techtalk
Corporate Reporting & Assurance

SAICA
THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

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Webcast series - 2 April 2020

Speaker
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UIF – Reduced work time benefit

Applies - Shut down for period or implement reduced time

UIF Act - S12 (1B) A contributor employed in any sector who loses his or her income due to reduced working time, despite still being employed, is entitled to benefits if the contributor's total income falls below the benefit level that the contributor would have received if he or she had become wholly unemployed, subject to that contributor having enough credits.

Claim = UIF benefit payable - Employer pay employee

Forms

- ✓ UI19 & UI2.7 (employer)
- ✓ UI2.1
- ✓ UI2.8 (bank)
- ✓ Letter from employer – Reduced work time due to Covid-19
- ✓ Copy of ID
- ✓ Letter from employer – Reduced work time due to Covid-19

UIF – Illness benefit

UIF Act

*S20. **Right to illness benefits***

(1) Subject to section 14, a contributor is entitled to the illness benefits contemplated in this Part for any period of illness if:

(a) the contributor is unable to perform work on account of illness;

(b) the contributor fulfils any prescribed requirements in respect of any specified illness; and

(c) application is made for illness benefits in accordance with the prescribed requirements and the provisions of this Part.

(2) A contributor is not entitled to illness benefits:

(a) if the period of illness is less than 7 days; and

(b) for any period during which the contributor:

(i) is entitled to unemployment benefits in terms of Part B of this Chapter or adoption benefits in terms of Part E of this Chapter; or

(ii) without just reason, refuses or fails to undergo medical treatment or to carry out the instructions of a medical practitioner, chiropractor or homeopath.

UIF – Illness benefit

Applies

- Employee quarantined for 14 days

Forms

- UI19 & UI2.7 (employer)
- UI2.2
- UI2.8 (bank)
- Copy of ID

- Confirmation letter from employer & employee – both agreed to 14 days “special leave”
- Letter in place of medical certificate
- Quarantined > 14 days medical certificate & Continuation From UI3

UIF – Death benefits

- S30 - Right to dependent benefits
- Benefits paid to beneficiaries of deceased (spouse, life partner, children & nominated persons)

Forms

- ✓ UI19 & UI 53 (employer)
- ✓ UI 2.5 or UI2.6
- ✓ Death certificate
- ✓ UI2.8 (bank)
- ✓ ID of deceased and applicant

UIF – Claim

- Employer and employees must be registered

Contributions

- Must pay contributions = 1% employee & 1% employer to claim
- Maximum earnings ceiling is R14 872 per month or R178 464 annually.
- For employees who earn more than this amount, the contribution is calculated using the maximum earnings ceiling amount. Therefore the maximum contribution which can be deducted, for employees who earn more than R14 872 per month, is R148.72 per month.
- Accrues at a rate of one day's benefit for every completed four days of employment as a contributor subject to a maximum accrual of 365 days benefit in the four year period immediately preceding the day after the date of ending of the period of employment

Claim

- Capped at maximum of R17 712 per month, paid per income replacement sliding scale (38% - 60%)
- Minimum to be paid is minimum wage or sector minimum wage

Corona Virus Temporary employer / employee relief scheme (COVID19TERS)

What: Corona Virus Temporary Employer-Employee Relief Scheme (COVID19TERS) to contribute to the containment of the Corona Virus and its impact.

How: Employer/s that have to enforce lock down as regulated and who might require financial assistance from the UIF should access information regarding available funding
E-mail to: covid19ters@labour.gov.za

On receipt of a request, an automated response will be sent outlining the procedure and documents/information required by the Fund to process application

Delinked from normal UIF benefits
Also applicable to quarantine – illness under TERS

ONLY APPLY FOR other UIF benefits or TERS

Corona Virus Temporary employer / employee relief scheme (COVID19TERS)

Step 1:

- Letter of authority on an official company letterhead granting permission to an individual specified to lodge a claim on behalf of the company
- MOA (completion of the agreement between UIF, Bargaining Council and Employer for employers with more than 10 employees)
- Prescribed template that will require critical information from the employer
- Confirmation of bank account details in the form of certified latest bank statement
- Evidence / payroll as proof of the last three months' employee(s) salary(ies)

Step 2:

Submission Process - Submit/transmit all documents as required to UIF via dedicated mailbox Covid19UIFclaims@labour.gov.za

Step 3:

Conclusion of the MOA between parties.
Payment made to employer who then needs to pay employee

Payment will only be effected after MOA sign off between the Fund and the Employer/Bargaining Council.

UIF – TERS salary claim

Cost of salary for employees

Capped at maximum of R17 712 per month, paid per income replacement sliding scale (38% - 60%)
Minimum to be paid is minimum wage or sector minimum wage.
Can be claimed for 21 days to 3 months

Category	Per month	Per week	Per day
Maximum paid	R17 712 x 38% = R6 730 p/m	R4 087 p/w x 38% = R1 553 p/w	R817.40 x 38% = R310.60 p/d
Minimum paid: Basic		R830.40 p/w	R20.76 x 8 hrs=R166.08 p/d
Domestic workers		R622.70 p/w	R15.57 x 8hrs = R124.56 p/d
Agriculture		R747.20 p/w	R18.68 x 8=R149.44 p/d
Expanded public works		R456.80 p/w	R11.42 x 8 =R91.36 p/d

Compensation Fund

- Compensation for occupationally acquired – COVID-19
- Effective 20 March 2020
- CompEasy system or Mutual Association Claims – use Code U07.1
- Can be contracted as employee – in workplace or as part of travel
- **Occupations at risk**
    - Very high risk – healthcare workers working with COVID-19 patients
    - High risk – healthcare delivery & support staff
    - Medium exposure – jobs that require contact with people who may be infected
    - Low exposure - don't require contact

Compensation Fund

Benefits

- Total temporary disablement
  - Suspected cases – self-quarantine (employer responsible)
  - Confirmed cases – if Fund accept liability, will pay for 30 days
- Medical aid
- Death benefit

Reporting

- Employers report – W.CL.1
- Notice of occupational disease and claim for compensation –W.CL.14
- Exposure and medical questionnaire
- First medical report – W.CL.22 indicating U07.1 as code
- Exposure history – W.CL 110
- Medical report
- Progress medical report – W.CL.26
- Final medical report – W.CL.26
- Affidavit

Compensation Fund

On-line claims

Compensation Fund – CompEasy (www.labour.gov.za)
Rand Mutual Assurance – CompCare (www.randmutual.co.za)
Federated Employers Mutual – IMS (httos://roe.fem.co.za)

Manual claims

- Covid19ters@labour.gov.za

Compensation Fund - covid19claims@labour.gov.za
Rand Mutual Assurance – contactcentre@randmutual.co.za
Federated Employers Mutual – FEM-Registry@fema.co.za

SMME Definition National Small Enterprise Act, Sch1

Sector or subsector in accordance with the Standard Industrial Classification	Size or class	The total full-time equivalent of paid employees	Total turnover
Agriculture	Medium	51-250	≤R35M
	Small	11-50	≤R17m
	Micro	0-10	≤R7m
Mining and quarrying	Medium	51-250	≤R210m
	Small	11-50	≤R50m
	Micro	0-10	≤R15m
Manufacturing	Medium	51-250	≤R170m
	Small	11-50	≤R50m
	Micro	0-10	≤R10m
Electricity, gas and water	Medium	51-250	≤R180m
	Small	11-50	≤R60m
	Micro	0-10	≤R10m
Construction	Medium	51-250	≤R170m
	Small	11-50	≤R75m
	Micro	0-10	≤R10m
Retail and motor trade and repair services	Medium	51-250	≤R80m
	Small	11-50	≤R25m
	Micro	0-10	≤R7,5m
Wholesale trade, commercial agents and allied services	Medium	51-250	≤R220m
	Small	11-50	≤R89m
	Micro	0-10	≤R20m
Catering, accommodation and other trade	Medium	51-250	≤R40m
	Small	11-50	≤R15m
	Micro	0-10	≤R5m
Transport, storage and communications	Medium	51-250	≤R140m
	Small	11-50	≤R45m
	Micro	0-10	≤R7,5m
Finance and business services	Medium	51-250	≤R85m
	Small	11-50	≤R35m
	Micro	0-10	≤R7,5m
Community, social and personal services	Medium	51-250	≤R70m
	Small	11-50	≤R22m
	Micro	0-10	≤R5m

SMME Debt relief scheme

Assistance provided : To SMMEs as per National Small Business Enterprise Act

What: Debt relief finance scheme for business that are negatively affected, directly or indirectly due to the Coronavirus pandemic for a period of 6 months for payment of employee, rates and taxes working capital
How: Provide loan to assist at prime less 5%
If loan abuse – pay back at prime + 10%

Apply
Register on : http://www.smmesa.gov.za/
Application form available from 2 April

Criteria
1. The business must have been registered with CIPC by at least 28 February 2020;
2. Company must be 100% owned by South African Citizens;
3. Employees must be 70% South Africans;
4. Priority will be given to businesses owned by Women, Youth and People with Disabilities;
5. Be registered and compliant with SARS and UIF;

SMME Debt relief scheme

Criteria

6. SEDA will assist micro-enterprises to comply and request for assistance must be emailed to debtrelief@seda.org.za;
7. Whereas small and medium enterprises must ensure own compliance;
8. Proof that the business is negatively affected by COVID-19 pandemic;
9. Complete the simplified online application platform;
10. Company Statutory Documents;
11. FICA documents (e.g. Municipal accounts, letter from traditional authority);
12. Certified ID Copies of Directors;
13. 3 months Bank Statements;
14. Latest Annual Financial Statements or Latest Management Accounts not older than three months from date of application – where applicable;
15. Business Profile;
16. 6 months Cash Flow Projections – where applicable;
17. Copy of Lease Agreement or Proof ownership if applying for rental relief;
18. If applying for payroll relief, details of employees - as registered with UIF and including banking details – will be required as payroll payments will be made directly to employees; SMME employers who are not compliant with UIF must register before applying for relief; Facility Statements of Other Funders; Detail breakdown on application of funds including s salaries, rent etc

SMME Business growth resilience facility

Assistance provided : To SMMEs as per National Small Business Enterprise Act

What: Businesses geared to take advantage of supply opportunities resulting from the Coronavirus pandemic or shortage of goods in the local market

How: Provide loan to assist at prime less 5%
If loan abuse – pay back at prime + 10%
From 1 April for 6 months

Apply
Register on : http://www.smmesa.gov.za/
Application form available from 2 April

SMME Business growth resilience facility

Criteria

1. The business must have been registered with CIPC by at least 28 February 2020;
2. Company must be 100% owned by South African Citizens;
3. Employees must be 70% South Africans;
4. Priority will be given to businesses owned by Women, Youth and People with Disabilities;
5. Be registered and compliant with SARS and UIF;
6. For non-compliant Micro businesses, SEDA will assist them to comply and request for assistance must be sent to: growthfund@seda.org.za
7. Complete the simplified online application form available from www.dsbd.gov.za
8. www.sefa.org.za
9. www.seda.org.za
10. CIPC Registration Documents;
11. FICA documents (e.g. Municipal accounts, letter from traditional authority);
12. ID Copies of Directors/ members;
13. 3 months Bank Statements;
14. Latest Annual Financial Statements or Management Accounts not older than three months from date of application;
15. Business Profile;
16. 6 months Cash Flow Projections – where applicable;
17. Relevant Industry Certification – where applicable;
18. Estimations for funding requested

Self employed, hawkers, spaza shops

- **Assistance to owner-managed shop-owners**
  - granted access to network purchasing or bulk-buying opportunities co-ordinated by her department with selected wholesalers to buy pre-approved basket of goods
  - seed capital to enable traders to buy stock as well as a credit facility to enable purchases “on a continuous basis” beyond the current crisis - stock products made by South African enterprises

- **Requirements**
  - Owned by SA citizens and managed and run by SA citizens
  - Municipal permit
  - Registered with SARS, CIPC, UIF
  - Must buy local goods
  - Hygiene requirements
  - Bank account

Package is being finalised, along with the support for other informal sector workers, and the date for the opening of applications will be announced on 2 April 2020

Once granted funding, the businesses had to be willing to continue with the programme for at least a year and submit monthly management accounts
SA’s citizens registering for support have to have SA identity documents and permit to trade.

Foreign spaza shops owners had top have been admitted to SA “lawfully”, hold valid passports with relevant business visas or permits, which included the condition to work or operate a business.

IDC

IDC has structured a range of funding products in support of businesses.

Contact : covid@idc.co.za or 0860 693 888

Working capital support : R300 m for IDC
R200 m for SEFA (Small Enterprise Finance Agency)
R200 m for NED (National Empowerment Fund)

Sector specific interventions

- Mining and metals
- Agriculture and agro processing
- Automotive industry

Post investment support

<R1m SEFA

IDC COVID-19 Essential Supplies Intervention

R500m for essential suppliers

Use of funds: provide funding to companies for the acquisition and/or the manufacturing of essential supplies - urgent basis to combat the
Covid-19 pandemic. Products on the comprehensive list published by the Treasury Department (which may be updated)

Requirements

- Track record
- Confirm lack of local manufacturing
- Accredited supplier
- profitability as per historical financial statements
- The intention should not be profiteering - the mark-up should be reasonable.
- Contract or purchase order with either the South African government or a strong customer foressential supplies and more…..

Financial instruments and terms

- Short term loan for once off- contract or import funding
- Revolving Credit Facility
- Guarantees to banks for banking facilities, imports, ordering requirements
- Term to be limited to a maximum of 3 months for all facilities
- Interest rate and pricing:
- IDC loan and trade finance facilities: P + 1% pa
- MCEP Loan facilities 2,5% pa
- Guarantees: 2% p.a.

Tourism

The Department of Tourism made R200 million available to assist SMMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions

Use of funds

- Accommodation: Hotels; Resort properties and Bed and Breakfast (B&B's)
- Hospitality and Related Services: Restaurants (not attached to hotels); Conference (not attached to hotels), Professional catering; Attractions
- Travel and Related Services: Tour operators; Travel agents; Tourist guides; Car rental companies; and Coach Operators.

The relief will be distributed in a spatially equitable manner to ensure that all provinces benefit.

- At least 70% of beneficiaries will be businesses that are Black owned.
- At least 50% of beneficiaries will be businesses that are women owned.
- At least 30% of beneficiaries will be businesses that are youth owned.
- At least 4% of beneficiaries will be businesses that are owned by people with disabilities

Tourism

Access: no information yet, but are establishing the Tourism Services Call Centre for information

Requirements:

- Must be a formally registered business with Companies and Intellectual Property Commission (CIPC).
- Turnover must not exceed R2.5 million per year.
- Must have a valid tax clearance certificate.
- Guaranteed employment for a minimum number of staff for a period of 3 months.
- Proof of minimum wage compliance.
- Must provide proof of UIF registration for employees employed by the business.
- Be an existing tourism-specific establishment as outline in the scope of application (suppliers and intermediaries are not eligible).
- Must be in existence for at least one business financial year.
- Prove that the relief is required as a result of the impact of COVID-19.
- Must submit statements of financial position; over 12 months' bank statement, balance sheet, income statements, cash flow statements.
- Indicate the intended use of the resources.

Solidarity Fund

Donations received (R150m + R1bn (Mary Oppenheimer & daughters) + R500m (Naspers)

Use of funds: Goals of prevention, detection, care and support of those whose lives has been disrupted by the pandemic.

Focus areas:

1. Health Response to provide direct support for the healthcare system, augmenting both the private and government healthcare sectors to ensure they have what they need, as well as enabling emergency supplies. Currently they have bought Personal Protective Equipment to the value of R100 million for health workers.
2. Solidarity Campaign to mobilise citizens while inspiring behavioural change to flatten the curve and manage the pandemic.
3. Humanitarian Effort to enable resilience through augmenting the efforts of government and business to provide various forms of humanitarian aid and support to the most vulnerable households and communities to enhance their ability to cope – through sustaining access to food, care and through providing SMMEs support to sustain their employees through the economic shut-down.

Access: Not applicable - Will not be providing any short-term funding for SMMEs.

SA Future Trust (SAFT)

Oppenheimer donation (available 3 April) (R1Bn)

Use of funds : direct financial support to SMME employees who are at risk of losing their jobs or will suffer a loss of income because of Covid-19

Access : Apply at one of the 4 major banks for loan and pay eligible employees salaries

Interest free loan: Qualifying small businesses will get a R750 per qualifying employee per week, over a period of 15 weeks, or R11 250 per permanent employee. No minimum monthly payments requirements attached to the loan and settled in full at the end of the term (5 years)

SA Future Trust (SAFT)

Requirements

- Nedbank require that small business must:
- Have an annual turnover of less than R25-million.
- Have been be trading for two or more years.
- Must be in good standing with its bank, statutory creditors and with the bureaus as at the end of February 2020
- Be able to prove that revenue has been impacted by Covid-19 and therefore requires assistance to pay their permanent staff salaries.

Nedbank said it will only consider applications from its client base, busy finalising the application template, client declaration and supporting document requirements with SAFT

Other banks still to release information

Rupert and Remgro funds

Rupert funds (available – to be confirmed) (R1bn)

Use of funds : direct financial support for sole proprietors and formalised SMEs

Access : Business Partners to manage fund and process

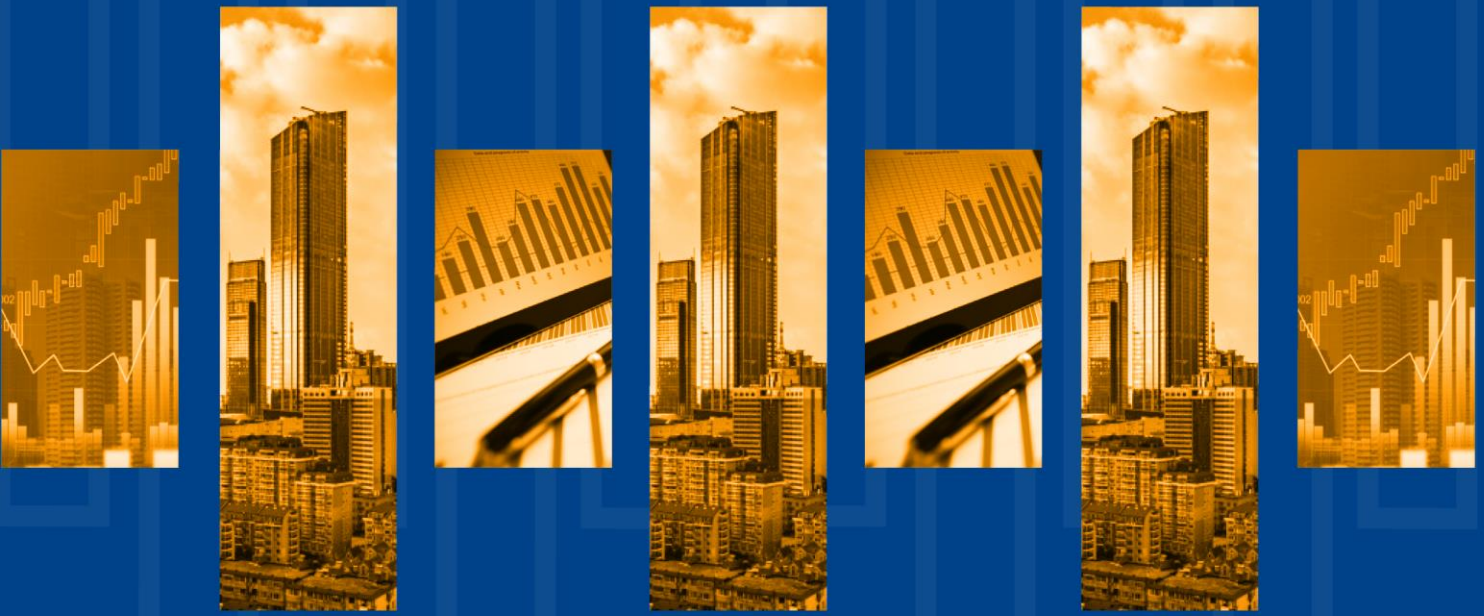
Loans: Qualifying small businesses apply via Business Partners, criteria and repayment terms still to be released

Other funds

Motshepe family (R1bn) – protective equipment and other resources

Naspers (R1bn) – protective equipment, assisting schools, other projects

SAICA COVID-19 webpage – summary to be updated daily



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