

7 April 2020

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COVID-19 DEBT RELIEF INTERVENTIONS

Government



FUND	ADMINISTRATOR	DESCRIPTION	DOES MY BUSINESS QUALIFY?	HOW MUCH CAN I BUSINESS APPLY FOR?	WHERE DO I ACCESS THE
Debt Relief Finance Scheme	Department of Small Business Development (DSBD)	The Department of Small Business Development has made over R500 million available to assist small and medium businesses who are in distress due to the impact of COVID-19.	<ul style="list-style-type: none">Registered with CIPC by at least 28 February 2020100% owned by South African CitizensEmployees must be 70% South AfricansRegistered and compliant with SARS and UIFProof that the business is negatively affected by COVID-19 pandemic <p><i>Priority will be given to businesses owned by Women, Youth and People with Disabilities.</i></p>	<p>The relief is to fund working capital.</p> <p>The size of the facility available will be determined by comparison of their cashflow before and after COVID-19.</p> <p>Financing will be at an interest rate of prime less 5% i.e. 3.75% per annum.</p> <p>A payment holiday will be applied, and loans can be structured in favourable terms.</p> <p>If you are found to have fraudulently applied for this fund, you will be punished by paying an interest rate of prime plus 10% i.e. 18,75% per annum.</p>	<p>Registration on the National SMME Database: https://smmesa.gov.za/</p> <p>Complete the simplified online application form available from: www.dsbd.gov.za www.sefa.org.za</p> <p>Upload required supporting documents</p> <p>It will take 7 working days to process an application for funds for debt relief, and if approved, it would take another 5 working days to disburse funds to you.</p>
Temporary Employee Relief Scheme	National Disaster Benefit and Unemployment Insurance Fund	<p>The Temporary Employee Relief Scheme (TERS) is an intervention that will enable you to pay your staff directly during the COVID-19 pandemic and avoid having to retrench anyone where your employees will receive wage payment through the Temporary Employee Relief Scheme (TERS).</p> <p>In terms of the TERS process, the UIF may fund your company if you are affected by COVID-19 directly in relation to the TERS allowance.</p>	<ul style="list-style-type: none">Registered with UIFCompliant with the relevant UIF legislationMaking your required monthly contributions <p><i>Should your business not be compliant, you will be able to undertake to pay outstanding contributions and bring your required declarations up to date within a stipulated time frame.</i></p>	<p>Replacement of lost income to employees during temporary closure of business and for employees in quarantine.</p> <p>The salary benefits will be capped to a max amount of R17 712 pm per employee and an employee will be paid in terms of the income replacement rate sliding scale (38 % -60%) as provided in the Act.</p>	<p>The employer to apply by reporting their closure by email to: Covid19ters@labour.gov.za</p> <p>An automatic response outlining the application process will be received.</p>

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Business Growth and Resilience Facility	Industrial Development Corporation (IDC)	<p>The IDC and the Department of Trade, Industry and Competition have set aside R3 billion to aid medical and hygiene product suppliers with capital to ensure they can meet the high demand during this COVID-19 pandemic.</p> <p>Essential services businesses will need to obtain approval from the Department for authorisation to trade at www.bizportal.gov.za</p>	<ul style="list-style-type: none"> Registered with CIPC by at least 28 February 2020 100% owned by South African Citizens Employees must be 70% South Africans Registered and compliant with SARS and UIF <p><i>Priority will be given to businesses owned by Women, Youth and People with Disabilities.</i></p>	TBC	<p>Registration on the National SMME Database: https://smmesa.gov.za/</p> <p>Complete the simplified online application form available from www.dsbd.gov.za www.sefa.org.za</p> <p>Upload required supporting documents</p>
National Empowerment Fund	Department of Trade and Industry	R200 million funding for black entrepreneurs to manufacture and supply a range of medical products to help the country flatten the curve of COVID-19 has been made available.	<ul style="list-style-type: none"> Registered South Africa company Good standing with a valid tax clearance certificate at assessment as well as before the loan is disbursed Current and registered supplier with retailers and other institutions in good standing or have a purchase order/contract/letter of intent Project with a minimum requirement of R500 000, require working capital or funds to purchase machinery and equipment, the fund WILL NOT service any debt or help settle monies owed Project must result in retaining or increasing direct jobs Greater than fifty percent (>50%) Black shareholding and management control 	<p>You may apply for funding from R500 000 and R10 million in concessionary loans to purchase machinery, equipment and raw materials and to fund other working capital requirements for the manufacture and supply of medical masks, sanitizers, dispensers and related healthcare products.</p> <p>The loans will be offered at 0% interest for the first year and after that at 2.5% per annum. Once disbursed you will be afforded a 12 month repayment holiday to help your businesses stabilise.</p>	<p>The fund can be accessed through NEF: covidfund@nefcorp.co.za and on 011 305-8080 for this emergency funding.</p> <p>Applications are open at https://www.nefcorp.co.za/wp-content/uploads/2020/03/NEF-COVID-19-Fund-Application-Form_Active-fields.pdf</p> <p>For further information you can refer to the following link: https://www.nefcorp.co.za/wp-content/uploads/2020/03/COVID-Fund-Brochure-2020_9.pdf.pdf</p> <p>Applications are expected to take a total of 2 weeks from application to disbursement, following receipt of all relevant documents.</p>
National Film and Video Foundation	Department of Arts and Culture	The NFVF will be prioritising making payments to beneficiaries.	<ul style="list-style-type: none"> Individuals that have current contracts with the NFVF Submitted milestones in the past two weeks 	TBC	TBC

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Tourism Relief Fund	Department of Tourism	The Department of Tourism has made R200 million available to assist SMEs in the tourism and hospitality sector who are in distress due to the new travel restrictions.	<ul style="list-style-type: none"> Registered with the CIPC < R2.5 million in revenue per annum 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 Existing tourism-specific establishment as outline in the scope of application (suppliers and intermediaries are not eligible) Existence for at least one business financial year Prove that the relief is required as a result of the impact of COVID-19 	<i>TBC</i>	Contact Ms Hlengiwe Nhlabathi hnhlabathi@tourism.gov.za
Spaza Shop Support Scheme	Department of Small Business Development in collaboration with SEFA	The Department of Small Business Development has made R30 million available to assist Spaza Shops who are in distress due to the impact of COVID-19.	<ul style="list-style-type: none"> Owner-managed and owner-operated Spaza Shop Be willing to register on CIPC, SARS and with the UIF Able to provide proof of banking Hold permits to trade (if trading illegally, you must go to nearest municipality and register) Be willing to stock products by other South African SMMEs Be willing to submit monthly Management Accounts 	R10 000 (with a possible R5 000 being made available as a second phase) for purchasing a basket of essential goods at a discounted price for a period of three months from participating wholesalers.	www.smmesa.gov.za/
Small Enterprise Finance Agency	Department of Small Business Development	Small businesses funded by the SEFA will be given a payment holiday for the next 6 months (conditions apply).	<i>TBC</i>	<i>TBC</i>	www.smmesa.gov.za/



Private Business

FUND	ADMINISTRATOR	DESCRIPTION	DOES MY BUSINESS QUALIFY?	HOW MUCH CAN I BUSINESS APPLY FOR?	WHERE DO I ACCESS THE FUND?
Business Partners	Rupert Family and Remgro	Business Partners will administer R1 billion fund from the Rupert family and Remgro. The fund will be available to all South African businesses.	<ul style="list-style-type: none"> • South African owned • SME • Tax compliant • Have AFS • Able to provide 3 months bank statements • Proof of employment of employees • Rent statement • Supporting documentation showing how the business is in distress as a result of Covid-19 <p><i>Also available to sole proprietors which most other funding does not include.</i></p>	<p>Formal sole proprietors may receive a grant of R25, 000 per qualifying business to be used to pay for overheads.</p> <p>CCs, companies, and trusts may receive financial aid in the form of an unsecured interest-bearing loan of between R250, 000 and R1 million coupled with a non-repayable grant of R25, 000 per qualifying business.</p> <p>The loan portion will be interest free for 12 months with no repayment obligations during this period. The loan is repayable after 12 months, and incurs interest at the prime rate from month 13, once the business is on its feet.</p>	<p>Application process is only available online: https://finance.businesspartners.co.za</p> <p>You can expect to receive the financial aid within 7 working days of our application.</p> <p>The timeframe is, however, dependent on you submitting all the required information.</p>
South African Future Trust	Oppenheimers	R1 billion has been made available by the Oppenheimer family to South African SMEs to allow ones that are suffering from short-term cash flow constraints to continue operations during the COVID-19 crisis while retaining employees.	<ul style="list-style-type: none"> • < R25 million in revenue per annum • Trading for at least 24 months • Have been a sustainable business at 29 February 2020 • Adversely affected by the Covid-19 pandemic • Client of ABSA, FNB, Nedbank and Standard Bank <p><i>Also available to sole proprietors, partnerships, operating trusts and CCs.</i></p>	<p>An interest-free 5-year loan exclusively for the purpose of paying the salaries of their permanent employees.</p> <p>The loan has no minimum monthly payments requirements and only needs to be settled in full at the end of the term. Employees carry no liability for the repayment of the loan.</p> <p>R750 per qualifying employee per week, over a period of 15 weeks, ie. R11,250 per permanent employee. The total loan amount is a function of the number of employees to be included (no limit in terms of the number of employees)</p>	<p>https://opp-gen.com/saft/</p> <p>It will take up to 7 days after signature of the loan agreement for the first week's payments to be deposited into your employee/s' account/s, dependent on the day that the signed loan agreement was received.</p>

Banks



FUND	ADMINISTRATOR	DESCRIPTION	DOES MY BUSINESS QUALIFY?	HOW MUCH CAN I BUSINESS APPLY FOR?	WHERE DO I ACCESS THE FUND?
Covid-19 Debt Assistance	Nedbank	Nedbank has committed to offering individual solutions to cash flow challenges due to the coronavirus; however, they do not have a confirmed opt-out relief policy for a specific category of accounts and or customer.	<i>TBC</i>	<p>Nedbank have stated that this support could take the form of:</p> <ul style="list-style-type: none"> • Payment arrangements • Payment holidays • Restructures <p>On credit card products, it has halved the minimum repayment amount to 2.5% from April (for three months).</p>	<p>Customers are encouraged to contact the bank directly if they are in financial distress due to COVID-19.</p> <p>You can call 086 055 5111 or send an online request.</p>
Debt Relief Fund	ABSA	From 1 April 2020, ABSA's corporate and business clients will be offered solutions based on their unique requirements and operations.	<ul style="list-style-type: none"> • Account must be in good standing • Must be financially impacted by the pandemic 	<p>For retail clients, the ABSA relief programme incorporates a three-month payment holiday and allows customers to reduce their monthly repayments.</p> <p>Should you be an ABSA business banking client, this means you will have the opportunity to either continue paying if you are in a position to, to pay reduced instalments by agreement with the bank, or to defer payments for three months. Relevant agreements will be adjusted, by revising the loan period and capitalising interest during the relief period.</p>	<p>The fund will be accessible from the bank's COVID-19 site.</p>



South African Revenue Services

TAX TYPE	TAX RELIEF	DOES MY BUSINESS QUALIFY?	DESCRIPTION/ EXAMPLE																																																								
Employees' Tax	Expansion of Employment Tax Incentive	<ul style="list-style-type: none"> Company, trust, partnership or individual < R50 million gross income for the year of assessment < 10% of gross income is interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer Tax compliant Registered as an employer with SARS by 1 March 2020 <p>Qualifying employees:</p> <ul style="list-style-type: none"> 18 to 65 years old Earning less than R6 500 	<p>Increase in maximum incentive:</p> <ul style="list-style-type: none"> 18 - 29 and < 12 months = R1500 pm 18 - 29 and < 24 months = R1000 pm 18 - 29 and > 24 months = R500 pm 30 - 65 = R500 pm <p><i>Unused ETI will be refunded monthly for these stated tax periods for employees' tax returns due on 7 May 2020 through to 7 August 2020.</i></p>																																																								
Employees' Tax	Defer 20% of Employees' Tax	<ul style="list-style-type: none"> Company, trust, partnership or individual < R50 million gross income for the year of assessment < 10% of gross income is interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer Tax compliant Registered as an employer with SARS by 1 March 2020 	<p><u>Illustration:</u></p> <table border="1"> <thead> <tr> <th>Payroll</th> <th>Gross liability</th> <th>20% deferral</th> <th>80% Payable</th> <th>Date due of the 80%</th> <th>Payroll</th> <th>Amount payable</th> <th>Date due</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>150 000</td> <td>30 000</td> <td>120 000</td> <td>07-May</td> <td>August</td> <td>20 000</td> <td>07-Sep</td> </tr> <tr> <td>May</td> <td>145 000</td> <td>29 000</td> <td>116 000</td> <td>05-Jun</td> <td>September</td> <td>20 000</td> <td>05-Oct</td> </tr> <tr> <td>June</td> <td>155 000</td> <td>31 000</td> <td>124 000</td> <td>07-Jul</td> <td>October</td> <td>20 000</td> <td>06-Nov</td> </tr> <tr> <td>July</td> <td>150 000</td> <td>30 000</td> <td>120 000</td> <td>07-Aug</td> <td>November</td> <td>20 000</td> <td>07-Dec</td> </tr> <tr> <td>Cash flow benefit</td> <td></td> <td>120 000</td> <td></td> <td></td> <td>December</td> <td>20 000</td> <td>07-Jan</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>January</td> <td>20 000</td> <td>05-Feb</td> </tr> </tbody> </table>	Payroll	Gross liability	20% deferral	80% Payable	Date due of the 80%	Payroll	Amount payable	Date due	April	150 000	30 000	120 000	07-May	August	20 000	07-Sep	May	145 000	29 000	116 000	05-Jun	September	20 000	05-Oct	June	155 000	31 000	124 000	07-Jul	October	20 000	06-Nov	July	150 000	30 000	120 000	07-Aug	November	20 000	07-Dec	Cash flow benefit		120 000			December	20 000	07-Jan						January	20 000	05-Feb
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Provisional Tax	Defer 35% of Provisional Tax	<ul style="list-style-type: none"> Company, trust or individual < R50 million gross income for the year of assessment < 10% of gross income is interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer Tax compliant 	<p><u>Illustration:</u></p> <table border="1"> <tbody> <tr> <td>Estimate Taxable Income</td> <td></td> <td>R 10 000 000.00</td> </tr> <tr> <td>Tax at 28%</td> <td></td> <td>R 2 800 000.00</td> </tr> <tr> <td>First Provisional Tax Period</td> <td>15%</td> <td>R 420 000.00</td> </tr> <tr> <td>Second Provisional Tax Period (Note)</td> <td>65%</td> <td>R 1 400 000.00</td> </tr> <tr> <td>Third Provisional Tax Period</td> <td>35%</td> <td>R 980 000.00</td> </tr> </tbody> </table>	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																																									
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“There is no doubt in my mind that we will prevail. This is because South Africans have come together like never before to wage the struggle against this virus, together.”

- President Cyril Ramaphosa

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