



IAPA JOHANNESBURG LOCKDOWN EDITION NEWSLETTER

SA LOCKDOWN INFORMATION

Throughout the lockdown till 16 April 2020, we are open virtually. All staff are working from home through our server. Our switchboard is redirected and we are contactable on 011 887 8593.

If you need to speak to our management, the following are their contact details:

- David Grawitzky 0828213449 david@iapa.co.za (Partner)
- Joyce Blaauw 011 887 8593 joyce@iapa.co.za (Tax Department)
- Chavie Aronowitz 011 887 8593 chavie@iapa.co.za (Secretarial, Payroll Dept)
- Yolande Marx 083 286 0677 yolande@iapa.co.za (Accounting Department)
- Carmen Meyer 079 570 4081 carmen@iapa.co.za (Audit Department)
- Sam Mashiloane 073 867 334 sam@iapa.co.za (Audit Department)
- Switchboard 011 887 8593 reception@iapa.co.za

We wish you all to be well during these difficult times.

MEASURES TO MITIGATE THE IMPACT OF SA COVID-19 ON BUSINESSES IN SOUTH AFRICA

In an effort to mitigate the impact on businesses (especially small and medium business in South Africa), various measures are available, including mild tax breaks, a solidarity fund, increased support for small businesses and bank payment holidays to businesses meeting the necessary criteria. Mostly the measures are aimed at those organisations involved in critical services and manufacturing from food to masks. In certain instances, the exact mechanisms of these aforementioned measures are still somewhat murky and we are awaiting clarification to be forthcoming in the near future.

SMMes debt relief fund:

The Department of Small Business Development has launched a debt relief fund to assist qualifying micro and medium businesses. The fund is aimed at providing relief on existing debts and repayments.

For SMMes to be eligible for assistance under this fund, such businesses must be able to demonstrate a direct link of the impact or potential impact of the virus on its business operations. The facility will also assist in acquiring raw material, pay labour and operational costs. Businesses will be required to register for relief at: www.smmesa.gov.za

Loans available for small businesses at prime less 5%:

The Department of Small Business Development will make available a range of funds and mechanisms for small businesses, and in some cases also the likes of hawkers and the self-employed.

For those genuinely in need, the interest rate will be set at prime minus 5%, which currently means an interest rate of 3.75% per annum. Fake rumours have been spread that assistance will only be available to companies that are more than half black owned. However, priority will be given to companies that benefit women, young people and people with disabilities.

Requirements for support include: Businesses must be 100% South African owned; at least 70% of employees must be South Africans; and recipients must be tax compliant.

Small tourism companies:

R200m has been set aside by the tourism minister to support tourism businesses – with a focus on black-owned businesses. To qualify, such businesses should have an annual turnover of not more than R2.5m; have been in business for at least one year; were not in distress before the Covid-19 disaster; and are fully registered with the CIPC and are tax compliant.

Solidarity Fund:

The government has set up a Solidarity Fund which will pool funds from all spheres, including government, private sector and individual contributors. Government has already provided R150m while pledges have been received from the private sector. The fund will focus efforts to combat the spread of the virus and provide assistance to those already affected. Details of the fund are available on their website: www.solidarityfund.co.za

Four-month tax holiday:

Businesses with an annual turnover of less than R50m will be permitted to delay payment of 20% of their PAYE liabilities over the following four months. No details are yet forthcoming as to the manner in which this should be done. We will advise more information as soon as it is available.

A portion of provisional and corporate income tax will may also be delayed. Again, no details are available as to the manner in which this should be done. We will advise more information as soon as it is available.

The outstanding taxes attributable to the above delay in payment will not accrue interest or penalties for the next six months. Our understanding this thus that the outstanding amounts should be settled within the following six months.

Debt- payment holidays offered by leading Banks:

Most leading banks in South Africa are offering various measures to support their clients needs. This may include deferring payments of existing loans, extending loan periods or extending additional credit to manage short-term cash flow challenges. Clients in need of such support are encouraged to contact their

dedicated relationship bankers to ascertain what measures are available and to make suitable arrangements.

The SA Reserve Bank has yet to impose a moratorium on debt repayments by those suffering loss of income due attributable to the virus.

National Disaster Benefit Fund – payment benefit from UIF fund:

If a business is compelled to close their business for a period and send employees home, and such business is not in a position to pay its employees, such employer may apply for the National Disaster Benefit from the UIF fund. This benefit is de-linked from the normal UIF benefit structure. A flat rate of R3500 per employee for the duration of the shutdown, or a maximum of three months, whichever period is the shortest, will be paid. In the event of an employee being ill, temporary laid off or unemployed for longer than three months, the normal UIF benefits will apply.

To claim this benefit, employers and employees need to both complete and submit declaration forms to the Department of Labour. A guide for employers, as well as the necessary declaration forms are available at: www.labour.gov.za

Other initiatives include:

- Assistance with wage payments through the Temporary Employee Relief Scheme which will enable companies to pay employees directly during this period and avoid retrenchments
- An employee who falls ill through exposure at their workplace will be paid through the Compensation Fund
- If necessary, the reserves of the UIF system will be utilised to extend support to those workers in SMEs and other vulnerable companies who are faced with loss of income and whose employers are not able to provide support. Details are forthcoming.
- Tax subsidy of R500 per month for the next four months for those private sector employees earning below R6500 under the Employment Tax Incentive
- Possible reduction of employer and employee contributions to UIF and employer contributions to SDL. Details are forthcoming.
- All ATMs will remain open

The SA Deference Force and SA Police Force have been deployed to ensure that the measures announced under the lockdown are implemented and adhered to by all in terms thereof, ie that individuals will not be allowed to leave their homes except under strict circumstances such as to seek medical assistance, purchase food, medicine and other supplies or to collect grants – except those categories of people who will be exempted from the lockdown. Additional measures have been announced, inter alia:

- South Africans arriving from high-risk countries will automatically be placed under quarantine for 14 days
- Non-South Africans arriving on flights from high-risk countries will be prohibited entry into SA

- International flights to Lanseria Airport have been temporarily suspended
- International travelers who arrive in SA after 9 March 2020 from high-risk countries will be confined to their hotels until they have completed a 14-day quarantine period

MORE QUOTES THROUGH DIFFICULT TIMES

- Good businesses will survive good times and bad times. - **Theo Paphitis**
- The only way to get to that next peak is to be ready for that next valley. Being raised Irish, you know to always be ready for the bad times.- **Rory O`Malley**
- Problems are not stop signs, they are guidelines - **Robert Schuller**
- There was never a night or a problem that could defeat sunrise or hope - **Bernard Williams**
- There are no big problems, there are just a lot of little problems. - **Henry Ford**
- Whatever the problem, be part of the solution. Don` t just sit around raising questions and pointing out obstacles.- **Tina Fey**
- I believe that everyone has good days and bad days, but you can` t let the bad times beat you down.- **Bobby Deol**
- If you like being patted at the back for the good times, you have to be prepared to take the bad times.- **Michael Carrick**
- You need bad times to become a better and stronger player.- **Jerome Boateng**

SERVICES WE PROVIDE

Statutory Audits

Reviews of financial statements

Compilation of financial statements

Financial statements of Close Corporations

Outsourced Financial Management

Completing personal and corporate income tax returns and advising on the implications of income Tax legislation.

Accounting services

Providing company secretarial services including Company formations

Due Diligence Investigations

Emigration Assistance

Voluntary Disclosure Programs

Outsourced Payrolls

WEBSITE

We have a newly updated Website. Please look at it www.iapa.co.za

For any queries on any issues, please contact David Grawitzky on
Phone: 011-887-8593 or 0828213449 | Email: david@iapa.co.za | Visit our website
link: www.iapa.co.za

Important Note

The information contained in this Newsletter is of a certain nature, and may in certain circumstances be subject to misinterpretation. Consequently, we recommend that our advice be sought when acting upon the information contained herein.

While every care has been taken in the compilation of this Newsletter, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors or omissions.