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(Bear in mind that all these information etc. can possibly change in future and this is merely for background purposes)

# **EXPLANATORY NOTES ON COVID-19 TAX MEASURES**

## **1 EXPANSION OF THE EMPLOYMENT TAX INCENTIVE AGE ELIGIBILITY CRITERIA AND AMOUNT CLAIMABLE**

### **I. BACKGROUND**

The Employment Tax Incentive (ETI) programme was introduced in January 2014 to promote employment, particularly of young workers. The main aim of the programme is to reduce the cost of hiring young people between the ages of 18 and 29 (also referred to as qualifying employees) through a cost sharing mechanism with Government, by allowing the employer to reduce the amount of employees' tax (PAYE) they pay to the South African Revenue Service (SARS), while leaving the wage received by the qualifying employees unaffected.

The ETI programme makes provision for the employer to claim the ETI in respect of a qualifying employee:

- Who is between the ages of 18 and 29; and
- Has a monthly remuneration of less than R6 500.

The maximum monthly ETI claimable per qualifying employee is limited to R1 000 in the first year of employment and R500 in the second year of employment. Further to the above, the monthly ETI can only be claimed for the first 24 months of the qualifying employee's employment by an employer or associated institutions.

### **II. REASONS FOR CHANGE**

The outbreak of COVID-19 is likely to result in large scale disruption of work due to illness, self-isolation or quarantine. The impact on employment may be severe as businesses grapple with the impact of reduced demand, disrupted business operations with a large portion of the workforce unable to present themselves for duty as well as the dealing with the impact of the restricted movement of customers in adherence to health measures aimed at slowing the spread of the virus.

Small and medium sized businesses are the most vulnerable as they are unlikely to have cash reserves and are thus at a higher risk of shedding jobs under these

conditions in an attempt to remain going concerns and contain costs while generating very little income.

Moreover, the nationwide lockdown that became effective from 27 March 2020 will mean that, aside from a narrow set of essential services, many workers will not be able to report for work. During this time the majority of employers are likely to experience severely reduced revenue, and may have to consider reducing staff numbers. In response to the COVID 19 outbreak, many countries around the world have introduced tax relief measures.

In order to minimize unemployment and the risk of the economy grinding to a halt during this difficult period, Government proposes expanding the current ETI to assist employers retain employees during this critical period of social distancing and lockdown, thus reducing the risk of low income earners losing their employment as a result of the outbreak.

### **III. PROPOSAL**

In order to minimise the loss of jobs during this critical period, Government proposes expanding the ETI programme 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 claimable 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 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; and
  - 30 to 65 who are not eligible for the ETI due to their age.
- Accelerating the payment of employment tax incentive reimbursements from twice a year to monthly as a means of getting cash into the hands of tax compliant employers as soon as possible.

This expansion will, however, only apply to employers that were registered with SARS as at 1 March 2020. Further to the above, the current compliance requirements for employers under sections 8 and 10(4) of the ETI Act will continue to apply.

**Examples:**

**Example 1**

Employer A has 10 workers earning R4 500 per month each. The employer can retain up to an additional R5 000 from the employer's PAYE liability each month between April and July.

**Example 2**

Employer B has 3 workers. The employer claims the ETI for Employee A, the employer exhausted ETI claims for 27-year-old Employee B two years ago, and Employee C is 34 years old and has never been a qualifying employee. The employees each earn R4 500 per month. Employer B will be able to retain R2 500 per month. Since these are the only 3 workers, the amount will likely be claimed as a reimbursement from SARS.

	Remuneration	ETI	EXPANDED ETI	Total
Employee A	4500	1000	500	<b>1500</b>
Employee B	4500	0	500	<b>500</b>
Employee C	4500	0	500	<b>500</b>
<b>Total</b>	<b>13500</b>			<b>2500</b>

**IV. EFFECTIVE DATE:**

The proposed amendments will apply for a period of four months and are deemed to have come into operation on 1 April 2020 and end on 31 July 2020.

## **2 DEFERRAL OF THE PAYMENT OF EMPLOYEES' TAX LIABILITY FOR TAX COMPLIANT SMALL TO MEDIUM SIZED BUSINESSES**

### **I. BACKGROUND**

Paragraph 2 of the Fourth Schedule to the Income Tax Act, 1962 (the Act) makes provision for a resident employer or representative employer (in cases where the employer is non-resident) to deduct employees' tax (PAYE) from remuneration paid to its employees. In addition, the employer or representative employer must submit a return and the payment of PAYE withheld and paid to the South African Revenue Service (SARS) within seven days after the end of the month for which the PAYE was deducted. Administrative penalties may be imposed in terms of paragraph 6 of the Fourth Schedule to the Income Tax Act for late payment of PAYE.

### **II. REASONS FOR CHANGE**

The recent COVID-19 outbreak will have significant and potentially lasting impacts on the economy, with businesses facing the risk of cash flow problems. Tax compliant small to medium sized businesses play an important role in stimulating economic activity, job creation, poverty alleviation as well as the general improvement of living standards, and are expected to be amongst the hardest hit. In order to assist tax compliant small to medium sized businesses, Government proposes measures aimed at assisting to alleviate cash flow problems experienced during this difficult period.

Several countries have implemented measures whereby businesses are allowed to defer the transfer of payroll taxes to the tax authority. This can be in the form of a temporary suspension of payments for a fixed period (for most countries the suspension period is between 3 and 6 months), or by allowing businesses to pay taxes in instalments. The purpose of such measures is to assist businesses with liquidity in a time where business activity is likely to see an unprecedented decline in turnovers. The benefit of the measure is immediate cash flow relief that could enable businesses to survive.

### **III. PROPOSAL**

In order to assist with alleviating any cash flow burden arising as a result of the COVID-19 outbreak, Government proposes the following tax measures for tax compliant small to medium sized businesses, for a limited period of four months, beginning 1 April 2020 and ending on 31 July 2020:

- Deferral of payment of 20 per cent of the PAYE liability, without SARS imposing administrative penalties and interest for the late payment thereof.
- The deferred PAYE liability must be paid to SARS in equal instalments over the six month period commencing on 1 August 2020, i.e. the first payment must be made on 7 September 2020.

For the purposes of this proposal, small or medium sized business is defined to mean any business with an annual turnover not exceeding R50 million.

The above-mentioned proposals will not apply to an employer or representative employer that:

- has failed to submit any return as defined in section 1 of the Tax Administration Act, 2011 (TAA) on the basis required by section 25 of the TAA; or
- has any outstanding tax debt as defined in section 1 of the TAA, but excluding a tax debt
  - in respect of which an agreement has been entered into in accordance with section 167 or 204 of the TAA;
  - that has been suspended in terms of section 164 of the TAA; or
  - that does not exceed the amount referred to in section 169(4) of the TAA.

However, interest and penalties will apply if the employer has understated the PAYE liability for any of the four months.

### **IV. EFFECTIVE DATE:**

The proposed amendments are deemed to have come into operation on 1 April 2020 and end on 31 January 2021.

### **3 DEFERRAL OF THE PAYMENT OF PROVISIONAL TAX LIABILITY FOR TAX COMPLIANT SMALL TO MEDIUM SIZED BUSINESSES**

#### **I. BACKGROUND**

Paragraph 17 of the Fourth Schedule to the Income Tax Act, 1962 (the Act), makes provision for every provisional taxpayer to make provisional tax payments in respect of their annual tax liability. The provisional tax payment for the annual tax liability is based on an estimate by the taxpayer of total taxable income, or is based on an estimate made by the SARS Commissioner in terms of paragraphs 19(2) and 19(3) of the Fourth Schedule to the Act. Under justifiable circumstances the estimate submitted by the provisional taxpayer may be less than the basic amount applicable to the estimate in question.

Paragraphs 19(1), 21 and 23 of the Fourth schedule to the Act make provision for a provisional taxpayer to submit a return and make provisional tax payment to SARS. The first payment, which is 50 percent of the total estimated liability, must be made within six months after the commencement of the year of assessment and the second payment, which is the total estimated liability reduced by the first payment, must be made by no later than the last day of that year of assessment.

The following sanction are applicable to provisional tax:

- Paragraph 27 of the Fourth Schedule makes provision for a 10 per cent penalty for late payment of a provisional tax liability for both the first and second tax periods.
- Paragraph 20 of the Fourth Schedule makes provision for a penalty on the underpayment of a provisional tax liability for the second provisional tax period as a result of underestimation, reduced by any section 27 penalty imposed for that period.

Section 89*bis* of the Act provides for interest on the unpaid portion of a provisional tax liability.

#### **II. REASONS FOR CHANGE**

The recent COVID-19 outbreak will have significant and potentially lasting impacts on the economy, with businesses facing the risk of cash flow problems. Tax

compliant small to medium sized businesses play an important role in stimulating economic activity, job creation, poverty alleviation as well as the general improvement of living standards, and are expected to be amongst the hardest hit. In order to assist tax compliant small to medium sized businesses, Government proposes measures aimed at assisting to alleviate cash flow problems experienced during this difficult period.

Allowing for a deferred payment of provisional liabilities should assist these businesses by providing additional cash flow during the crisis. This could be the difference between pushing a small or medium sized business into liquidation, or providing some space for the business to get through the crisis and add to the economic recovery, hopefully being a source of higher tax revenue in the medium term.

### **III. PROPOSAL**

In order to assist with alleviating cash flow burdens arising as a result of the COVID-19 outbreak, Government proposes the following tax measures for tax compliant small to medium sized businesses, for a period of twelve months, beginning 1 April 2020 and ending on 31 March 2021:

- Deferral of a portion of the payment of the first and second provisional tax liability to SARS, without SARS imposing administrative penalties and interest for the late payment of the deferred amount;
- The first provisional tax payment due from 1 April 2020 to 30 September 2020 will be based on 15 percent of the estimated total tax liability, while the second provisional tax payment from 1 April 2020 to 31 March 2021 will be based on 65 percent of the estimated total tax liability;
- Provisional taxpayers with deferred payments will be required to pay the full tax liability when making the third provisional tax payment in order to avoid interest charges.

For the purposes of this proposal, a small or medium sized businesses is defined as any company conducting a trade with an annual turnover not exceeding R50 million. The eligibility criteria for individuals carrying on a business have yet to be finalised, but one possibility is that they will be eligible if their turnover is less than R5 million and no more than 10 per cent of their turnover is derived from interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer.



The above-mentioned proposals will not apply to a provisional taxpayer that:

- has failed to submit any return as defined in section 1 of the Tax Administration, 2011 (TAA) as required by section 25 of the TAA; or
- has any outstanding tax debt as defined in section 1 of the TAA, but excluding a tax debt
  - in respect of which an agreement has been entered into in accordance with section 167 or 204 of the TAA;
  - that has been suspended in terms of section 164 of the TAA; or
  - that does not exceed the amount referred to in section 169(4) of the TAA.

However, interest and penalties will apply in instances where, upon assessment, it is discovered that a taxpayer does not qualify for relief under the proposed amendments.

**Examples:**

The table below provides an illustrative example for two companies with different financial year-ends (FYEs).

- Company A's FYE is 30 June 2020. It would already have paid its first provisional tax payment of approximately 50 per cent (of its estimated total tax liability, say R3 million) by 31 December 2019.
- Its second provisional payment will be due 30 June 2020 – during the period of the temporary relief measure. Instead of paying a further R1.5 million (50 per cent) based on the current legislation, it need only pay R450 000 (15 percent of R3 million) so that the cumulative total of the first and second provisional tax payments is 65 percent of the estimated total tax liability (as opposed to 100 percent).
- This will provide Company A with a R1 050 000 cash flow benefit during the temporary relief period. Normally, it would have until 31 December 2020 to pay a (usually small) third top-up amount to avoid an interest charge. This relief measure will allow the company to pay the outstanding balance (35 percent or R1 050 000) by this date.
- Company B has a 28 February 2021 FYE, meaning that its first provisional tax payment will fall during the temporary period. As such, the first provisional tax payment (due by 31 August 2020) will be R120 000 (15per cent of its estimated total tax liability of R800 000 for the year) instead of R400 000, allowing temporary relief of R280 000. As a further relief measure

only 50 per cent of the estimated tax liability (R400 000) will be due by 28 February 2021, so that the cumulative total tax paid at that point is 65 per cent of the estimated total tax liability. The remaining balance of R280 000 (35 per cent of estimated tax liability) will be due by 30 September 2021 in order to avoid interest charges.

	FYE	estimated tax liability	P1	P2	P3	Total provisional tax
Company A	30-Jun-20	3 000 000	31-Dec-19	30-Jun-20	31-Dec-20	
	<i>current law</i>		50%	50%	0%	
			1 500 000	1 500 000	-	3 000 000
	<i>temporary relief</i>		50%	15%	35%	
			1 500 000	450 000	1 050 000	3 000 000
	<b>cash flow relief</b>			<b>1 050 000</b>		

	FYE	estimated tax liability	P1	P2	P3	Total provisional tax
Company B	28-Feb-21	800 000	31-Aug-20	28-Feb-21	30-Sep-21	
	<i>current law</i>		50%	50%	0%	
			400 000	400 000	-	800 000
	<i>temporary relief</i>		15%	50%	35%	
			120 000	400 000	280 000	800 000
	<b>cash flow relief</b>		<b>280 000</b>			

#### IV. EFFECTIVE DATE:

The proposed amendments are deemed to have come into operation on 1 April 2020 and apply to first provisional tax periods ending on or after 1 April 2020 but before 1 October 2020 and to second provisional tax periods ending on or after 1 April 2020 but before 1 April 2021.

# COVID 19 TERS VS UIF CLAIMS EXPLAINED

This flowchart is in line with the TERS Gazette Notice 215 of 2020 - the relevant sections in brackets.  
 This flowchart is in line with the prescribed Memorandum of Agreement - the relevant sections marked as MOA  
 This flowchart is in line with the Covid 19 TERS Benefits Easy Aid guide - the relevant sections marked as (AID)  
 \*Clause 3.1 of the TERS Regulations clearly specifies "close it's operations"

## TERS

The Employer has closed its operations (3.1)

YES

The employee is in self quarantine for 14 days (4.1)

NO

The Employer is closing for less than 3 months (3.1)

YES

The employer can afford to pay its employees or  
The employer is paying the employee during this  
period (3.1 & 5.3)

NO

This application is delinked from normal UIF benefits  
and normal UIF benefits will not apply. The following  
criteria will apply. (3.2)

The employer is registered with Uif (3.7.1)

YES

The closure is directly linked to Covid 19 (3.7.3)

YES

The employer may file a claim in terms of TERS (5)

Submit claim to covid19claims@labour.gov.za (AID)



TERS will not apply (\*3.1)



TERS will not apply (4.1)



TERS will not apply (\*3.1)



TERS will not apply (3.1 & 5.3)

### TERS BENEFIT

The benefit will only pay the salaries of the  
affected workers during the closure capped at  
R17712 p/m on a sliding scale (38% -60%) if less  
than NMW then NMW will be paid. (3.3 - 3.6)



TERS will not apply

### TERS REQUIREMENTS

1. Letter of Authority on an official company letterhead granting permission to an individual to claim obo the employer (5.2.1)
2. Complete and sign the Memorandum of agreement where applicable (5.2.2)
3. Complete the prescribed template with the employees critical information (AID)
4. Print and prepare 3 months payroll as proof of income for employees. (AID)
5. Open a dedicated bank account for the UIF payments and provide proof of account. (AID & MOA)

## UIF

The employers has reduced working hours



The loss of income may be claimed under  
normal UIF benefits. Reason 17 - Reduction in  
working hours (\*3.1) This process is subject to  
confirmation.

The loss of income may be claimed under  
normal UIF benefits. Reason 10 - Illness benefit  
(4.1) This process is subject to confirmation.

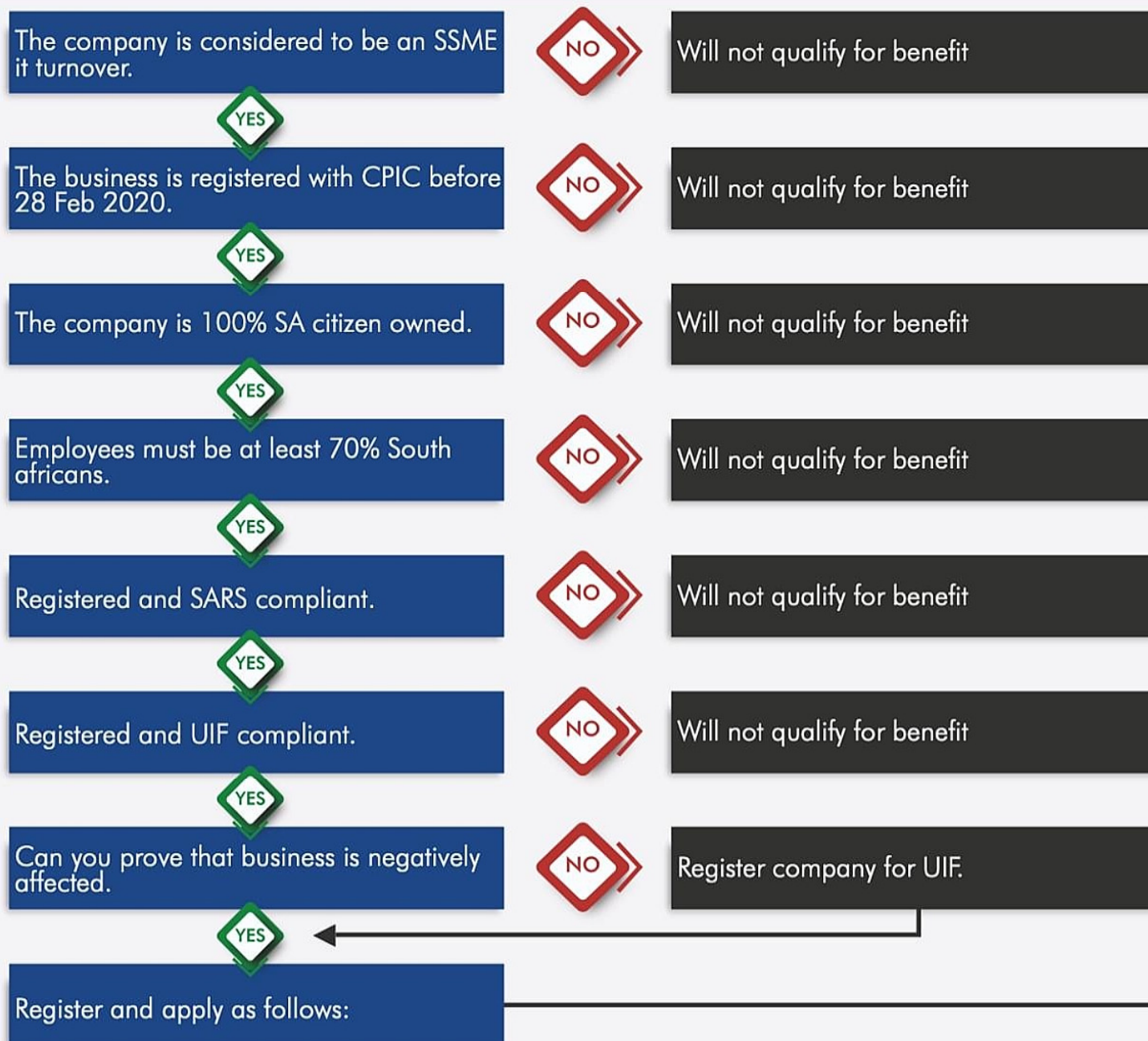
### UIF REQUIREMENTS

1. Sign an agreement between the employer and employee as proof of an agreed selfquarantine for 14 days (4.1)
2. If for more than 14 days then then a medical certificate is required (4.4)



# COVID 19 SMME DEBT RELIEF FINANCE SCHEME

For businesses which are negatively affected, directly or indirectly, due to Covid19 pandemic.  
SMME's are defined as Small/Medium/Micro enterprises in terms of the guideline according to turnover.  
The info contained in this flowchart is from an Aid published by the Department of Small Business Development.



## Supporting documents:

- Proof that business is negatively affected by Covid-19.
- Company Statutory documents.
- Fica Documents.
- Certified Id copies of Directors.
- Latest annual Financial Statements or latest Management Accounts (not older than 3 months).
- Business profile.
- 3 Months bank statements.
- 6 months cashflow projections (where applicable).
- Copy of lease agreement or proof of ownership if applying for rental relief. Payroll relief, details of employees including baning details. Conditions may apply\*.
- Facility statement of other Funders.
- Detailed breakdown on application of funds including salaries rent etc.

- Register on [www.smmesa.co.za](http://www.smmesa.co.za)
- Complete online application form to be released on 2 April 2020
- Upload required supporting documents
- Micro enterprises may request assistance from [debtrelief@seda.org.za](mailto:debtrelief@seda.org.za)
- Preference will be given to Women, Youth and People with disabilities.

# COVID 19 TAX MEASURES PAYE

For businesses which are negatively affected, directly or indirectly, due to Covid19 pandemic.

This flowchart is in line with the (draft) National Treasury Explanatory Notes.

For the purpose of this incentive small or medium is any business with an annual turnover of less than R50 million and not the normal SMME turnover thresholds.

This financial incentive is line with the Income Tax Act 1962 (ITA) and the Tax Administration Act 2011 (TAA).

The employers claim is for the period 1 Apr - 31 Jul.



Will not qualify for benefit.

\*The employers is a small to medium sized business.



Will not qualify for benefit.

The employer has failed to submit any return ito Sec 1 (TAA).



Will not qualify for benefit.

Has any outstanding tax debt as defined in Sec 1 (TAA).



An agreement has been entered into ito S167/204 (TAA) OR  
Has been suspended ito S164 (TAA) OR  
Does not exceed the amount ito S169(4) (TAA)

Please confirm qualification and procedure with [www.sars.gov.za](http://www.sars.gov.za).



## Benefits

- Deferral of payment of 20% of PAYE liability without Penalties and interest for the late payment.
- The deferred PAYE liability must be paid in 6 equal monthly installments on 1 August 2020 and the first payment must be made before 7 September 2020.

Interest and Penalties will apply if Employer has understated PAYE liability for the 4 months.

Will not qualify for benefit.



# COVID 19 TAX MEASURES PROVISIONAL TAX FOR BUSINESSES

For businesses which are negatively affected, directly or indirectly, due to Covid19 pandemic.

This flowchart is in line with the (draft) National Treasury Explanatory Notes.

For the purpose of this incentive small or medium is any business with an annual turnover of less than R50 million and not the normal SMME turnover thresholds.

This financial incentive is in line with Sch 4 of the Income Tax Act 1962 (ITA) and the Tax Administration Act 2011 (TAA).

The claim is for the period 1 Apr 20- 31 March 21.



Will not qualify for benefit.

\*The employers is a small to medium sized business.



Will not qualify for benefit.

Has failed to submit any return S1 & 25 (TAA).



Will not qualify for benefit.

Has any outstanding debt as defined in S1 (TAA).



An agreement has been entered into to S167/204 (TAA) OR  
Has been suspended to S164 (TAA) OR  
Does not exceed the amount to S169(4) (TAA).

## Benefits

- Deferral of portion of payment for 1st and 2nd payment without penalties and interest.
- 1st payment for period 1 April to 30 Sept at 15% of total liability.
- 2nd payment from 1 April to 31 March 21 at 65% of total liability.
- Make full payment of total liability with 3rd payment to avoid interest.

Interest and Penalties will apply if Employer has understated PAYE liability for the 4 months.

Please confirm qualification and procedure with [www.sars.gov.za](http://www.sars.gov.za)



Will not qualify for benefit.

# COVID 19 TAX MEASURES ETI

For businesses which are negatively affected, directly or indirectly, due to Covid19 pandemic.  
This flowchart is in line with the (draft) National Treasury Explanatory Notes.

This financial incentive is an expansion of the ETI programme (Employers Tax Incentive) of January 2014. See the ETI Act.

The employers claim is for the period 1 Apr - 31 Jul.



Will not qualify for benefit.

\*The employers is a small to medium sized business.



Will not qualify for benefit.

The employee is between the ages 18 - 29



Will not qualify for benefit.

Registered with SARS as at 1 March 2020.



Will not qualify for benefit.

\*Check compliance under S8 and 10(4) ETI Act.



Please confirm qualification and procedure with [www.treasury.gov.za](http://www.treasury.gov.za).

## Benefits

- Increasing in benefit from R1000 to R1500 in 1st year.
- Increasing in benefit from R500 to R1000 in 2nd year.
- Allowing a monthly ETI claim of R500 for this 4 month period.
- Allowing the payment ETI reimbursements from twice a year to monthly.

**ANNEXURE B**  
**CATEGORISATION OF ESSENTIAL GOODS AND SERVICES DURING LOCKDOWN**  
**Regulation 11A**

**A. GOODS**

1. Food
  - (i) Any food product, including non-alcoholic beverages;
  - (ii) Animal food; and
  - (iii) Chemicals, packaging and ancillary products used in the production of any food product.
2. Cleaning and Hygiene Products
  - (i) Toilet Paper, sanitary pads, sanitary tampons, condoms;
  - (ii) Hand sanitiser, disinfectants, soap, alcohol for industrial use, household cleaning products, and personal protective equipment; and
  - (iii) Chemicals, packaging and ancillary products used in the production of any of the above.
3. Medical:
  - (i) Medical and Hospital Supplies, equipment and personal protective equipment; and
  - (ii) Chemicals, packaging and ancillary products used in the production of any of the above.
4. Fuel, including coal and gas
5. Basic goods, including airline and electricity.

**B. SERVICES**

Categories of essential services shall be confined to the following services:

1. Medical, Health (including Mental Health), Laboratory and Medical services;
2. Disaster Management, Fire Prevention, Fire Fighting and Emergency services;
3. Financial services necessary to maintain the functioning of the banking and payments environment, including the JSE and similar exchanges, as well as Insurance services;
4. Production and sale of the goods listed in category A, above;
5. Grocery stores, including spaza shops;
6. Electricity, water, gas and fuel production, supply and maintenance;
7. Critical jobs for essential government services as determined by Head of National or Provincial Departments in accordance with the guidance by the DPSSA, including Social Grant Payments;
8. Birth and death certificates, and replacement identification documents;
9. Essential municipal services;
10. Care services and social relief of distress provided to older persons, mentally ill, persons with disabilities, the sick, and children;
11. Funeral services, including mortuaries;
12. Wildlife Management, Anti-poaching, Animal Care and Veterinary services;
13. Newspaper, broadcasting and telecommunication infrastructure and services;
14. Production and sale of any chemicals, hygiene products, pharmaceuticals for the medical or retail sector;
15. Cleaning, sanitation, sewerage, waste and refuse removal services;



16. Services related to the essential functioning of courts, judicial officers, the Master of the High Court, Sheriffs and legal practitioners required for those services;
17. Essential SARS services defined by the Commissioner of SARS;
18. Police, peace officers, traffic officers, military medical personnel and soldiers, correctional services officials and traffic management services;
19. Postal services and courier services related to transport of medical products;
20. Private security services;
21. Air-traffic Navigation, Civil Aviation Authority, Cargo Shipping and dockyard services;
22. Gold, gold refinery, coal and essential mining;
23. Accommodation used for persons rendering essential services, quarantine, isolation and the lockdown;
24. Production, manufacturing, supply, logistics, transport, delivery, critical maintenance and repair in relation to the rendering of essential services including components and equipment;
25. Transport services for persons rendering essential services and goods, and transportation of patients;
26. Services rendered by the Executive, members of Parliament, Members of the Provincial Legislature, Members of Local Councils, the Judiciary, traditional leaders and National Office Bearers of Political Parties represented in Parliament;
27. Commissioners of the South African Human Rights Commission, Gender Commission, and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities, and the Public Protector and Deputy Public Protector; and
28. Transport and logistics in respect of essential goods as set out in A above to neighboring countries.

**ANNEXURE C**  
**FORM 1**  
**PERMIT TO PERFORM ESSENTIAL SERVICE**  
**Regulation 11B(3)**

- Please note that the person to whom the permit is issued must at all times a form of identification to be presented together with this permit. If no identification is presented the person to whom the permit is issued will have to return to his or her place of residence during the lockdown

I,

<b>Surname</b>				
<b>Full names</b>				
<b>Identity number</b>				
<b>Contact details</b>	<b>Cell nr.</b>	<b>Tel Nr(W)</b>	<b>Tel Nr(H)</b>	<b>e-mail address</b>

# **COVID-19 RELIEF**

There are currently various options of relief for tax payer and business owners during this 3 weeks lockdown period.

Relief made for the following reasons:

- Payment of benefits to contributors who have lost income due to Covid-10; and
- Minimize economic of loss of employment

## **A: COVID-19 EMPLOYEE / EMPLOYER TEMPORARY RELIEF SCHEME**

1. Should an employer as a **direct** result of Covid-19 pandemic close its operations for a 3 months or lesser period and suffer financial distress, the company shall qualify for a Covid-19 Temporary Relief Benefit;
2. Normal benefits ***shall not*** be applicable (such as for every 4 days work a 1 day credit);
3. Benefit will **only pay the cost of salary** for the employees during the temporary closure of the business (*Gazette very vague is business owners are included*);
4. Benefit will be **capped to a max. of R17 712 per month** per employee and an employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided. (*The largest pay-out to a staff member will be R6732.00 per month, for those employees earning more than R17 712.00 per month, and the minimum will be in line with the current legislated minimum wage*);
5. Should an employee's income determined in point 4 above fall below the minimum wage, the employee will be paid a replacement income ***equal to minimum wage*** of the sector concerned;
6. Qualifying employees will ***receive a benefit calculated*** in terms of section 12 & 13 of the UI Act, provided that an employee shall receive a benefit of no less than minimum wage;
7. For the company **to qualify it must**:
  - 7.1. Register with the UIF;
  - 7.2. Must comply with the application procedure for financial relief scheme; and
  - 7.3. Closure must be directly linked to Covid-19 pandemic
8. **Application procedure**
  - 8.1. Apply by reporting their closure to [Covid19ters@labour.gov.za](mailto:Covid19ters@labour.gov.za) and then be an automatic response outlining the application process;
  - 8.2. Employer shall be required to furnish the UIF with following completed documents;

- i) Letter of authority from company;
- ii) Signed Memorandum of Agreement (MOA) from the employer or Bargaining Council with the UIF;
- iii) An employee who is being paid by the employer during this period is not entitled to this benefit

#### **B: DEFERRAL OF PAYE**

1. Deferral of 20% of PAYE liability, without SARS imposing administrative penalties and interest for the late payment;
2. PAYE 20% deferral only applies for April 2020 payroll, therefore payment of 7 May 2020;
3. The deferred PAYE liability must be paid to SARS in equal instalments over the 6 months period commencing on 1 August 2020 (therefore 1<sup>st</sup> instalment on 7<sup>th</sup> of September);
4. Will not apply if failed to submit any return or has outstanding tax debt, therefore need to be Tax Compliant!

#### **C: DEFERRAL OF PROVISIONAL TAXES**

1. Deferral a portion of the payment of the 1<sup>st</sup> and 2<sup>nd</sup> provisional tax liability, without SARS imposing administrative penalties and interest for the late payment;
2. The 1<sup>st</sup> provisional tax payment (due from 1 April to 30 September) will be based on 15% of the estimated total tax liability while the 2<sup>nd</sup> provisional tax payment (from 1 April 2020 to 31 March 2021) will be based on 65% of estimate tax liability;
3. Taxpayers with deferred payments will be required to pay the full tax liability when making the 3<sup>rd</sup> provisional tax payment in order to avoid interest charges (*etc. before 30 September 2021 for a company with a Feb Year End*);
4. Must have a turnover of less than R50 million for companies. For individuals trading in personal capacity still need to be fixed. (*Possibly turnover less than R5 million and no more of 10% of income is earned from interest, dividends, rental & remuneration*);
5. Will not apply if failed to submit any return or has outstanding tax debt, therefore need to be Tax Compliant!

#### **E: EMPLOYMENT TAX INCENTIVE (ETI) PROGRAMME**

1. ETI programme available for persons between 19 & 29 earning less than R6 500;
2. Max monthly ETI claimable per qualifying employee is limited to R1 000 in 1<sup>st</sup> year and R500 in 2<sup>nd</sup> year and only claimable for first 24 months;
3. ETI programme expanding for period beginning 1 April 2020 till 31 July 2020;
  - 3.1. Increasing the max amount from R1 000 to R1 500 per employee for 1<sup>st</sup> year and from R500 to R1 000 for the 2<sup>nd</sup> year;
4. Only applicable if you were registered with SARS as at 1 March 2020



## TOURISM RELIEF FUND FOR SMMEs

### Funding criteria and the application process

The Tourism Relief Fund provides once-off capped grant assistance to Small Micro and Medium Sized Enterprises (SMMEs) in the tourism sector to mitigate the impact of COVID-19 in order to ensure their sustainability.

Capped at R50 000 per entity, grant funding can be utilised to subsidise expenses towards fixed costs, operational costs, supplies and other pressure cost items. Preference will be given to enterprises with the highest score in terms of the scoring criteria below which serves as a pre-qualification. The final evaluation will be done by a panel of experts in terms of functionality.

Guided by the Tourism Broad Based Black Economic Empowerment (B-BBEE) Codes of Good Practices approved by the Minister of Trade and Industries in 2015 (in line with the B-BBEE Amendment Act No. 46 of 2013), the Tourism Relief Fund is administered in line with the objectives of Economic Transformation, and our vision to ensure sustainable and inclusive tourism development.

The applications will be processed weekly, subject to availability of funds, while observing equitable spatial distribution in terms of provinces.

Categories eligible to apply for the Tourism Relief Fund include the following:

- **Accommodation establishments:** Hotels, Lodges, Bed and Breakfast (B&B's), Guest Houses and Backpackers.
- **Hospitality and related services:** Restaurants (not attached to hotels); Conference venues (not attached to hotels); Professional catering; and Attractions
- **Travel and related services:** Tour operators; Travel agents; Tourist guiding; Car rental companies; and Coach Operators.

### 1. QUALIFYING CRITERIA

- 1.1 Proof of valid registration with Companies and Intellectual Property Commission (CIPC).
- 1.2 Must be an Exempted Micro Enterprise (EME) defined in terms of the Amended Tourism B-BBEE Sector Code, 2015.
- 1.3 Must have a valid tax clearance certificate or PIN.
- 1.4 Proof of compliance with the minimum wage requirements.
- 1.5 Must provide proof of UIF registration for employees employed by the business.
- 1.6 Be an existing tourism-specific establishment as outlined in the scope of application (suppliers and intermediaries are not eligible).

- 1.7 Must be in existence for at least one business financial year.
- 1.8 Proof that the relief is required as a result of the impact of COVID-19.
- 1.9 Must submit the latest statements of financial position, financial performance and cash flows.
- 1.10 Must submit six months bank statements.
- 1.11 Grading certificate or proof of application to be graded for accommodation establishments.

## **2. NON- QUALIFYING ACTIVITIES**

- 2.1 Fast food and take away restaurants, nightclubs, bars, gaming and gambling venues
- 2.2 Franchised restaurants and those attached to tourism facilities
- 2.3 Establishments wholly or partially owned by Government will not be considered

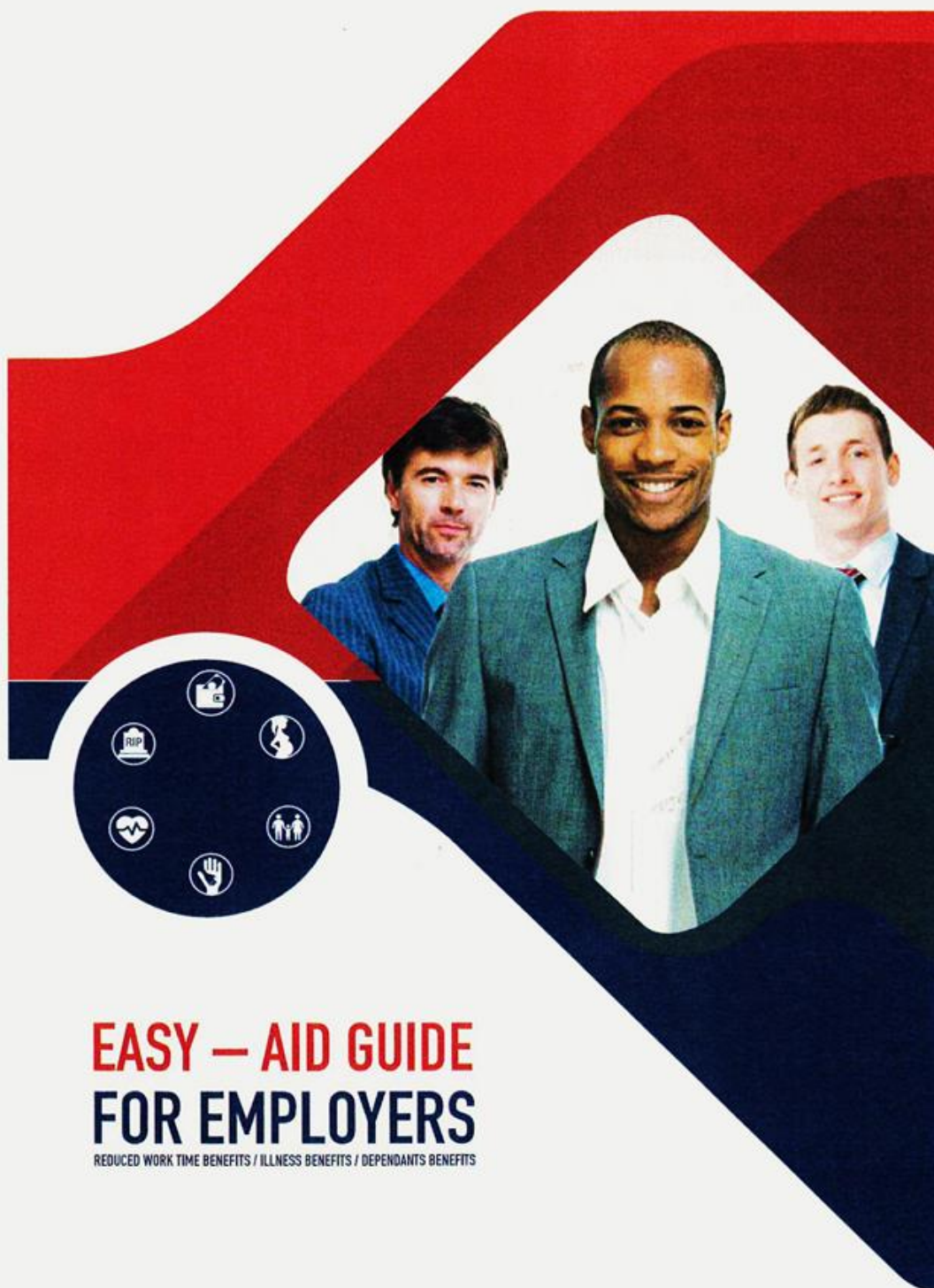
## **3. FUND APPLICATION PROCESS**

- 3.1 SMMEs can submit funding applications by completing a form accessible online at <https://www.tourism.gov.za/Pages/COVID19TOURISMRELIEFFUND.aspx> or by email at [covidrelief@tourism.gov.za](mailto:covidrelief@tourism.gov.za)
- 3.2 Application forms must be submitted with the following pre-qualifying/compulsory documents:
  - 3.2.1 Complete application form.
  - 3.2.2 Registration certificate issued by CIPC.
  - 3.2.3 Certified ID copies of Directors/members.
  - 3.2.4 Six months bank statements.
  - 3.2.4 Latest annual financial statements – Income, Cash flow statements and statement of financial position.
  - 3.2.5 Business profile – 2 to 5 pages maximum.
  - 3.2.6 Relevant industry certification – depending on the business focus area.
  - 3.2.7 Latest UIF/U-filing contribution certificate.
  - 3.2.8 Indicate the intended use of the resources – budget breakdown (to be adhered to in the expenditure).
  - 3.2.9 Grading certificate or proof of application to be graded (where applicable)
  - 3.2.10 Certificate of B-BBEE or Affidavit.
  - 3.2.11 Tax clearance certificate or PIN.
  - 3.2.12 Medical certificate for people with disabilities where applicable.



employment & labour

Department:  
Employment and Labour  
REPUBLIC OF SOUTH AFRICA



**UIF | WORKING FOR YOU**

**POSTAL ADDRESS:** P.O.Box 1851, Pretoria, 0001 **PHYSICAL ADDRESS:** 230 Lillian Ngoyi, Absa Towers, Pretoria **TEL:** (012) 337 1680



## 1. EASY-AID GUIDE FOR EMPLOYERS FOR UIF BENEFITS

The Minister of Employment and Labour has announced measures that the Department will put in place as required under the current special circumstance relating to the Corona virus (COVID-19) and its impact on UIF contributors.

The Unemployment Insurance Fund will compensate affected workers through a new "National Disaster Benefit" and its existing the Illness, Reduced Work Time and Unemployment benefits.

**This new "National Disaster Benefit" and any other normal UIF benefit is only applicable to employers who are registered with UIF and make monthly contributions as required by the Contributions Act of 2002.**

## 2. NATIONAL DISASTER BENEFIT :

- The employer may decide, as a direct result from the current Corona virus (COVID-19) pandemic to close their business for a period and send employees home. This constitutes a temporary lay-off. If the employer cannot pay his employees for this period, the employer can apply for the "National Disaster Benefit" from the UIF.
- This benefit will be de-linked from the UIF's normal benefit structure and therefore the normal rule that for every 4 days worked the employee accumulated 1 credit day and maximum credit days payable is 365 for every 4 completed years will not apply.
- This benefit will be at a flat rate equal to the minimum wage (R3 500) per employee for the duration of the shutdown or a maximum period of three months, whichever period is the shortest.
- If an employee is ill, temporary lay-off or unemployed for longer than three months, the normal UIF benefits as explained below will apply.

## 3. REQUIRED FORMS AND DOCUMENTS :

- UI19 and UI2.7 (completed by Employer)
- UI 2.1 (application form)
- UI 2.8 (bank form completed by the bank)





- A letter from the Employer confirming company shutdown or employee's "temporary lay-off" is due to the Corona Virus
- Copy of employee's ID document

#### 4. IT SHOULD BE NOTED THAT:

- This benefit will be at a flat rate equal to the minimum wage (R3 500) per whichever period is the shortest.
- An employer or employee cannot apply for the "National Disaster Benefit" and any other UIF benefit simultaneously.

#### 5. REDUCED WORK TIME :

- Where a Company shuts down for a certain period or implements Reduced or Short Time.
- Benefits payable is the difference between what employer pays and normal UIF benefits payable should an employee lose employment.

#### 6. REQUIRED FORMS AND DOCUMENTS:

- UI19 and UI2.7 (completed by Employer)
- UI 2.1 ( application)
- UI 2.8 (bank form completed by the bank)
- A letter from the Employer confirming Reduced Work Time is due to the Corona Virus
- Copy of ID document.



## **7. IT SHOULD BE NOTED THAT:**

- For every 4 days worked the employee accumulates 1 credit day, and maximum credits days payable is 365 for every four completed years.
- Benefits are paid as per prescribed benefits structure from 239 to 365 days.

## **8. ILLNESS BENEFITS :**

- Where an employee has been quarantined for 14 days, Illness Benefit process will apply.
- A Confirmation Letter from both the employer and employee must be submitted together with the application as proof that both the employer and employee have agreed to the 14 days 'special leave'.
- In this instance the letters will stand in place of the medical certificate as the beneficiary would have self – quarantined without prior consultation with a medical practitioner. Benefits will be paid based on these letters.
- Should an employee be quarantined for more than 14 days, a medical certificate from a medical practitioner must be submitted together with the Continuation Form UI3.

## **9. THE APPLICABLE FORMS ARE :**

- UI19 and UI2.7 (completed by Employer)
- UI2.2 (a portion of which is completed by the Doctor)
- UI 2.8 (bank form completed by the bank)
- Copy of ID document.

## **10. IT SHOULD BE NOTED THAT :**

- For every 4 days worked the employee accumulates 1 credit day, and maximum credits days payable is 365 for every four completed years.
- Benefits are paid as per prescribed benefits structure from 239 to 365 days.



## 11. DEATH BENEFIT :

**In the undesirable event where a contributor passes on, the following will apply:**

- Benefits are paid to the beneficiaries of the deceased. People eligible to apply are a Spouse, Life Partner, Children and nominated persons, in that order.

## 12. THE APPLICABLE FORMS AND REQUIRED DOCUMENTS ARE :

- UI19 and UI 53 (completed by the Employer)
- UI 2.5 or UI2.6 ( deceased application)
- Death Certificate
- ID of deceased and applicant
- UI 2.8 (bank form completed by the bank)
- Copy of ID document.

## 13. IT SHOULD BE NOTED THAT :

- For every 4 days worked you accumulate 1 credit day and maximum credits days payable is 365 for every four completed years.
- Benefits are paid as per prescribed benefits structure from 239 to 365 days.

## 14. HOW TO APPLY FOR THESE BENEFITS :

14.1 Employers must complete the UI 19 Form stating the last date of termination and the reason thereof.

14.2 The forms can be submitted through the following methods:

- Online at: [www.ufiling.co.za](http://www.ufiling.co.za). (Illness benefits)
- Email the application to the nearest UIF processing Centre. (Illness/ Reduced Work Time/Death benefits)

14.3 Fax the application to the nearest UIF processing Centre. (Illness/ Reduced Work Time/Death benefits)

Mailbox	Fax to email Number
Germiston.BCP@labour.gov.za	0864397295
Petermari.BCP@labour.gov.za	0864397296
EastLondon.BCP@labour.gov.za	0864397299
Capet.BCP@labour.gov.za	0864397300
George.BCP@labour.gov.za	0864397301
NorthWest.BCP@labour.gov.za	0864397302
Limpopo.BCP@labour.gov.za	0864397303
Mpumalanga.BCP@labour.gov.za	0864397304
Freestate.BCP@labour.gov.za	0864397305
Online.BCP@labour.gov.za	0864397306
Durban.BCP@labour.gov.za	0864397297
Portelizabeth.BCP@labour.gov.za	0864397298
NorthernCape.BCP@labour.gov.za	0864397309
Johannesburg.BCP@labour.gov.za	0864397294
Pretoria.BCP@labour.gov.za	0864397290



**14.4 Application forms can be downloaded from the Department of Employment and Labour website: [www.labour.gov.za](http://www.labour.gov.za).**

## **15. RAPID RESPONSE TEAMS :**

The Rapid Response Teams have been established to assist companies with processing of claims in cases where they have retrenchments of more than 50 employees. The teams will be deployed to employer premises in each province.

**Below is a list of officials to be contacted to make arrangements**

PROVINCE	BUSINESS UNIT MANAGER	OFFICE NUMBER
Eastern Cape	Philiswa Madikazi	043 701 3342
Free State	Morgan Ramatsetse	051 505 6362/6200
Gauteng	Dingaan Basimane	011 853 0303
KwaZulu-Natal	Gugu Khomo	031 366 2012
Limpopo	Ronet Landman	015 290 1703
Mpumalanga	Evelyn Mokoena	013 655 8742
Northern Cape	Adv Bulelani Gwabeni	053 838 1554
North West	Selete Qhamakhoane	018 387 8178
Western Cape	Tony Lamati	021 441 8054