of < R100m can also **apply** for an **additional deferral of payments without incurring penalties**
- **Fast-tracking of value-added tax (VAT) refunds:** Smaller VAT vendors that are in a net refund position will be temporarily permitted to file monthly instead of once every two months, thereby unlocking the input tax refund faster and immediately helping with cash-flow. SARS is working towards having its systems in place to allow this in May 2020 for Category A vendors that would otherwise only file in June 2020
- **Three-month deferral for filing and first payment of carbon tax liabilities:** The is a filing requirement and the first carbon tax payments are due by 31 July 2020. To provide additional time to complete the first return, as well as cash flow relief in the short term, and to allow for the utilisation of carbon offsets as administered by the Department of Mineral Resources and Energy, the **filing and payment date will be delayed to 31 October 2020, providing cash flow relief of close to R2 billion**

# Other additional tax relief measures announced 21 April 2020

- **A deferral for the payment of excise taxes on alcoholic beverages and tobacco products:** Due to the restrictions on the sale of alcoholic beverages and tobacco products, payments due in May 2020 and June 2020 will be deferred by 90 days for excise compliant businesses to more closely align tax payments through the duty-at-source system (excise duties are imposed at the point of production) with retail sales. This is expected to provide short term assistance of around R6 billion
- **Postponing the implementation of some Budget 2020 measures:** The 2020 Budget announced measures to broaden the corporate income tax base by (i) restricting net interest expense deductions to 30 per cent of earnings and (ii) limiting the use of assessed losses carried forward to 80 per cent of taxable income. Both measures were to be **effective for years of assessment commencing on or after 1 January 2021**. These measures will be **postponed to at least 1 January 2022**

# COVID-19

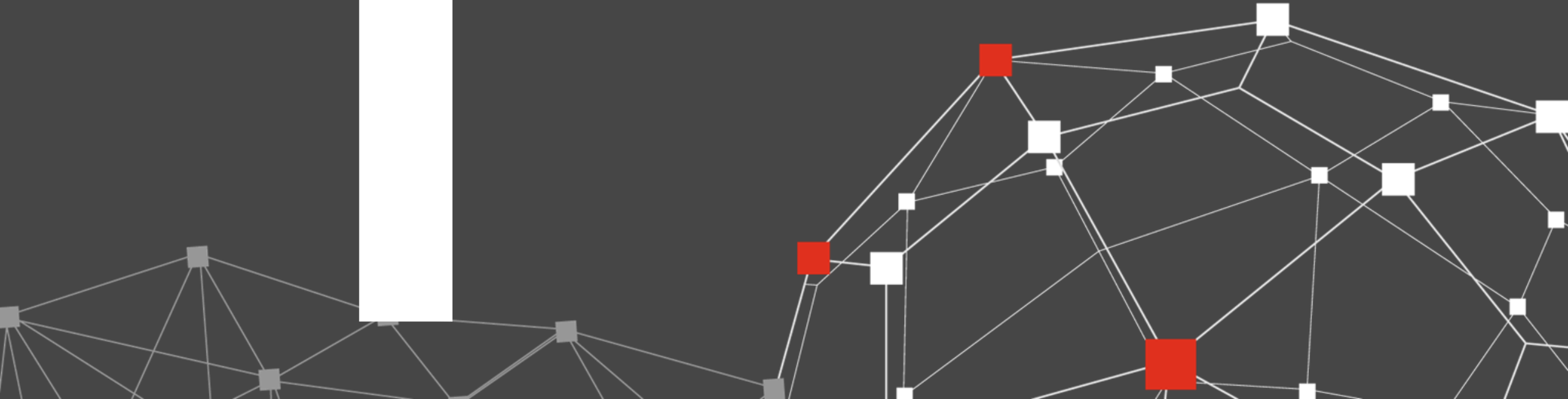
## UIF Relief Measures



South Africa



# COVID-19: Lockdown Collective Agreement: Textile Industry



# Scope and effective date

Initially published in the GG No 43152 on 25 March 2020 and updated in GG 43210 on 7 April 2020

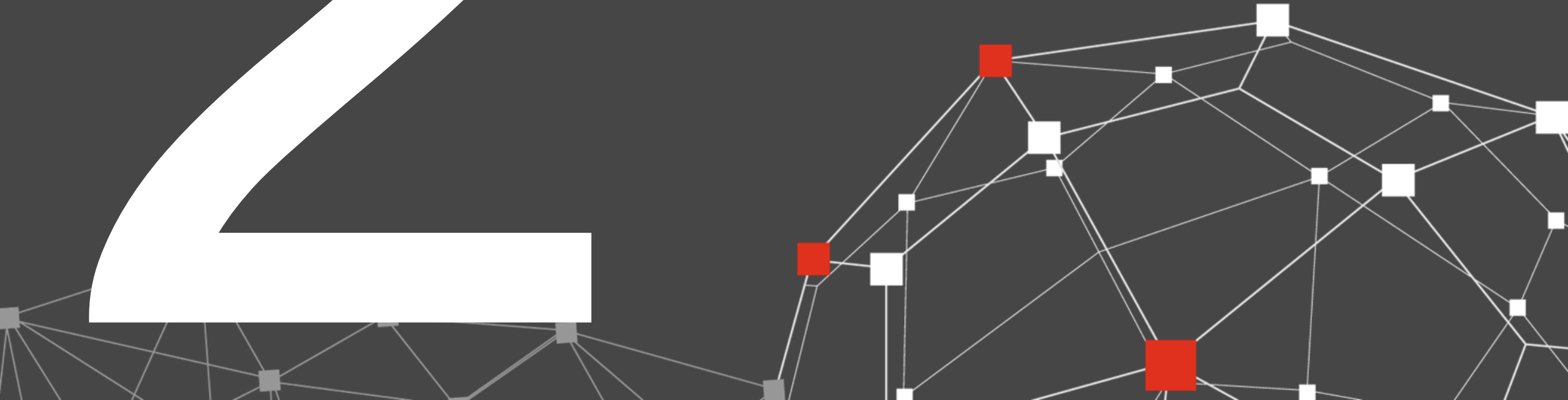
\*巻末 (p.69, 70) に本措置に関する補足情報がありますので併せてご覧ください。

- Applies to **employers and employees** in the **registered scope of the National Bargaining Council for the Clothing Manufacturing industry**
- **Offered as a value-added solidarity service**
  - to all employees in the industry pipeline and
  - to any members of the trade union beyond the registered scope of the Council

- Effective date: 26 March 2020
- In place for a 24-month period from 26 March 2020 until 28 February 2022

# 2

## COVID-19: Temporary Employee/Employer Relief Scheme 'TERS'





# Details of COVID-19 TERS

- Should an **employer** as a result of the COVID-19 pandemic
- close its operations, or part of its operations for a **three month or a lesser period**
- **affected employees** shall **qualify** for a COVID-19 **benefit**

## The benefit is 'de-linked' from the UIF's normal benefits

- therefore the **normal rule** that for every 4 (four) days worked, the
- employee accumulates a one day credit and the maximum credit
- days payable is 365 for every 4 (four) years **will not apply**

## The extent of the benefit

- it will only relate to the **cost of salary** for the **employee** during the temporary closure of the business operations of the employer

# Details of COVID-19 TERS

- The **salary to be taken into account in calculating the benefits** will be capped at a maximum amount of R17,712.00 per month per employee and
- an **employee will be paid in terms of the income replacement rate sliding scale (38% - 60%)**
- per the Unemployment Insurance Contributions Act ('the UI Act')

- If the **employee's income** i.t.o. the income replacement sliding scale **falls below R3 500**
- the employee will be **paid a replacement income equal to that amount**

- Qualifying employees will receive a benefit calculated i.t.o. sections 12 and 13(1) and (2) of the UI Act
- **provided that an employee will receive a benefit of no less than R3 500**

# Latest amended directives

## Annual leave:

- **employees** who were **required to take annual leave** during the period that the employer's business was closed (completely/partially) **may claim the COVID-19 TERS benefit**
- **annual leave days** are regarded as **no income days** for purposes of the benefit
- an **employer who receives the benefit** on behalf of its employees **may retain the amount**, but must then **credit the employee concerned with the proportionate entitlement to annual leave**

**To speed up payment of benefits to employees, employers are urged to pay employees and reimburse/set off such payments against benefit claim payments from the UIF**

## Correction Notice, 20 April 2020:

- **enables employees** who receive remuneration in excess of **R17,712 p/month** and whose employers apply top up to **claim the benefit** ie:
- employee earns **R20,000 p/month**. Ito the Directive, benefits are calculated as a percentage (38%-60%) of the employee's salary. Bur the **salary at which benefits are calculated is capped at R17,712 p/month**. The employee would only be able to qualify for the **maximum benefit of R6,730.56**
- assume the **employer pays the employee R10,000** during the period of closure. The amount paid by the employer and the amount of the benefit would be around **R16,730.56**. This is **< the employee's normal remuneration of R20,000** and the employee will accordingly **qualify for the benefit**

# Latest amended directives

## Amended directive 25 May 2020:

**“Worker”** means –

- (a) a contributor; or
- (b) an employee as defined in the UI Act who should have received benefits under this Directive but for circumstances beyond that employee’s control, namely that the employer failed to-
  - (i) the register as an employer in contravention of section 10(1) of the Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002);
  - (ii) provide details relating to the employees in contravention of section 10(3) of that Act and accordingly not registered as contributors; or
  - (iii) pay the contributions contemplated in section 5(1) of that Act in respect of that employee.

Clause 2.1.1 (a) is amended by the substitution of the sub-clause with the following sub-clause:

- (a) Payment of benefits to workers who have lost income or have been required to take annual leave in terms of section 20(10) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) due to the COVID-19 pandemic;

# Details of COVID-19 TERS

## Restriction:

- An employer whose employees are entitled to receive covid-19 benefits
- provided by the UIF during the period of lockdown from a bargaining council
- may not make an application i.t.o. the Scheme and the employees of that employer may not receive any payment in terms of the Scheme other than through the bargaining council.

## This restriction only applies if:

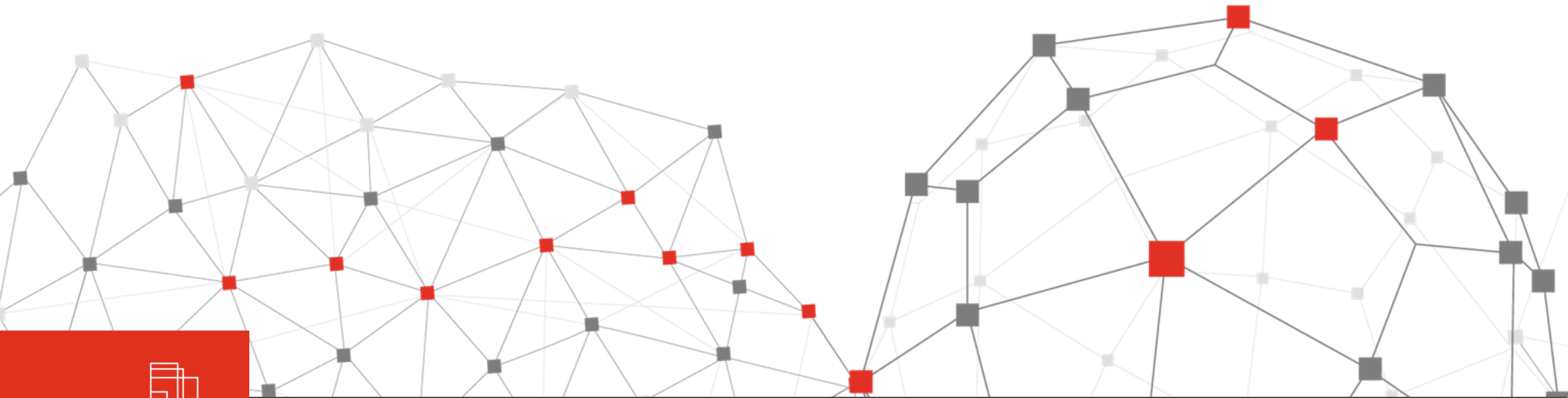
- the parties to the bargaining council have concluded a collective agreement that:
  - (i) has been extended by the Minister of Employment and Labour in terms of section 32 of the Labour Relations Act, 1995 (Act No. 66 of 1995) and
  - (ii) provides for the disbursement of funds received from the UIF to provide covid-19 benefits to employees bound by the collective agreement during the period of lock-down and
- the bargaining council has concluded a memorandum of agreement with the Fund for the council to disburse covid-19 benefits on behalf of the Fund to:
  - (i) the employees who fall within the scope of the collective agreement and
  - (ii) if authorised by the memorandum of agreement, any other employees in a sector identified in the agreement, whether or not they fall within the registered scope of the bargaining council

# Illness benefit

- **Employees in quarantine for 14 days** due to the COVID-19 pandemic will **qualify for an illness benefit**
- Confirmation from employer/employee must be submitted with the application as **proof that the employee was in an agreed precautionary self-quarantine for 14 days**, a **confirmation letter from both the employer and the employee will be sufficient**
- Where an employee is quarantined for > 14 days, a **medical certificate from a medical practitioner must be submitted** together with the confirmation form for payment to take place.

# COVID-19

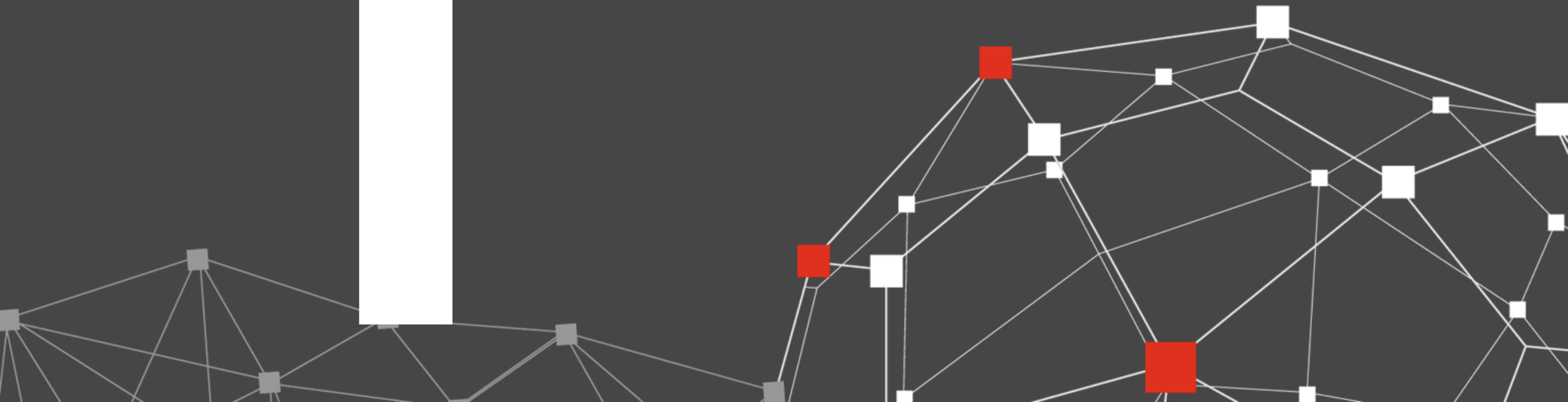
## General relief measures for SMME's



South Africa



# SMME Debt Relief Finance Scheme





# Benefitting SMMEs

- **The Debt Relief Fund aims to alleviate the economic impact of COVID-19 by offering small, micro and medium enterprises (SMMEs) relief on existing debts and payments**
- **In order to be eligible, all applicants will be required to show that:**
  - business is negatively affected
  - directly or indirectly
  - due to the Coronavirus pandemic (not for businesses in financial distress prior to outbreak of the pandemic)

**The purpose of the Fund is to mitigate against job losses and the expected harsh economic impact of COVID-19**

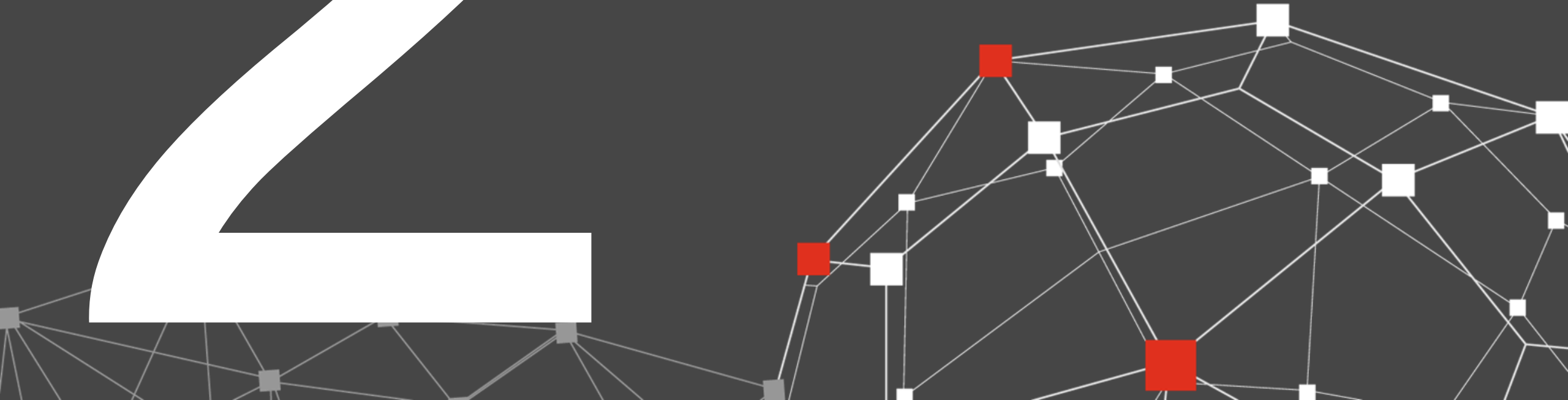
# Qualifying criteria

- The business must have been **registered with CIPC by at least 28 February 2020**
- Company must be **100% owned by South African Citizens**
- **Employees must be 70% South Africans**
- **Priority** will be given to businesses owned by **women, youth and people with disabilities**
- **Be registered and compliant with SARS and UIF**
- Seda (Small Enterprise Development Agency) will assist micro-enterprises to comply and request for assistance must be emailed to [debtrelief@seda.org.za](mailto:debtrelief@seda.org.za);
- Small and medium enterprises must ensure own compliance

- **Registration** on the National SMME Database: <https://smmesa.gov.za>
- **Proof** that the business is negatively affected by COVID-19 pandemic;
- **Complete** the simplified online **application platform**
- Company **Statutory Documents**
- **FICA documents** (e.g. Municipal accounts, letter from traditional authority)
- **Certified ID Copies of Directors**
- **3 months Bank Statements**
- Latest **Annual Financial Statements** or Latest Management Accounts not older than three months from date of application – where applicable
- **Business Profile**

2

# Business Growth/Resilience Facilities



# Benefitting SMMEs

## **The Business Growth Fund**

- **This facility will offer working capital, stock, bridging finance, order finance and equipment finance**
- **The amount required will be based on the funding requirements of each relevant business**

### **It is aimed at:**

- **Businesses geared to take advantage of supply opportunities**
- **Resulting from the Coronavirus pandemic or shortage of goods in the local market**

# Qualifying criteria

- The business must have been registered with CIPC by 28 February 2020;
- Company must be 100% owned by South African Citizens
- Employees must be 70% South Africans
- Priority will be given to businesses owned by Women, Youth and People with Disabilities
- Be registered and compliant with SARS and UIF
- For non-compliant Micro businesses, Seda will assist them to comply and request for
- assistance must be sent to: [growthfund@seda.org.za](mailto:growthfund@seda.org.za)
- Registration on the National SMME Database: <https://smmesa.gov.za/>
- Complete the simplified online application form available from [www.dsbd.gov.za](http://www.dsbd.gov.za); [www.sefa.org.za](http://www.sefa.org.za): <https://seda.org.za>

- CIPC Registration Documents
- FICA documents (e.g. Municipal accounts, letter from traditional authority)
- ID Copies of Directors/members
- 3 months Bank Statements
- Latest Annual Financial Statements or Management Accounts not older than three months from date of application
- Business Profile
- 6 months Cash Flow Projections - where applicable
- Relevant Industry Certification - where applicable
- Estimations for funding requested

## COVID-19 SMME INTERVENTION MEASURES

### SMME RELIEF FINANCE SCHEME

This facility is a Soft Loan Facility, aimed at assisting existing businesses in order to keep them afloat during the COVID-19 pandemic for a period of 6 months, from April 2020.



### BUSINESS GROWTH AND RESILIENCE FACILITY



This facility will fund SMMEs who Produce or Supply health care and related products that are required to combat the spread of COVID-19 pandemic.

### RESTRUCTURING OF SEFA-FUNDED LOANS

A payment moratorium/holiday will be given to sefa funded SMMEs for a period of a maximum of six months to reduce the instalment burden of loan obligations on clients during the COVID-19 period.



### INFORMAL SECTOR

Tailor-made Facilities are being developed in consultation with Organised Informal Business Owners, Spaza Shops and the Self-Employed. These will be announced in due course.

 [info@seda.gov.za](mailto:info@seda.gov.za) | [info@nyahals.org.za](mailto:info@nyahals.org.za) | 0800 907 7907 | [sefa.com/za](http://sefa.com/za)

## SMME Relief Finance Scheme

- The facility is a **soft loan facility** assisting existing businesses during the COVID-19 pandemic for a period of 6 months from April 2020

## Business growth and resilience facility

- This facility will fund **SMME's who produce or supply health care related products** required to combat the spread of COVID-19

## Restructuring of SEFA-Funded loans

- A **payment moratorium/holiday** for a maximum period of 6 months to reduce loan obligations during the COVID-19 period

## Informal sector

- **Tailor-made facilities** are being developed and will be announced in due course

# Additional relief announced 21 April 2020

## **R500 billion social and economic support package to mitigate the impact of the coronavirus pandemic:**

- R130 billion of the amount will be supported by reprioritising funds from South Africa's existing Budget, Finance Minister Tito Mboweni will announce the adjustment budget in due course
- the rest would be funded externally, with organisations such as the World Bank, the Brics Bank and the International Monetary Fund having been approached

## **The support package includes the following major interventions:**

- R200 billion loan scheme with major banks:
  - loan guarantee scheme will be introduced in partnership with major banks, National Treasury and the South African Reserve Bank to help companies with operational costs, salaries, rent and supplier payments
- A R50-billion boost for grant recipients

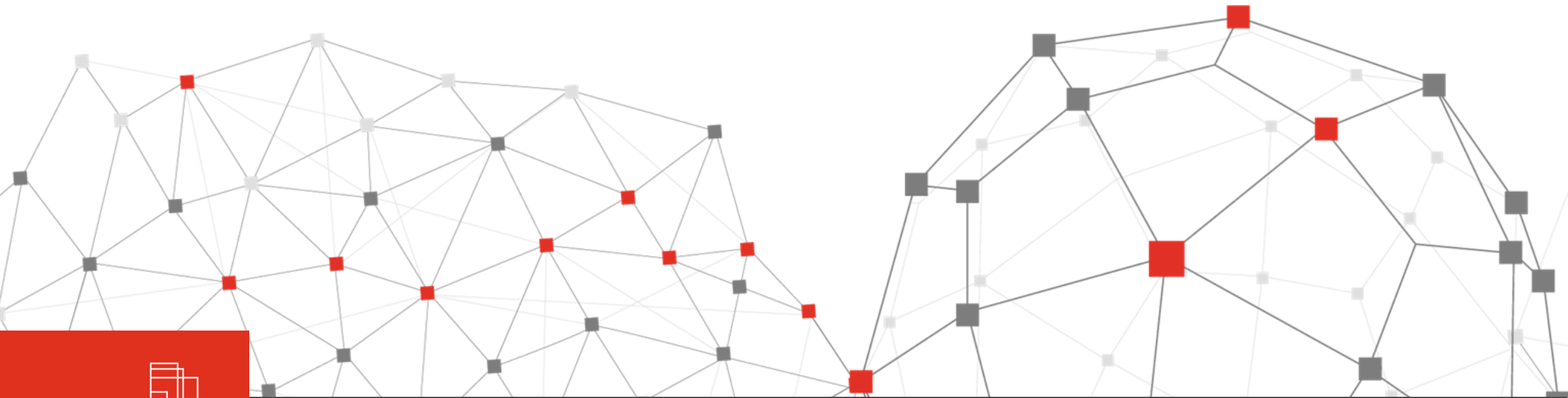
# Additional relief announced 21 April 2020

- R100 billion for jobs
- R20 billion for municipalities
- Over R100 million to help protect frontline workers
- R162 million in financing from the IDC has been approved to support companies for the procurement of personal protective equipment



# COVID-19

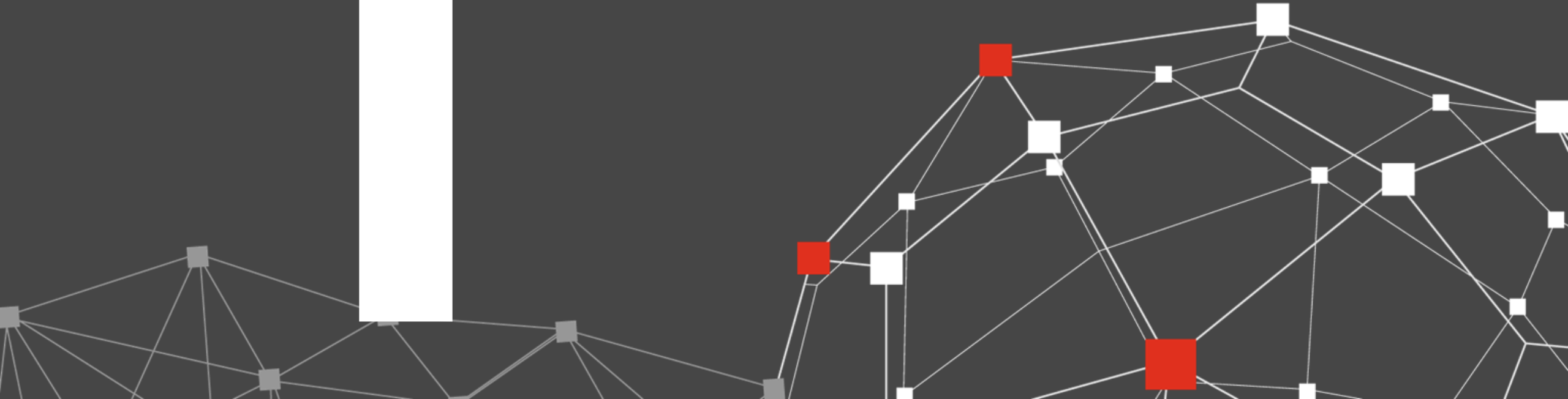
## Value-added Tax Relief Measures



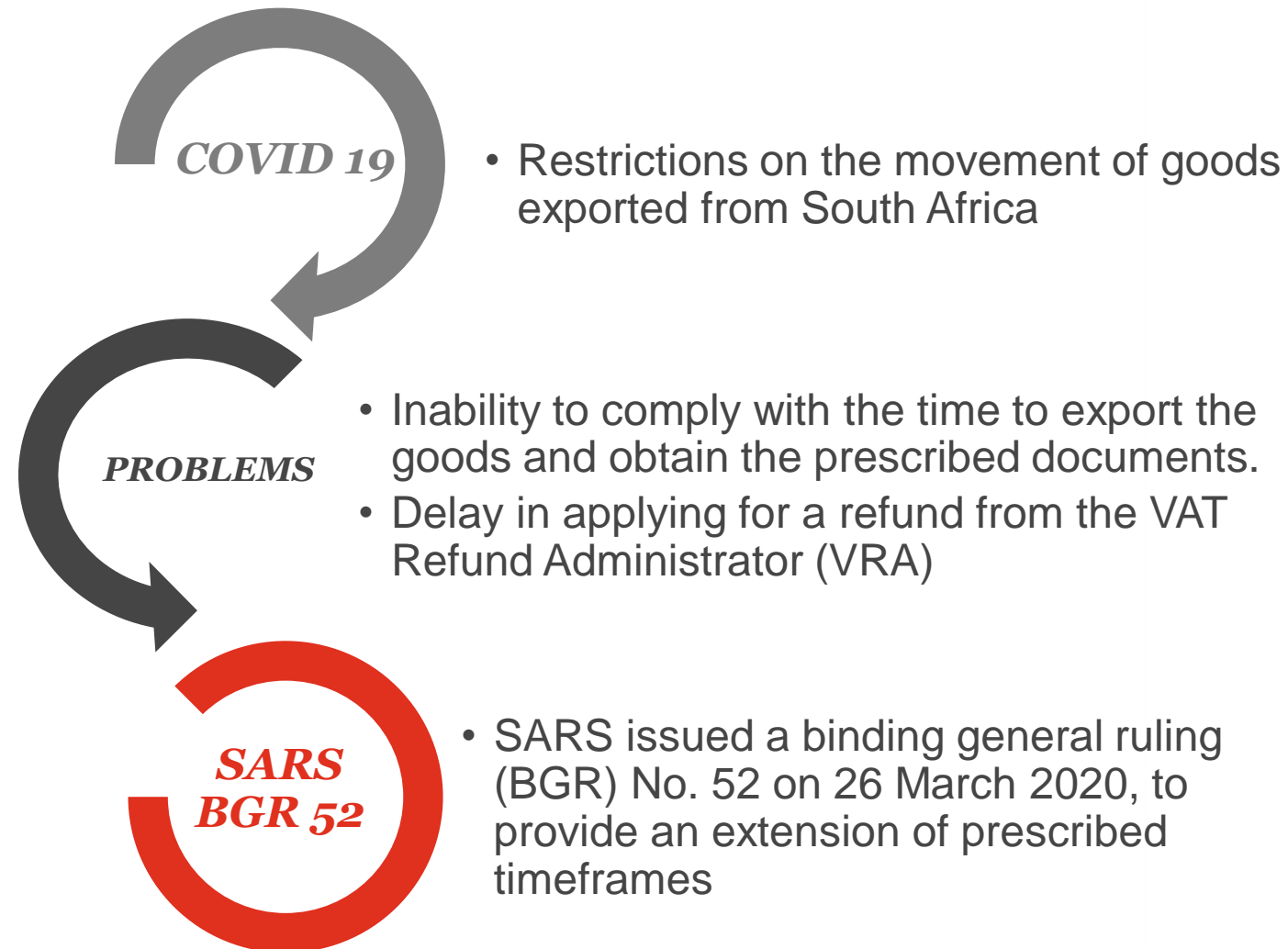


# TIMEFRAME FOR EXPORT OF GOODS

## SARS Binding General Ruling

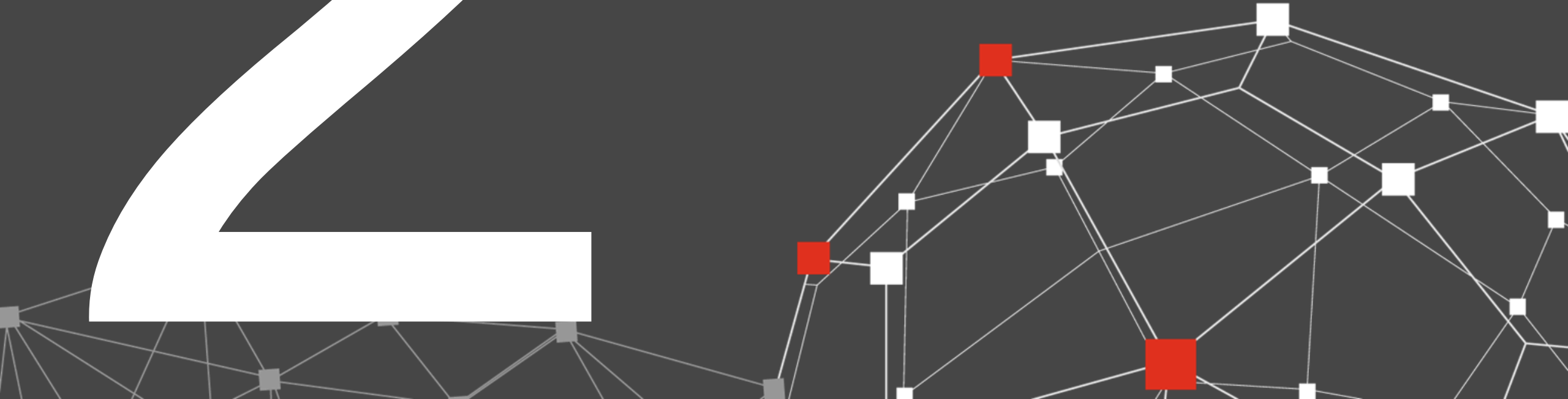


# Impact of COVID-19: Extension of the timeframe for the export of goods



# 2

## VAT Refund assistance



# Refund assistance provided to vendors

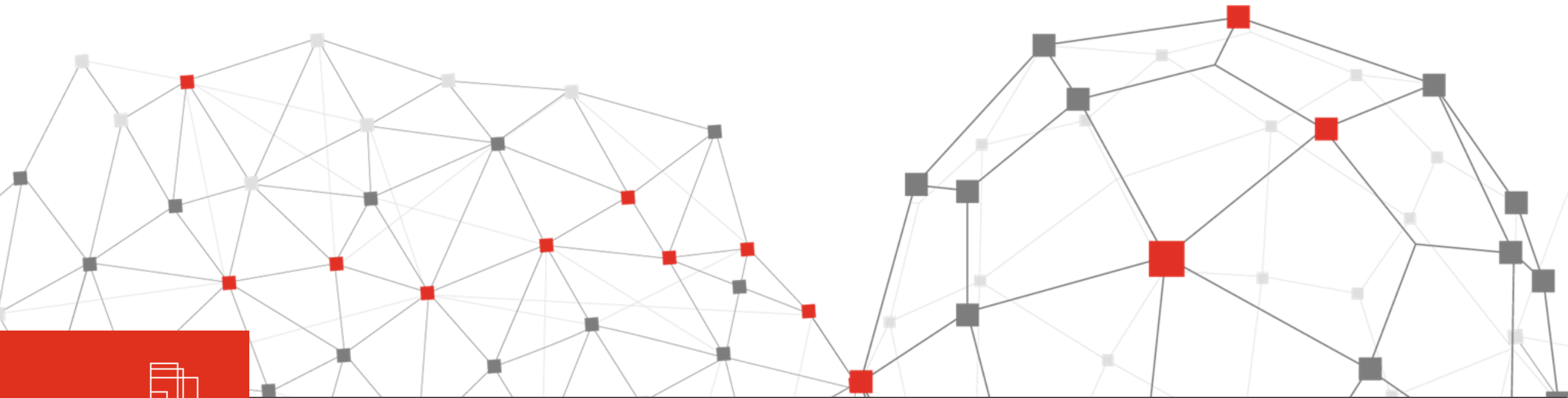
- Vendors are generally registered under Category A or B
- In this case, returns must be submitted bi-monthly, i.e. every 2<sup>nd</sup> month
- Category C, however, allows for monthly submissions of returns (this is generally applicable where supplies are in excess of R30million)
- In terms of COVID-19's impact – businesses are expected to experience cash flow constraints

- It is therefore proposed that vendors registered under Category A or B be allowed to submit its returns monthly on a temporary basis
- This means a vendor will remain registered under Category A or B but be allowed to submit monthly returns
- The temporary relief measure will only apply for a period of 4 months ending July 2020 for Category A vendors and ending August 2020 for Category B vendors
- This is an optional relief measure and a vendor can choose to continue to submit returns bi-monthly
- It is not entirely clear whether the relief applies only where a vendor is in a refund position or also where the vendor is in a payment position. Clarification is being requested in this regard.

# COVID-19

## Customs and Excise

Import, export and local manufacturing of goods



# Customs & Excise relief measures

1

Covid-19  
Lockdown

Importation,  
clearance and  
release of  
goods

2

Essential Goods

Essential goods,  
materials and  
components as  
defined in the  
Regulations

3

Import relief  
VAT / Duties

SARS – VAT  
exemptions  
  
ITAC – rebate  
of import duties

4

Local  
Manufacturing

Critical medical  
supplies  
Hand Sanitiser  
Tax rebate

5

Export control

Export of  
essential goods

6

Extension of  
prescription periods

Activities applicable  
to “dies non”  
  
Activities not  
applicable to “dies  
non”

# Thank you

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# ■ Additional

## **Slide 6 - Expansion of the Employment Tax Incentive 'ETI' : Proposal**

The first tax measures announced by the Minister on 29 March 2020 and included in the 2020 Draft Disaster Management Tax Relief Bill and 2020 Draft Disaster Management Tax Relief Administration Bill published for public comment on 1 April 2020 made provision for the expansion of the ETI program for a limited period of four months, beginning 1 April 2020 and ending on 31 July 2020 as follows:

Increasing the maximum amount of ETI allowable during this four month period for employees eligible under the current ETI Act from R1 000 to R1 500 in the first qualifying twelve months and from R500 to R1 000 in the second twelve qualifying months.

Allowing a monthly ETI claim in the amount of R500 (subsequently increased to R750) during this four month period for employees from the ages of:

- 18 to 29 who are no longer eligible for the ETI as the employer has claimed ETI in respect of those employees for 24 months
- 18 to 29 who were not eligible for the ETI due to the fact that they were employed before 1 October 2013 and
- 30 to 65 who are not eligible for the ETI due to their age and /or due to the fact they were employed before 1 October 2013.

## ■ 補足

### Slide 6 - Expansion of the Employment Tax Incentive 'ETI' : Proposal

今回の4カ月 (4/1～7/31) のETIは特別（拡大）ETIで、以下が規定されている。

①現行のETIの資格を有する従業員は対象の4カ月間上限額が以下の通り引き上げられる。

1年目 : R1,000→R1,500

2年目 : R500→R1,000

②今までETIの対象外だった以下の従業員も以下の通り4カ月間定額R500（現在R750）を優遇税の対象とできる。

18歳から29歳までの従業員で、雇用主が既に24ヶ月間ETIを請求していたため、ETIの対象外となった方。

18歳から29歳までの従業員で、2013年10月1日以前に雇用されていたため、ETIの対象外となった方。

30歳から65歳までの従業員で、年齢及び/又は2013年10月1日以前に雇用されていたことを理由に、ETIの対象外となった方。

# ■ Additional

## **Slide 41 - Lockdown Collective Agreement for textile industry : Scope and effective date**

The agreement guarantees employees who qualify for wage subsidy support an amount equal to full pay for a period of 3 weeks with effect from the start of the initial lockdown period of 26 March 2020 to 16 April 2020 in weekly amounts as follows:.

Week 1 ending Sunday 29 March 2020: Deferred wages payable by the employer for work already performed during the week of the lockdown with the balance made up from worker funds received from the UIF, for that portion of the lockdown week for which no wage is due

Week 2 ending Sunday 5 April 2020: A full weeks wages, payable by the employer

Week 3 ending Sunday 12 April 2020: A full week's wages payable from worker funds received from the UIF

Week 4 ending Sunday 19 April 2020: Payable from worker funds received from the UIF for that part of this week when the lockdown is still in effect as declared by the President on 23 March 2020 plus •payable by the employer for that part of the week for work performed and which does not form part of the lockdown period

Public holiday payments due to workers: The employers agree to pay the public holiday payments due to workers for 10 April 2020 and 13 April 2020 respectively.

# ■ 補足

## Slide 41 - Lockdown Collective Agreement for textile industry : Scope and effective date

### 繊維産業におけるLockdown Collective Agreementの内容

この協定は、賃金助成金（wage subsidy support）の対象となる従業員に対して、2020年3月26日の最初のロックダウン期間の開始から2020年4月16日までの3週間、以下のように週単位の金額で全額給与と同額の支援を保証する。

- ・ 2020年3月29日（日）までの第1週：ロックダウンの週のうち賃金が支払われない部分については、UIFから受け取った労働者基金で残額を補填した上で、ロックダウンの週の間ですでに行われた労働に対して、雇用主が賃金を支払う。
- ・ 2020年4月5日（日）までの第2週：1週間分の賃金を雇用主が支払う。
- ・ 2020年4月12日（日）までの第3週：UIFから受け取った労働者基金から1週間分の賃金が支払われる。
- ・ 2020年4月19日（日）までの第4週：2020年3月23日の大統領宣言に基づき、ロックダウンがまだ有効な週の一部について、UIFから受け取った労働者基金から支払われる。ロックダウン解除後の実働日については、雇用主が給与を支払う。

※労働者に支払うべき公休日の支払い：雇用主は、2020年4月10日、13日の祝日について、労働者に対して賃金を支払うことに同意する。