

# INFORMATION DOCUMENT



<b>Date:</b>	<b>2 April 2020</b>
<b>Subject:</b>	<b>SUMMARY OF AVAILABLE RELIEF MEASURES FOR SOUTH AFRICAN SMMEs (valid by the time of publication)</b>

## 1. PURPOSE

The purpose of this submission is to inform on a summary of relief measures for businesses during the Covid 19 pandemic.

## 2. BACKGROUND

### 2.1 General background and mandate

In terms of the Disaster Management act no. 57 of 2002 DR NKOSAZANA DLAMINI ZUMA, MP and MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS issued a DECLARATION OF A NATIONAL STATE OF DISASTER

Considering the magnitude and severity of the COVID -19 outbreak which has been declared a global pandemic by the World Health Organisation (WHO) and classified as a national disaster by the Head of the National Disaster Management Centre, and taking into account the need to augment the existing measures undertaken by organs of state to deal with the pandemic, I, Dr Nkosazana Dlamini Zuma, the Minister of Cooperative Governance and Traditional Affairs, as designated under Section 3 of the Disaster Management Act, 2002 (Act No. 57 of 2002) ( "the Act " ), in terms of –

1) Section 27(1) of the Act, hereby declare a national state of disaster having recognised that special circumstances exist to warrant the declaration of a national state of disaster; and

2) Section 27(2) of the Act may, when required, make regulations or issue directions or authorise the issue of directions concerning the matters listed therein, only to the extent that it is necessary for the purpose of -

- (a) assisting and protecting the public;
- (b) providing relief to the public;
- (c) protecting property;
- (d) preventing or combatting disruption; or
- (e) dealing with the destructive and other effects of the disaster.

Consequently The President of South Africa, Cyril Ramaphosa has announced a national lockdown in South Africa as the government announced measures to curtail the spread of novel coronavirus (Covid-19) on the 23<sup>rd</sup> of March 2020 from 24H00 26 March to 24H00 on 16 April 2020.

## **2.2 Research Conducted on General Assistance for Companies.**

**At this link Property 24 provided the following helpful information is provided:**

**<https://www.property24.com/articles/a-list-of-key-covid-19-payment-holidays-and-debt-relief-funds-heres-how-to-apply/29380>**

**A list of key Covid-19 payment holidays and debt relief funds - here's how to apply**

**31 Mar 2020**

South Africa has shown exceptional leadership in just under a month since the [Coronavirus Covid-19](#) was [first confirmed](#) in our country on 5 March.

A swift [State of Disaster declaration on 17 March](#) paved the way for less bureaucracy to allow measures to ensure South Africa avoids the fate of mainland China, central Europe and the United States – said to be the [new epi-centre](#) of this global pandemic.

We've carved a near week into the [21-day lockdown](#) the country is under, with daily updates from the President's core Covid-19 task force ministers – (including the departments of Health, Police, Trade, Transport and Social Development to mention a few) – screening and testing measures have

been ramped up – along with policies and acts adjusted to ensure the Coronavirus brunt is limited.

South Africa's economy is being pummelled but a number of debt relief measures and funds are positively in the pipeline.

Right now the big question on any business or South African individual's mind is, "What is available and how can I apply for it?"

**SEE: [10 lockdown FAQs answered](#)**

**Here's a list of the most important measures available for [South Africans](#) to apply for:**

Businesses and individuals are advised to apply for the assistance provided only if absolutely necessary and no other private insurance safety measures are in place. Added to this, tax compliance and correct business registration requirements must be in place before applications can be submitted. Know of a measure that needs to be included? Email [editor@property24.com](mailto:editor@property24.com).

## Debt Relief Measures

- **[Covid-19 Temporary Relief Scheme](#)**

This allows employers to apply for the COVID-19 Temporary Relief Benefit – to stem the financial distress of due to the pandemic for up to 3 months.

The benefit is de-linked from the Unemployment Insurance Fund's normal benefits and will only pay for the cost of salary for the Employees during the temporary closure of the business operations.

Benefits will pay a replacement income equal to minimum wage of the sector concerned and be capped to a maximum amount of R17 712, 00 per month, per Employee. It is subject to the income replacement rate sliding scale (38 % -60 %) as provided for in the Unemployment Insurance Fund Act 63 of 2001.

Businesses can apply for the Covid-19 TERS Benefit from the UIF by sending an email to [covid19ters@labour.gov.za](mailto:covid19ters@labour.gov.za) where you will be prompted with further instructions.

Small Business Development Minister Khumbudzo Ntshavheni on Tuesday, confirmed the relief measures were underway, saying reference numbers for fund allocations are expected to begin on 1 April – but also acknowledging the risk of multiple applications clogging the system.

**SEE: [Navigating an economy hit by downgrades and a deadly virus - what the experts have to say](#)**

- **Business Growth and Resilience Facility for [essential services](#)**

Industrial Development Corporation (IDC) together with the Department of Trade, Industry and Competition has set aside R3 billion to aid medical and hygiene product suppliers with capital to ensure they are able to meet the high demand during this Covid-19 pandemic. Essential services businesses will need to obtain approval from the department for approval to trade here: [www.bizportal.gov.za](http://www.bizportal.gov.za)

- **SMME Relief Finance Scheme**

Soft-loan funding for existing businesses in distress due to the COVID-19 pandemic. The relief will be for a period of 6 months, from 01 April 2020. [Click here](#) for the application process via [www.smmesa.gov.za](http://www.smmesa.gov.za)

- **Spaza shop support scheme created**

Launched by the Minister of small business development, Khumbudzo Ntshavheni on Tuesday - it will provide [seed capital](#) to shops owners to allowed them to continue to provide essential good. They must have a permit to trade from a local municipality as one of the core requirements. [SALGA](#) is making allowances to supply this during the lockdown period so shop owners can qualify for the aid.

- **South African Future Trust (SAFT)**

Created by the Oppenheimers, it allows SMMEs to apply for an interest free loan – aiding them to keep their employees during this time of cash flow crunch. Terms can be reached to repay the loan, once the crisis is over.

Eligibility includes annual turnover of below R25m, trading for at least 2 years, sound business as on 29 February and demonstrated adverse impact due to Covid-19. [Click here](#) for more details for application process details.

- **Tourism relief fund due to Covid-19 travel restrictions**

The Department of Tourism has made an additional R200 million available to assist the industry as it is impacted by the new travel restrictions. The fund will be administered to benefit SMMEs in all the 9 provinces and various tourism sub-sectors. The department says, “Necessarily and rightly there will be a degree of bias towards rural areas, townships, women, young people and people with disabilities.”

Measures are being put in place to administer the fund, with Tourism Services Call Centre being set up. [Click here](#) for the latest details.

**[READ: Property24 waivers fees for agents as SA braces for impact of Covid-19 lockdown](#)**

- **Airbnb to pay 25% of cancellation fees due to Covid-19**

Home-sharing platform Airbnb has set aside \$250m (about R451bn at R18.04/\$) to help cover the cost of COVID-19 cancellations.

When a guest cancels an accommodation reservation due to a COVID-19 related circumstance, with a check-in between March 14 and May 31, Airbnb will pay hosts 25% of what they would normally receive through your cancellation policy.

"This applies retroactively to all COVID-19 related cancellations during this period. This cost will be covered entirely by Airbnb. These payments will begin to be issued in April. Guests with reservations booked on or before March 14 will still be able to cancel and receive a standard refund or travel credit equivalent for 100% of what they paid.

Visit [airbnb.com/250Msupport](https://airbnb.com/250Msupport) for more details.

## Payment Holidays

- **What the major banks are offering**

- **Standard Bank**

From 1 April 2020, Standard Bank will support small and medium-sized enterprises (SMEs) with a payment holiday for 90 days (01 April 2020 until 30 June 2020) – restructuring payments for the repayment to come into effect after the 90-period. Visit the [Standard Bank Covid-19 site](#).

Small businesses, students and those needing help with home loans can email [debtcarecentre@standardbank.co.za](mailto:debtcarecentre@standardbank.co.za) or call 0860 123 000.

- **Absa**

From the 1 April 2020, ABSA's corporate and business clients will be offered solutions based on their unique requirements and operations. For retail clients, the ABSA relief programme incorporates a three-month payment holiday and allows customers to reduce their monthly repayments. See more details on the [Absa Covid-19 site](#).

Absa bond home-owners who would like to apply for relief should mail [bondrs@absa.co.za](mailto:bondrs@absa.co.za).

- **FNB**

From 1 April to 30 June 2020 aimed at providing relief to individual and business FNB customers whose financial stability has been impacted by Covid-19 pandemic. [Visit the FNB COVID-19 site](#).

## - Nedbank

No specific relief policy for businesses or customer are currently in place. Customers are encouraged to contact the bank directly if they are in financial distress due to Covid-19. Call 086 055 5111.

Customers who need payment relief should call the dedicated debt relief centre on 0860 110 702 and home-owners who need help can also email [HLCollections@Nedbank.co.za](mailto:HLCollections@Nedbank.co.za) or [MoratoriumRequest@Nedbank.co.za](mailto:MoratoriumRequest@Nedbank.co.za)

- **Sefa-Debt Restructuring Facility offers six-month pay holiday**

Small businesses funded by the Small Enterprise Finance Agency (Sefa) will be given a payment holiday for the next six months, with certain conditions applicable. [Click here](#) for the application process via [www.smmesa.gov.za](http://www.smmesa.gov.za)

## Tax breaks and competition rules relaxed

- **Employment Tax Incentive (ETI) raised to cover all ages – [and paid monthly](#)**

Government will extend its existing Employment Tax Incentive (ETI) programme, aimed at young workers, to all ages. Companies will be able to claim R1 500 per month for every worker who earns less than R6 500 and is younger than 30 years for the first year of employment and R1 000 in the second year of employment from the SA Revenue Service. Also, companies will get R500 for all workers up to the age of 65 who earn less than R6 500 a month. For young workers who have already been covered by the ETI payments for two years, employers will get R500 for each of them.

SARS will also pay back the PAYE reimbursements every month, instead of twice a year.

- **Companies allowed to keep [20% of monthly PAYE](#)**

Small- to medium-sized businesses - with an annual turnover of less than ZAR50 million - will be able to defer payment of 20% of their employees' tax (PAYE) liabilities due and payable for the period 1 April 2020 to 31 July 2020, without penalties and interest. The relief will be available to tax-compliant businesses.

The 20% deferral will be payable in equal instalments over six months from 1 August 2020, i.e. the first instalment must be paid by 7 September 2020.

Joon Chong, Partner at [Webber](#) Wentzel says, "In summary – there is no relief measures for VAT late payments unfortunately. There is VAT and customs duty concessions for importation of essential goods, if the importer obtains an import permit from ITAC.

"There is only relief for PAYE and provisional tax payments for small and medium sized businesses, i.e. with annual turnover of less than R50 million. Small- and medium-sized employers can defer 20% of PAYE for 1 April 2020 to 31 July 2020, over six months with no penalties and interest.

"First repayment is by 7 September 2020."

- **Deferral of provisional tax payments**

"Small- and medium-sized companies can defer provisional tax payments, 15% of estimated tax liability for the first provisional tax payment, 50% for the second, the remainder by the third provisional top up date. All of this is being finalised," states Chong.

"One possibility is that they could be eligible for similar relief if their annual turnover is less than ZAR5 million and less than 10% of their income is from interest, dividends, foreign dividends, rental and remuneration."

- **Customs duty and VAT concessions on importation of "essential goods"**

SARS issued a media statement on 27 March 2020 (updated on 29 March 2020) on certain customs duty and VAT concessions on the importation of "essential goods" as defined in the regulations issued under the Disaster Management Act.

Importers will be able to claim a full rebate of customs duty and VAT exemption on the importation of certain goods. A list of the qualifying goods is available on the International Trade Administration Commission [ITAC website](#). However, in order to claim customs duty relief under item 412.11, the importer will need to obtain an import certificate (permit) from ITAC.

- **VAT late payment penalties in question**

There has been no relief outlined for late VAT payments by vendors. There will thus be 10% late payment penalties and interest imposed on any VAT payments made after their due dates, regardless of the vendors' VAT turnover. The 10% late payment penalties and 20% underestimation penalties are percentage-based penalties in the Tax Agreement act. The percentage-based penalties may be remitted in exceptional circumstances, if the taxpayer was "incapable of complying with the relevant obligation" in a tax statute.

Given that BGR 52 has referred to the Covid-19 pandemic as circumstances beyond the control of taxpayers, it is likely that the pandemic would similarly constitute exceptional circumstances for any requests for remission of percentage-based penalties and interest in the TAA.

Nevertheless, any requests for remission of penalties and interest will be on a case-by-case basis. A SARS committee considering the request is likely to be guided by the principles of whether objectively (1) the taxpayer was incapable of complying with its tax payment obligations; and (2) the documents provided to support this allegation are accurate and reliable.

- **Competition rules for retail sector relaxed**

The [Covid-19 block exemption for the retail property sector](#) has since been issued by the Minister of Trade, Industry and Competition [Ebrahim Patel](#) opening up a "safe harbour" for firms in the sector to co-ordinate particular activities to ensure the survival of tenants of retail properties during the Covid-19 national disaster, says [Webber Wentzel](#) legal experts.

Retail tenants and retail property landlords are free to reach agreements between and among one another in relation to payment holidays and/or rental discounts for tenants.

The agreements and practices may only be implemented for the sole purpose of responding to the Covid-19 national disaster. Furthermore, the exemption does not apply to any communication or agreements relating to pricing (unless specifically authorised by the Department).

**[SEE: Covid-19 relief for retail landlords and tenants as competition laws eased](#)**

## Every little bit counts

From Virgin Active announcing they would [automatically freeze memberships](#), to South Africans being encouraged to pay their domestic workers, even if not permanently employed – every effort helps to stem the financial backlash.

South Africa has also joined the [Solidarity Fund](#) – which is looking for monetary and non-monetary donations, encouraging citizens to come together as a nation, to look after one another.

Individuals cannot apply for assistance from the fund, the South African government will distribute donations through various channels to achieve the fund's goals of: prevention, detection, care, and support as the country deals with the Covid-19 pandemic. [Click here to donate](#).



“As with any crisis, timing is always critical and many of these programmes are understandably still being operationalized,” says Kumaran Padayachee, [Spartan](#) SME Finance CEO.

Spartan will continue to collate its [relief resource registry](#) that any SME can tap into to assess if they can apply for relief, how to go about applying.

As a debt funder, Padayachee says Spartan knows the pain many SMEs are experiencing right now, which is why the registry also digs into analysis of each relief measure listed.

As with the actual funds, the Covid-19 Relief Registry is a work in progress.

“Relief initiatives typically go through the phases of announcement, followed by development, and then they put the operations in motion – this includes processing applications – which is at the heart of what small business owners want to know right now,” says Padayachee.

[Click here](#) to see more details on the Spartan Relief Registry.