



COVID-19 Tax Relief Measures

Contents



Purpose and Background

Deferral of PAYE Payment

Skills Developments Levy (SDL)

Employment Tax Incentive (ETI)

Deferral of Payment of Provisional Tax

Submission Process

Webinar Purpose and Background



- To share the information on the COVID-19 tax relief measures
 - To make provisions of the legislation more understandable
-
- The outbreak of Covid-19 is likely to result in large scale disruption of work due to illness, lockdown self isolation or quarantine.
 - Small and medium 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 response to the COVID-19 pandemic many countries around the world have introduced tax relief measures.

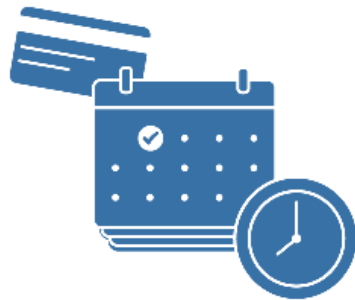
Disclaimer:

The information has no binding legal effect and the relevant legislation must be consulted in the event of any doubt on the meaning or application of any provision. This summary is based on the Revised Draft Disaster Management Bills dated 1 May 2020. Please monitor and read the final legislation

Background



Several countries have implemented measures whereby businesses are allowed to defer the payment 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.

Contents



Purpose and Background



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COVID-19:PAYE – Qualifying Criteria



First Criteria = Qualifying Criteria

- A taxpayer that conducts a trade with gross income of R100 million or less, which must not include more than 20% in aggregate of interest, local & foreign dividends, rental from letting of fixed property and any remuneration received from an employer;-
 - ☐ if the rental of fixed property is the primary trading activity and the rental income is substantially the whole of the gross income, disregard this exclusion test; and
 - ☐ for purposes of a partnership, use the aggregate partner's gross income from the partnership;
- Micro business who meet the requirements as set out in the Sixth Schedule

Second Criteria = Tax Compliant

- This includes no outstanding tax returns or outstanding tax debt(excluding tax debt subject to an instalment payment agreement, suspended or is less than R100) and is registered for tax if required to do so in terms of a tax Act

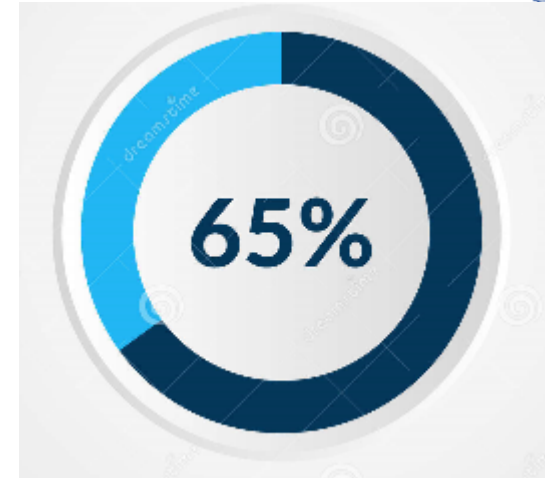


COVID-19: Tax Relief - Deferral of PAYE Payments



**Tax Periods:
April, May, June
& July**

Declare total PAYE liability
and only pay 65%



35%

Deferral of payment of 35
per cent of the PAYE
liability, without SARS
imposing administrative
penalties and interest



The deferred PAYE
liability must be paid in
equal instalments over
a six month period
commencing on 1
August 2020, i.e. the
first payment must be
made by 7 September
2020

COVID-19: Tax Relief – PAYE



Example 1

Tax Period	Total PAYE Liability	35% Deferral	65% Payable	Due Date
April	150 000	52 500	97 500	07-May-20
May	145 000	50 750	94 250	05-Jun-20
June	155 000	54 250	100 750	07-Jul-20
Jul	150 000	52 500	97 500	07-Aug-20
y Total >>>	600 000	210 000	390 000	

Cash Flow Benefit 

Tax Period	Deferred Amount Payable	Due Date
Aug-20	35 000	07-Sep-20
Sep-20	35 000	07-Oct-20
Oct-20	35 000	06-Nov-20
Nov-20	35 000	07-
Dec-20	35 000	07-Jan-21
Jan-2	35 000	05-Feb-21
1	210 000	

COVID-19: Tax Relief – PAYE Summary



CRITERIA -

- Gross income of R100 million or less
- Must not include more than 20% in aggregate of passive income
- Be tax compliant
- Must have been registered by 1 March 2020

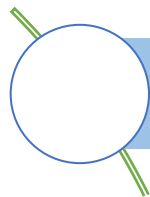
TAX PERIODS –

- April, May, June & July 2020

COVID-19 TAX RELIEF –

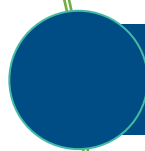
- Pay 65% of total PAYE liability on/before due date
- Defer remaining 35%
- Deferred PAYE liability payable over 6 month period (commencing 7 September 2020 and last payment 5 February 2021)
- No penalties % interest on deferred amounts

Contents

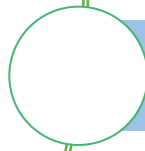


Purpose and Background

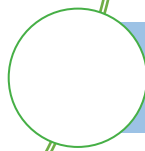
Deferral of PAYE Payment



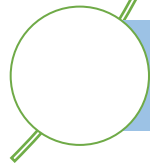
Skills Development Levy (SDL)



Employment Tax Incentive (ETI)



Deferral of Payment of Provisional Tax



Submission Process

COVID-19:Tax Relief – SDL Holiday Exemption



Tax Periods:

May

June

July

August

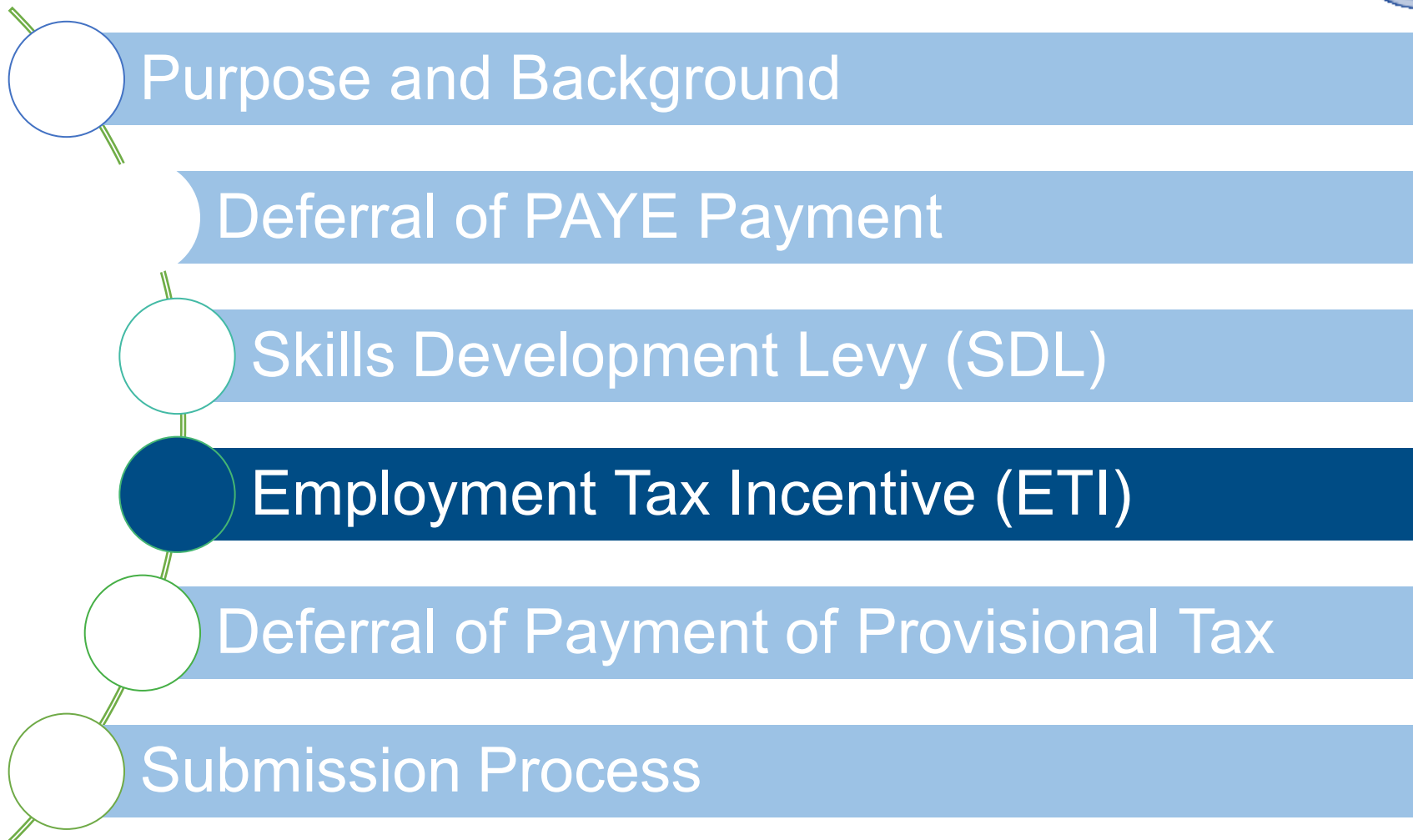
Four month
holiday for skills
development levy
contributions (1
per cent of
monthly payroll)
made by
employers



exemption

**No
payment
required!**

Contents



COVID-19 Tax Relief – ETI

Qualifying Criteria



To claim ETI expansion amount

- the employer must have been registered with SARS as at 1 March 2020; and
- be fully tax compliant

Tax Compliance means:

- No outstanding tax returns or outstanding tax debt(excluding tax debt subject to an instalment payment agreement, suspended or less than R100) and is registered for tax if required to do so in terms of a tax Act.



COVID-19: Tax Relief – ETI



Tax periods: April 2020 to July 2020

Categories	Existing ETI Rules	COVID-19 Tax Relief ETI RULES (expansion in red)
<u>First 12 months where monthly remuneration is</u>		
Less than R2000	50% of monthly remuneration	R750 + 50% of monthly remuneration
R2000 to R4499	R1000	R1750
R4500 to R6499 Formula = $X = A (B \times (C \div D))$ “X” represents ETI amount “A” represents the amount of <u>R1 000</u> ; “B” represents the number 0,50; “C” represents the monthly remuneration; “D” represents the amount of R4 500; or R6 500 or more, is an amount of nil.	Formula R1 000 0.5	Formula R1750 0.875

COVID-19: Tax Relief – ETI



Tax periods: April 2020 to July 2020

Categories	Existing ETI Rules	COVID-19 Tax Relief ETI RULES (expansion in red)
<u>Second 12 months where monthly remuneration is</u>		
Less than R2000	25% of monthly remuneration	R750 +25% of monthly remuneration
R2000 to R4499	R500	R1750
R4500 to R6499 Formula = $X = A (B \times (C \div D))$ “X” represents ETI amount “A” represents the amount of <u>R1 000</u> ; “B” represents the number 0,25; “C” represents the monthly remuneration; “D” represents the amount of R4 500; or R6 500 or more, is an amount of nil.	Formula R500 0.25	Formula R1750 0.625

COVID-19: Tax Relief – ETI



Tax periods: April 2020 to July 2020

Two New Categories

For employees 18 to 29 years that have exhausted the 24 month period & meet all other criteria -

For employees 30 to 65 years & meet all other ETI criteria -

Less than R4500 **R750**

R4500 to R6499

Formula = $X = A (B \times (C - D))$

“X” represents ETI amount

“A” represents the amount of **R750**;

“B” represents the number **0,375**;

“C” represents the monthly remuneration; “D” represents the amount of R4 500; or R6 500 or more, is an amount of nil.

COVID-19: Tax Relief

How To Set-Off ETI Against PAYE Liability



Tax periods: April 2020 to July 2020

Steps	Description
Step 1	Calculate 100% PAYE liability
Step 2	Determine the 65% & 35% split
Step 3	Calculate total ETI amount for that tax period plus add any unused ETI amount carried forward from previous tax period
Step 4	Set-off the ETI amount against 65% PAYE liability
Step 5	If PAYE liability greater than ETI amount = payment to SARS required (see Example 2 below)
Step 6	If ETI amount greater than PAYE liability = SARS to refund within 1 to 10 working days from submission of EMP 201 <small>new (COVID-19 tax relief)</small> (see Example 2 below)

COVID-19 Tax Relief – PAYE & ETI



Example 2



COVID-19: Tax Relief – ETI Summary



CRITERIA -

- the employer must have been registered with SARS as at 1 March 2020
- be fully tax compliant
- comply with existing + expanded rules of ETI

TAX PERIODS –

- April, May, June & July 2020

COVID-19 TAX RELIEF –

1st 12 months where monthly remuneration is

- Less than R2 000
= **R750 + 50% of month remuneration**
- R2 000 to R4 499
= **R 1750**
- R4 500 to R6 499
= **formula**

2nd 12 months where monthly remuneration is

- Less than R2 000
= **R750 + 25% of month remuneration**
- R2 000 to R4 499
= **R 1250**
- R4 500 to R6 499
= **formula**

For employees 18 to 29 years that has exhausted the 24 month period & meet all other criteria, an employer can claim –

- Where remuneration is less than R4 499
= **R750**
- R4 500 to R6 499
= **formula**

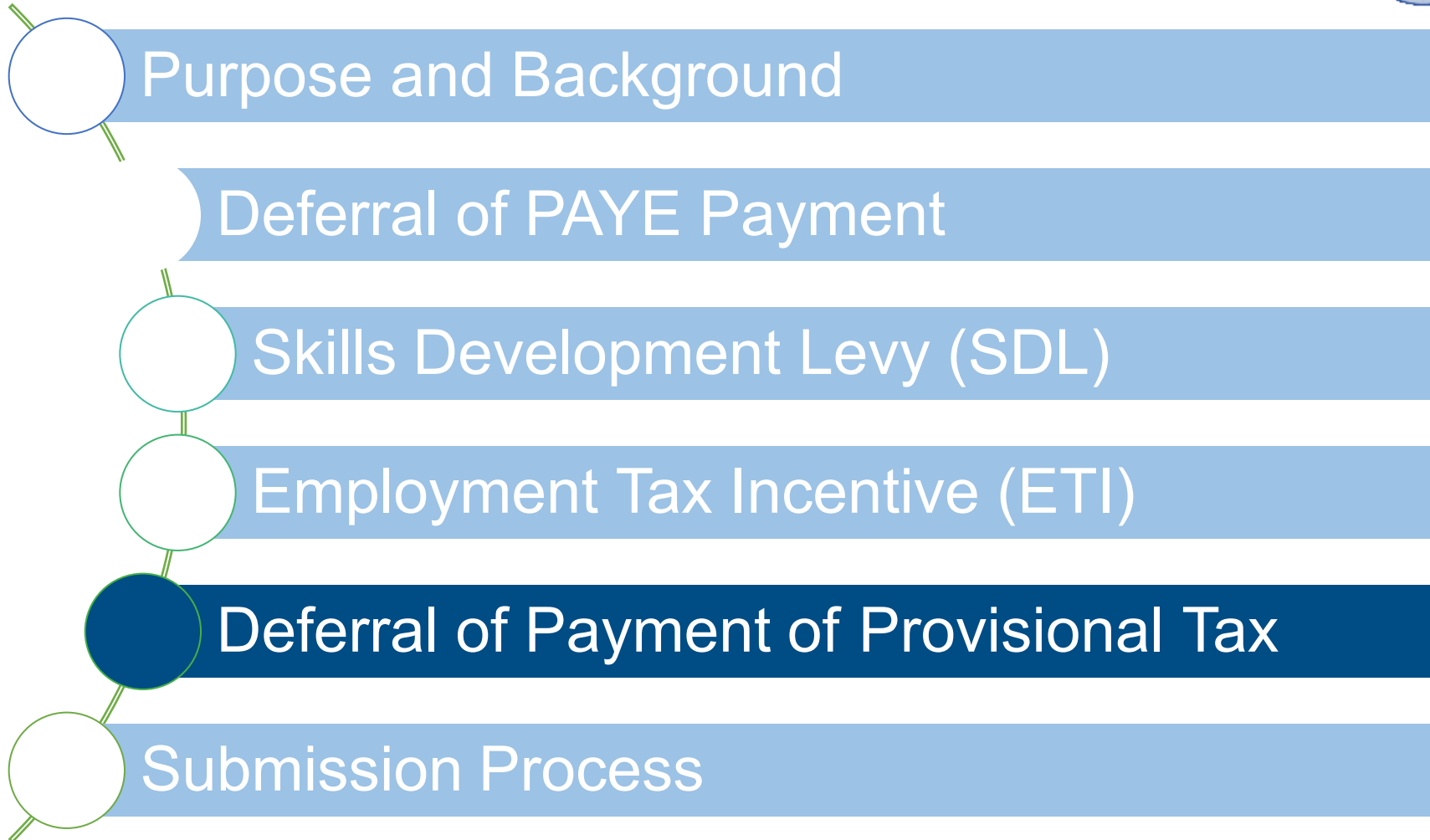
For employees 30 to 65 & meet all other criteria of an qualifying employee, an employer can claim –

- Where remuneration is less than R4 499
= **R750**
- R4 500 to R6 499
= **formula**

ETI Refunds - for tax periods April, May, June & July –

- **Any unused ETI to be refunded within 1 to 10 days** from submission of the EMP 201

Contents



COVID-19: Provisional Tax Qualifying Criteria



First Criteria = Qualifying Criteria

- A taxpayer that conducts a trade with gross income of R100 million or less, which must not include more than 20% in aggregate of interest, local & foreign dividends, rental from letting of fixed property and any remuneration received from an employer;-
 - ☐ if the rental of fixed property is the primary trading activity and the rental income is substantially the whole of the gross income, disregard this exclusion test; and
 - ☐ for purposes of a partnership, use the aggregate partner's gross income from the partnership; or
- Micro business who meet the requirements as set out in the Sixth Schedule

Second Criteria = Tax Compliant

- This includes no outstanding tax returns or outstanding tax debt(excluding tax debt subject to an instalment payment agreement, suspended or is less than R100) and is registered for tax if required to do so in terms of a tax Act



COVID-19:Tax Relief - Provisional Tax



Tax period: twelve months, beginning 1 April 2020 and ending 31 March 2021.

First provisional tax period from 1 April 2020 to 30 September 2020.

Second provisional tax period from 1 April 2020 to 31 March 2021.

- ☐ Taxpayer can defer a portion of the tax liability
- ☐ **First period = 15%** payable (instead of 50%)
- ☐ **Second period = 65%** payable less what was paid in 1st period (instead of 100%)
- ☐ **Third period = deferred 35%** payable
- ☐ No penalties and interest on the deferred amounts on the 1st and 2nd period

COVID-19:Tax Relief - Provisional Tax



Example 3

This applies to first provisional tax payments that are due during the period from 1 April 2020 to 30 September and to second provisional tax payments that are due during the period from 1 April 2020 to 31 March 2021.

Estimate Taxable Income		R 10 000 000.00
Tax at	28%	R 2 800 000.00
First Provisional Tax Period	15%	R 420 000.00
Second Provisional Tax Period (Note)	65%	R 1 400 000.00
Third Provisional Tax Period	35%	R 980 000.00

Note: R1 820 000 less payment of R420 000 made for first provisional tax period

COVID-19: Tax Relief - Provisional Tax Summary



CRITERIA -

- ✓ gross income of R100 million or less
- ✓ must not include more than 20% in aggregate of passive income
- ✓ be tax compliant

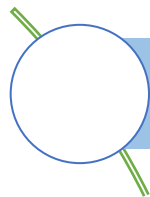
TAX PERIODS –

- ✓ First provisional tax period from 1 April 2020 to 30 September 2020.
- ✓ Second provisional tax period from 1 April 2020 to 31 March 2021.

COVID-19 TAX RELIEF –

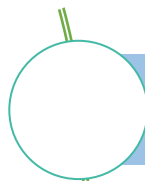
- ✓ First period = 15% payable (instead of 50%)
- ✓ Second period = 65% payable less what was paid in 1st period (instead of 100%)
- ✓ Third period = deferred 35% payable
- ✓ No penalties and interest on the deferred amounts on the 1st and 2nd period

Contents

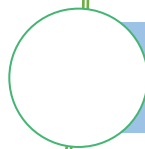


Purpose and Background

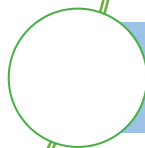
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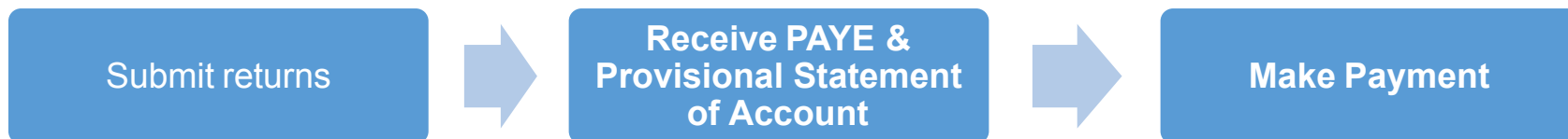


Deferral of Payment of Provisional Tax



Submission Process

PAYE (EMP 201) & Provisional Tax (IRP6) Returns and Payments



- ✓ The returns should be completed with the full tax liability
- ✓ After submission, a statement of account will be issued reflecting the relief amount (allow few minutes for processing). If the statement is not received, it can be requested by the taxpayer.
- ✓ The payment can be made for remainder of the balance, please ensure that all qualifying criteria is met.

Note:

- ✓ **If the taxpayer does not want to utilise the tax relief, please pay full tax liability.**
- ✓ **Taxpayers are required to check their tax compliance status before submitting the return.**

[How to manage your \(TCS\)](#)

[How to access My Compliance Profile \(MCP\)](#)

[How to request my TCS](#)

[How to verify my TCS](#)

PAYE – Example of Statement of Account



2020/04/22	7	LC2020054	DECLARATION	1 700.00	1 000.00	200.00	500.00	1 700.00
2020/04/22	7	LC2020054	ETI DECLARATION	-300.00	-300.00	0.00	0.00	1 400.00
2020/04/22	7	LC2020054	COVID-19 TAX RELIEF	-350.00	-350.00	0.00	0.00	1 050.00
			TOTAL LIABILITY	1 050.00	0.00	0.00	0.00	0.00
			FINANCIAL MOVEMENT	0.00	0.00	0.00	0.00	0.00
			BALANCE: TAX PERIOD 202005		350.00	200.00	500.00	1 050.00

Provisional Tax – Example of Statement of Account



Transaction Details							
Date	Transaction reference	Transaction description	Transaction value	Transaction allocation information			Account balance
				Tax	Penalty	Interest	
2020-08-31	30125	Taxpayer estimate	90 604.50	90 604.50	0.00	0.00	90 604.50
2020-08-31	COVID-19 Tax Relief	Deferment payment	-63 423.15	-63 423.15	0.00	0.00	27 181.35
		Balance: Provisional tax period 202101		27 181.35	0.00	0.00	27 181.35
		Cumulative balance		27 181.35	0.00	0.00	27 181.35

Transaction Details							
Date	Transaction reference	Transaction description	Transaction value	Transaction allocation information			Account balance
				Tax	Penalty	Interest	
2020-08-31	132	Taxpayer estimate	5 000 000.00	5 000 000.00	0.00	0.00	5 000 000.00
2020-08-31	COVID-19 Tax Relief	Deferment payment	-3 500 000.00	-3 500 000.00	0.00	0.00	1 500 000.00
2018-09-13	133	Payment adjustment journal	-1 500 000.00	-1 500 000.00	0.00	0.00	0.00
		Balance: Provisional tax period 202101		0.00	0.00	0.00	0.00
2021-02-28	137	Taxpayer estimate	10 000 000.00	10 000 000.00	0.00	0.00	10 000 000.00

COVID-19 Contact Details



PAYE & Provisional tax:

- No application to request for relief is required.
- Current Request for Remission process must be followed where Penalties and Interest exist
 - ☐ [What is Request for Remission?](#)
- SARS Branch

Debt Management (additional deferral)

- Taxpayer who qualifies to request for instalment payment without imposition of penalties must use the below email address
 - ☐ COVID19IPAbelowR100mturnover@sars.gov.za
 - ☐ COVID19IPAaboveR100mturnover@sars.gov.za

Large Business Companies

- Taxpayer must engage with its Relationship Managers

Excise

- No application is required
- Taxpayer must engaged with its designated Alcohol and Tobacco specialists

Carbon Tax

- Taxpayers must follow the current process to submit and make payment
 - ☐ [What is Carbon Tax?](#)
-

Important Information available on the website



How to access Tax Compliance status (TCS) and how to become tax compliant (submitting OR or paying debt)

- [How to manage your Tax Compliance Status \(TCS\)](#)
- [How to access My Compliance Profile \(MCP\)](#)
- [How to request my TCS](#)
- [How to verify my TCS](#)

How to register for E-filing

- [Register for eFiling](#) and follow the prompts
- [How to register for eFiling and manage your user profile](#)

How to access SOA, IT34 and Notice of registration

- [How do I get a Notice of registration](#)
- [Can I see my refund amount and payment date or the payment due date of the amount owed by me to SARS on eFiling?](#)
- [Where do I find my Notice of Assessment \(ITA34\) to see if I owe SARS money?](#)
- [Where do I find my Statement of Account \(ITSA\) to see my outstanding balance?](#)

How to register for taxes:

- [How do I register for tax](#)
- [How to complete the Registration, Amendments and Verifications form \(RAV01\)](#)
- [How to register for PAYE on eFiling](#)
- [How to register for VAT on eFiling](#)

NOTE:

Please note that Companies are first required to register with the Companies and Intellectual Property Commissioner (CIPC) offices before registering with SARS for Income Tax reference number.

Process:

- Once the taxpayer registered with CIPC, SARS will generate an Income Tax reference number
 - ☐ Taxpayer can register on Efiling to become an Efiler
- Once registered on Efiling
 - ☐ Taxpayer can register PAYE and VAT on eFiling using Registration Amendment Verification Form(RAV (01)

SARS videos

- www.youtube.com/sarstax.

Contact Us



We've made it easier for you.

Go Digital!

- Download the SARS MobiApp via your app store.
- Register for eFiling [here](#)
- [Click here](#) for a list of services that are available on our digital platforms

▪ **Need a Tax Number?**

Register for eFiling and you will be automatically registered for personal income tax and receive a tax reference number

- For more information on the Tax Relief, visit the:
 - ☐ SARS YouTube channel www.youtube.com/sarstax for the recording.
 - ☐ SARS website on www.sars.gov.za and go to Small Business webpage

Questions



SARSWebinar@sars.gov.za

Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza