

Covid-19

A simplified guide



Overview

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1. SARS: Tax Relief Incentives.

Deferral relief applies to the following employers:

- Small to Medium Sized businesses with an Annual Turnover not exceeding R 50 million for the 2020-2021 tax year;
- This will not apply to an employer that is not tax compliant, and that
 - has failed to submit any return in terms of the Tax Administration Act (TAA); and
 - has any outstanding tax debt in terms of the TAA. (excluding a tax in respect of which an agreement has been entered into)



- PAYE deferral relief:

- Pay periods whereby relief may be utilised:
April 2020 (due for payment 7 May 2020) to July 2020 (due for payment 7 August 2020).
- Interest and penalties will apply if the employer has understated the PAYE liability.

- Relief calculation:

- Declare full amounts as per payroll;
- Pay 80% of the PAYE liability (not for Skills Levy or UIF payments) on the due dates.
- The remaining 20% of the PAYE liability is to be settled in equal instalments over the next six months. This means as from August 2020 (due for payment 7 September 2020) to February 2021. (due for payment 5 March 2021)



SARS: Tax Relief Incentives (continue)

Provisional Tax deferral relief:

- Pay periods whereby relief may be utilised:
 - First provisional tax payment (due for payment between 1 April 2020 to 30 September 2020)
 - Second provisional tax payment (due for payment between 1 April 2020 to 31 March 2021)



Provisional Tax deferral relief (continue)

- Relief Calculation:

- First period:
15% of the total estimated tax liability (normally 50%) will be due.
- Second period:
65% of the total estimated tax liability will be due.
- Outstanding portion:
This will be due with the normal third provisional tax payment.



- SARS: Employee Tax Incentive (ETI) benefit.
- Periods whereby government will be expanding the ETI programme: April 2020 to July 2020.
- SARS will accelerate the payment of ETI reimbursements from bi-annually to monthly.
- Employers may benefit for payments to employees who –
 - have never qualified under the ETI rules, and also
 - Earning below R 6 500 per month qualifies.



- ETI benefit calculations:

- R 500 per month, per employee for

- ineligible employees aged 18 - 29 (where employers have already claimed the ETI), or
- employees aged 30 - 65 (due to age)

- R500 per month, per employee extra for

- Eligible employees

- in the first qualifying 12 months from R 1 000 to R 1 500 per month and
- In the second qualifying 12 months from R 500 to R 1 000 per month.



- SARS: VAT
- Rebates for customs duty:
Goods imported for distress relief in terms of the national disaster, will attract no customs tax or VAT – if the importer has a ITAC permit.
- Implication of exports for zero rating:
 - The prescribed period was extended in which goods need to be exported with additional 3 months
 - Only applies to movable goods for which the prescribed periods have not yet been exceeded on 26 March 2020.
 - This will be applicable until withdrawn, amended or legislation has been updated.
 - For indirect exports, extension of the period of claiming refunds was amended to 6 months.
- Late payment of VAT:
 - No exceptions – late payment penalties still applies.



- Claiming from UIF

- For reduced hours or temporary lay-offs:

- UI2.1 application form
- UI19 and UI2.7 (to be completed by employer)
- UI2.8 (to be completed by bank)
- Letter from employer confirming shutdown or temporary lay-off
- Copy of ID Document

- This benefit will be at a flat rate equal to the minimum wage of R 3 500 per employee for the duration of the shutdown, or a maximum of 3 months, whichever period the shortest.

- For illness benefits:

- UI3 application form
- UI19 and UI2.7 (to be completed by employer)
- UI2.8 (to be completed by bank)
- Letter from employer and employee agreeing to self-quarantine
- Copy of ID Document



3. Compensation Fund (COIDA)

- Requirements to claim:
 - Evidence of occupational exposure –
 - Direct link to official trips,
 - High-risk environments
 - Reliable diagnosis and chronological timeframe of exposure
- Benefits available
 - Suspected and unconfirmed cases: Where self-quarantine was recommended by a registered medical practitioner, the employer is responsible for the remuneration
 - Confirmed cases: COIDA will pay from date of diagnoses for up to 30 days
 - Permanent disability: addressed on merit per case
 - Medical Aid: payments of up to 30 days from diagnosis
 - Death: reasonable burial costs, widow & dependent pensions



4. Temporary Employee Relief Scheme "TERS"

- This benefit applies where companies has closed its operations and suffers financial distress
- Payments may not exceed R 17 712 per employee, in line with the UIF (Income replacement rate of 38% to 60%)
- TERS claim is to be made before employees are paid (employees already being paid by employers may not be included in this claim)
- Documents:
 - Blank e-mail to be sent to covid19ters@labour.gov.za, forms and requirements will be automatically sent to you
 - Letter of Authority (official company letterhead, indicating the individual to lodge on behalf of the company)
 - Spreadsheet as per template with required information
 - Payroll evidence for the last 3 months
 - Confirmation of bank account (certified bank statement)



5. Debt Relief Finance Scheme

- Administered by the Department of Small Business Development
- Qualifying criteria:
 - Registered with CIPC by at least 28 February 2020
 - Registered and compliant with SARS and UIF
 - 100% owned by South African Citizens
 - 70% South African employees
 - Priority to businesses owned by Women, Youth and Disabled Persons
 - Applicants must demonstrate the direct link of impact of Covid-19
 - Registration on National SMME database
- Documents:
 - CIPC Registration documents
 - Fica documents
 - Certified copies of directors' ID documents
 - 3 months bank statements
 - Financial Statements or Management accounts not older than 3 months
 - Business Profile
 - 6 months Cash Flow Projections
 - Detailed breakdown of application of funds



6. SA Future Trust ("SAFT")

- Eligibility Criteria
 - Annual Turnover below R 25 million
 - Trading for at least 24 months
 - Sustainable business on 29 February 2020
 - Proof that business adversely impacted by Covid-19
- Documents:
 - Company Registration Documents (CIPC)
 - ID Document and business address (sole traders)
 - PAYE & Income Tax Number
 - Employment status of each employee
- 5 year 0% interest free loan
 - Repayable in full on or before 31 December 2025.
- Apply through your bank

Source List:

- <http://www.treasury.gov.za/public%20comments/DMTRB2020/Draft%20Explanatory%20Memorandum%20on%20the%20Draft%20Disaster%20Management%20Tax%20Relief%20Bill%20-%201%20April%202020.pdf>
- <https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>
- <https://www.sars.gov.za/ClientSegments/Customs-Excise/Pages/default.aspx>
- <https://www.ufiling.co.za/uif/>
- <https://www.ufiling.co.za/docs/uFilingSystemUserGuide.pdf>
- <https://www.gov.za/>
- <http://www.labour.gov.za/>
- https://www.gov.za/sites/default/files/gcis_documents/SMME%20Debt%20Relief%20Scheme.pdf
- <https://opp-gen.com/saft/#how-saft-works>



Disclaimer:

It is noted that these facts are based on the most recent developments as at 3 April 2020. Changes are still underway to accommodate the situation.

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