

Summary - SARS TAX RELIEF FOR COVID 19

2020/04/05

WHAT

- 1) Expansion of Employment Tax Incentive (ETI)
- 2) Employees Tax (PAYE) Deferral of 20%
- 3) Provisional Tax Deferral of 35%

WHEN

Only from 1 April 2020

(PAYE from MARCH must be paid in full)

WHO

Companies, partnerships, individuals, trusts

REQUIREMENTS TO GET RELIEF

- 1) PAYE & Provisional Tax relief : Gross income during period of relief of LESS than R50million. Gross income cant include more than 10% of Dividend, interest, rental from property or remuneration
- 2) Must be Tax compliant for all benefits

1) ETI benefit

1 April to 31 July 2020

For ALL employees earning less than R6,500, ETI has been extended

- 1) Increase of R500 per month for 18-29 year for 1st and 2nd year
- 2) Now includes 30 to 65 years at R500 per month
- 3) Any unused ETI will be refunded monthly for tax returns due 7 May 2020 to 7 Aug 2020

2) PAYE Benefit

Can defer 20% of monthly PAYE return as follows

Payroll	Liability	20% Deferral	80% Payable	Balance Due
April	150,000	30,000	120,000	
May	145,000	29,000	116,000	
June	155,000	31,000	124,000	
July	150,000	30,000	120,000	
Total Deferred		120,000		
Aug				20,000

Sept				20,000
Oct				20,000
Nov				20,000
Dec				20,000
Jan				20,000

There wont be any interest and penalties on the deferred amounts

3) Provisional Tax Deferral

Relief on the 1st provisional tax payment – now 15% instead of 50%

The 2nd payment will be 50% and the 3rd payment will be 35%

Estimated Taxable Income 2021 (Feb 2021)		1,000,000
Tax at 28%		280,000
1st Provisional Tax (31 Aug 2020)	15%	42,000
2nd Provisional Tax (28 Feb 2021)	50%	140,000
3rd Provisional Tax (up to 31 Aug 2021)	35%	98,000

Summary - UIF RELIEF FOR COVID 19

Through the UIF there are 5 options

Company needs to be up to date with UIF contributions

1) COVID TERS (Temporary Employee/er Relief Scheme) "NEW"

Applies to all businesses which temporarily shut down to an extent

UIF pays out a max of R6,731 for staff earning R17,162, all the way down to min wage of R3,500 per month. The Company will be paid, possibly by April month end if applied asap

Payment to the company

Requirements

MOI must be signed if claiming for >10 employees

A new bank account must be opened if the company has Bargaining Council Employees

Need to use the UIF number (not the SARS UIF/PAYE number) to apply

Forms to be completed

Lots of documentation- send a email to covid19ters@labour.gov.za to received the pack

Need payroll data in specific format – so Payroll administrator may be required to assist

Need bank stamped Bank Statements for 3 months.

2) National Disaster Benefit

Applies to all businesses which temporarily shut down

UIF will pay R3,500 per employee for up to 3 months

Cant simultaneously apply for other UIF benefits

Payment to employee

Requirements:

A letter from the employer confirming the operation is temporarily closing down due to the coronavirus

A copy of the employee's ID

Forms to be Completed:

UI19 and UI12.7 (employer to complete)

UI2.1 – application form

UI2.8 – Confirmation of bank account

3) Reduced Work Benefit “Subject to Normal UIF Benefits and Rules”

The payout is the difference between what the employer pays and UIF limits.
(4 days worked for 1 credit day rules apply, Max credit is 365 days)

Payment to employee

Forms to be Completed:

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 coronavirus

Copy of ID document

4) Quarantine and illness

In cases where employees are put in isolation for 14 days or more.

Payment to employee

Requirements

Letters from the employer and employee that the person is in quarantine. No medical certificate is needed

If the quarantine is longer than 14 days, a certificate is required from the employee’s doctor, along with the form UI3

Forms to be Completed

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

5) Death Benefits

If the employee dies, the UIF will pay the funds to beneficiaries.

Requirements

Death Certificate

Forms to be Completed:

UI19 and UI 53 (completed by the Employer)

UI 2.5 or UI2.6 (deceased application)

ID of deceased and applicant

UI 2.8 (bank form completed by the bank)

Copy of ID document

Further details: <https://www.fasa.co.za/corona/corona-uif-info.pdf>