



Recent Tax & Compliance Updates

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NASCEE

National Association of Social Change Entities in Education





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TURNING POINT CHARTERED ACCOUNTANTS

WHO ARE WE?

- A team of highly qualified CA(SA)'s that have specialised skills developed specifically to cater for your needs as an NPO offering you tailored Audit, Tax, Accounting and Advisory services
- We have a combined experience of more than 45 years in the NPO sector
- We are the largest provider of financial services to the NPO sector

OUR VISION

- To ensure that we continue being recognized, as the leading provider of audit, accounting and tax services for the NPO Sector
- Striving to develop innovative value-added solutions to the Non-Profit sector

Our promise



TURNING POINT CHARTERED ACCOUNTANTS

- Provide your NPO with high quality, value-for-money services that exceed your expectations
- Deliver on what we promise to you
- Be passionate about serving you and your organisation

SERVICES



Incorporation

- Structuring and incorporating of NPO legal formats
- Undertaking PBO and section 18A registrations with SARS
- Reviewing founding documents and advising on best practise
- Advising on restructuring, rationalisations etc

Taxation

- General Tax compliance
- Income Tax compliance
- VAT consulting
- Income Tax and PAYE consulting
- Historical Analysis and recovery of unclaimed tax benefits
- Employment Tax Incentive management

Accounting

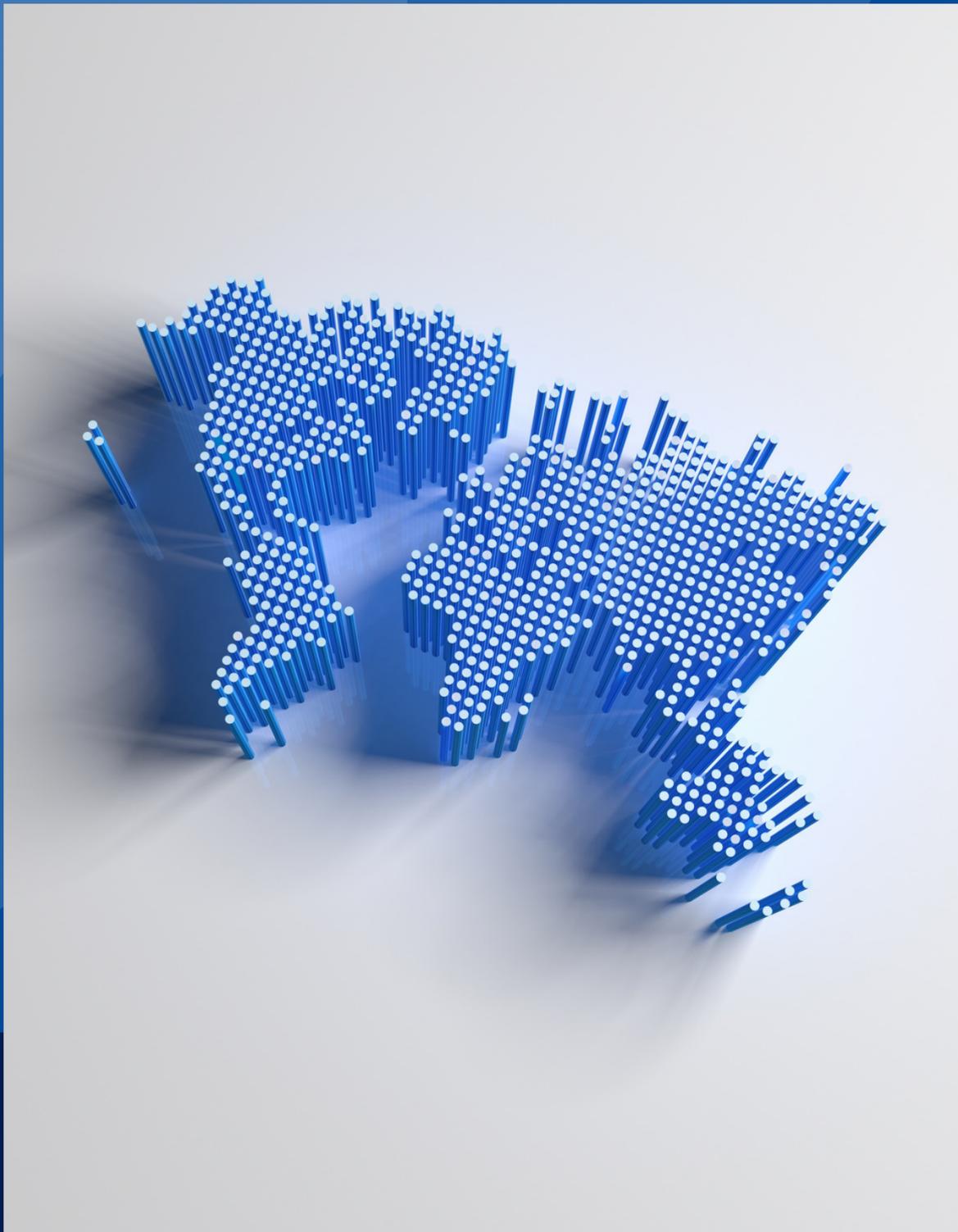
- Accounting and Bookkeeping services
- Management Accounting and Reporting
- Compilation of Annual Financial Statements
- Internal control reviews
- NPO needs analysis and compliance evaluation

Audit & Other Services

- Conducting Statutory Financial Audits
 - Fund & Donor Audits
 - Independent Reviews (as required in terms of the Companies Act)
 - Training, seminars and workshops
- 

FREE CONSULTATION

- We are offering free consultations to all participants after every course that will be presented
- The consultation will be on an appointment basis.
- We have set aside 2 hours on Monday 23 August between 10 am and 12 pm and Tuesday 24 August between 1-30pm and 3-30pm
- Contact Reza Amra on reza@tpcsa.co.za to book your free consultation
- Indicate a brief description of the nature of the consultation and your preferred time



TAX RELIEF COVID-19

EXPANSION OF ETI

WHAT IS ETI?

- ETI is a tax incentive scheme that was introduced in 2014 and was aimed at encouraging employers to hire young work seekers
- Employers were able to claim over a period of 24 months for qualifying employees

HOW DID EMPLOYERS BENEFIT FROM THE ETI CLAIM?

- ETI enabled an employer to reduce their employee tax payable to SARS on a monthly basis

EXPANSION OF ETI

REQUIREMENTS THAT NEED TO BE MET TO QUALIFY FOR ETI CLAIM:

- Must be registered with SARS as an employer (*note for the expanded ETI must have been registered by 25 Jun 2021*)
- The organisation must be fully tax compliant in order to claim ETI
- Employee earns below R 6 500
- Employee is South African
- Employee is under 30 years old
- Employee is not a domestic worker
- Employee was hired after 1 October 2013

EXPANSION OF ETI



WHAT DOES FULLY COMPLIANT MEAN?

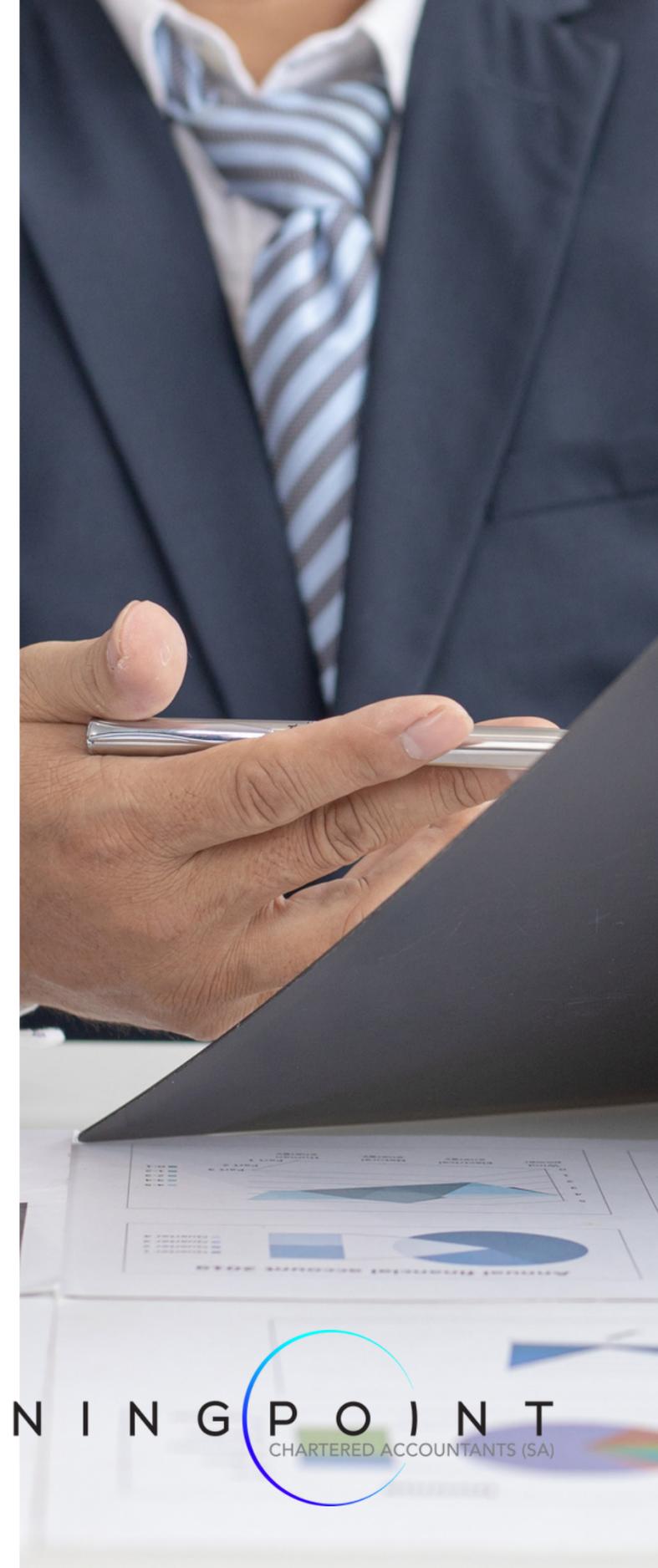
- No outstanding returns for any taxes – income tax, VAT, PAYE, Provisional (tax if applicable)
- No outstanding payments owing to SARS
- If the organisation is not compliant, the EMP 201 form does not allow for the **ETI Utilised** block (as noted in the next slides) to be completed

EXPANSION OF ETI

IS IT APPLICABLE TO NPOS? – YES

WHAT IS THE EXPANSION?

- Increasing the maximum amount of ETI claimable during the period 1 August 2021 to 30 November 2021 as follows:
 - R 1 000 to R 1 750 in the 1st qualifying 12 months, and
 - R 500 to R 1 250 in the 2nd qualifying 12 months
- Allowing an ETI claim of R 750 during the period 1 August 2021 to 30 November 2021 for employees from the ages of:
 - 18 to 29 who are no longer eligible for ETI as the employer has claimed ETI for the 24 months or they were employed before 1 Oct 2013
 - 30 to 65 who are not eligible for ETI due to their age
- Payment has been accelerated from twice a year to monthly



EXPANSION OF ETI

HOW DO YOU CLAIM THE ETI?

- Claimed via EMP 201 which is submitted to SARS
- Capture the full Payroll Liability as per normal

Payroll Tax Calculation																	
PAYE Liability	R									4	0	9	3	7	,	5	6
SDL Liability	R														,		
UIF Liability	R									1	8	3	3	,	7	0	
Payroll Liability	R									4	2	7	7	1	,	2	6

- Complete the field **“ETI Calculated”** based on your payroll schedule

ETI Calculation																		
ETI Brought Forward	R												0	,	0	0		
ETI Calculated	R												5	0	0	,	0	0
ETI Utilised	R												5	0	0	,	0	0
ETI Carry Forward	R												0	,	0	0		

EXPANSION OF ETI

HOW DO YOU CLAIM THE ETI?

- Complete the field “**ETI Utilised**” – this is limited to the amount captured in the line “**PAYE Liability**” and the ETI available
- All amounts in the “**Total Payable**” column will be adjusted automatically by the ETI utilised

		Total Payable												
PAYE Payable	R						4	0	9	3	7	,	5	6
SDL Payable	R											,		
UIF Payable	R						1	8	3	3		,	7	0
Penalty & Interest	R											,		
Total Payable	R						4	2	2	7	1	.	2	6

EXPANSION OF ETI

WHEN IS THE EXPANDED ETI APPLICABLE FROM?

- Applicable from the 1 August 2021 – i.e. August 2021 payroll due by 7 September 2021
- Covers the payroll periods 1 Aug 2021 – 30 Nov 2021

PRACTICAL CONSIDERATIONS - ETI

- Are you fully tax compliant?
- Will your payroll software perform the calculation based on the latest SARS guidelines?
- If you are doing your payroll manually, ensure all formulas are updated for the new guidelines

HOW CAN TPC ASSIST YOU WITH ETI CLAIM?

EXISTING PAYROLL CLIENTS

- TPC will perform the computation at no additional cost and will ensure that the correct thresholds are applied

NON-TPC CLIENTS

- We can perform a review of your ETI computation to ensure that the correct thresholds have been applied at a fee of R 100 per employee;
- We can perform the ETI computation at a fee of R 125 per employee



SARS PAYE DEFERRAL

PAYE DEFERRAL

WHAT IS THE DEFERRAL?

- A qualifying taxpayer can defer 35% of their PAYE payment for the 3 month period 1 August – 31 October 2021.
- The deferred amount is repaid in 4 equal installments
- The 1st installment is due by 7 Dec 2021 and the last installment will be made by 7 March 2022
- No interest and penalties will be levied by SARS for qualifying taxpayers utilising the deferral

PAYE DEFERRAL

WHO QUALIFIES FOR THE DEFERRAL?

- A qualifying taxpayer is a trust, company or partnership that:
 - Conducts a Trade;
 - Gross income of R 100 million or less for the year of assessment ending on or after 1 April 2021 but before 1 April 2022;
 - Gross income does **not** include more than 20% of income derived from interest, dividends, foreign dividends, royalties, rental from letting fixed property, annuities and any remuneration received from an employer; and
 - Is fully tax compliant

PAYE DEFERRAL

WILL A NPO QUALIFY FOR THE DEFERRAL?

- **NO**: if you do not conduct a trade.
- Most NPO's receive income in the form of donations and grants which is **not** a trade.

Under the previous COVID19 relief issued in 2020, NPOS did not qualify for this deferral due to the issue regarding TRADE. There has been no change with the new relief.

TPC had made submissions to SARS and National Treasury on this matter, however, the draft bill has not been amended to include NPO's. We will continue to follow up on this matter.



DEPARTMENT OF LABOR BENEFITS COVID19

DEPARTMENT OF LABOR BENEFITS COVID19

How much has been set aside	R 5.3 billion
Who can claim	Employees/Employers listed in Annexure A and Annexure B which is mainly linked to the hospitality and tourism industry (refer next slide for full listing)
Can a NPO claim	Only if the organisation falls into one of the industries listed in Annexure A and Annexure B. Most likely type of NPO that will be able to claim is a Museum that has been set up as a NPO
What period can claims be submitted for	<ul style="list-style-type: none">• Annexure A establishments will be able to claim from 16.03.2021 to 25.07.2021 or any period between the two dates depending on loss of income suffered by the employees• Annexure B establishments will be able to claim from 28.06.2021 to 25.07.2021 or any period between the two dates depending on loss of income suffered by the employees
Has there been any changes to the process and the threshold	No – the same online application has to be submitted and threshold is still applicable as follows: <ul style="list-style-type: none">• UIF will pay salary of employees but paid on a sliding scale of 38% - 60%.• Maximum salary has been capped at R 17 712 and will be paid out based on the sliding scale (i.e. % of R 17 712)• Minimum amount paid will be R 3500 (even if sliding scale amt computed is below R 3 500)

DEPARTMENT OF LABOR BENEFITS – TERS

Forms Required	Email Covid19ters@labour.gov.za for the templates required
How to submit claim	<p>Online Submission: https://uifecc.labour.gov.za/covid19</p> <ul style="list-style-type: none">• Register the employer/company as a user• Login once registered• Complete the Registration of Company & Employees• Accept the terms & conditions for the MOA between the employer & UIF• Accept the terms & conditions of the letter of undertaking between UIF & employer• Upload bank confirmation letter• Upload CSV file <p>An email will be received from DOL confirming whether your documents have been successfully submitted</p>
Additional requirements	<ul style="list-style-type: none">• Business must be registered with the department of labour as an employer (i.e. Registered for UIF)• Money received shall only be used for paying employees• If employees entitled to UIF benefits via bargaining council – than CANNOT claim via TERS as well• The total benefit received + any reduced salary payment received from employer must not exceed the employees normal remuneration (i.e. cannot be paid more than what employee normally earns)

DEPARTMENT OF LABOR BENEFITS – TERS

Who can claim – Annexure A

A. Employees/Employers listed in Annexure A namely:

- Venues hosting auctions
- Venues hosting professional sports
- Venues where social events are held
- Venues hosting concerts and live performance
- Any industry that form part of the value chain of the above as per the discretion of UIF

DEPARTMENT OF LABOR BENEFITS – TERS

Who can claim – Annexure B

Employees/Employers listed in Annexure B namely:

- Museums, galleries, libraries & archives
- Cinemas, theatres, gyms, casinos, restaurants, night clubs, swimming pools
- Bars, taverns, shebeens, public parks
- Domestic & international air travel, rail, taxi & bus services, e-hailing services, passenger ships
- Beaches, dams, rivers and lake
- Hotels, lodges, B&B, time share facilities, resorts, guest houses, conferences, dining, entertainment and bar facilities
- Sale, dispensing & transportation of liquor
- Any industry that form part of the value chain of the above as per the discretion of UIF

DEPARTMENT OF LABOR BENEFITS – REDUCED WORK TIME BENEFIT

Who is this applicable to	Employees who work for organisations/companies that do not fall into Annexure & Annexure B and whose employer was unable to make use of their services either fully or partially as a result of compliance with the Regulations made in terms of section 27 (2) of the Disaster Management Act, 2002, or directions made under regulation 4(10) of those Regulations
What benefit is available	Employees falling into the above category are entitled to a reduced work time benefit in accordance with section 12 (1B) of the UI Act
Who makes the claim	Employee
Assistance provided	UIF will pay the difference between what the employer pays and normal UIF benefits
How to submit claim	Via email
Website/email	www.labourgov.co.za
Forms Required	UI19; UI2.7; UI2.1; UI2.8 Copy of ID Use termination code "17" Letter from employer stating that reduced time is due to COVID19
Additional requirements	Employer must have been registered with UIF and contributing

MATTERS OF CONSIDERATION FOR YOU?

TERS

- Submission of complete information
- Submission of the documentation in the correct format
- Timing of submission



HOW CAN TPC ASSIST YOU WITH TERS CLAIM?

- **Existing payroll clients**

- TPC will perform the online submission at no additional cost and will perform a follow up

- **Non – TPC Clients**

- We can perform a review of your documentation prior to submission at a fee of R 50 per employee;
- We can prepare all documents and do the online submission on your behalf and will perform a follow up at a fee of R 1 000 for payroll up to 10 employee thereafter a charge of R 50 per employee will be levied



SARS SECTION 18A AUDIT CERTIFICATE

SECTION 18A AUDIT CERTIFICATE

IS THIS A NEW REQUIREMENT?

- No, SARS issued an interpretation note 112 on 21 June 2019 addressing the S18A audit certificate requirements
- Based on our practical experience in working with a number of NPO's, we have identified that most PBO's are not aware that a Section 18A certificate audit is required

SECTION 18A AUDIT CERTIFICATE



WHO IS REQUIRED TO OBTAIN A SECTION 18A AUDIT CERTIFICATE?

- Any approved PBO that carries out a combination of Public Benefit Activities (PBA) as noted in Part I and Part II of the Ninth Schedule to the Act (ie. conducting both 18A and non 18A activities)
- A conduit PBO providing funds to PBO's, institutions, boards or bodies carrying on PBAs in Part II of the Ninth Schedule to the Act as well as to PBO's, institutions, boards or bodies carrying on PBAs in Part I or other organisations that are not approved for Section 18A purposes

SECTION 18A AUDIT CERTIFICATE

WHAT IS THE DIFFERENCE BETWEEN PART I AND PART II OF THE NINTH SCHEDULE?

- Part I makes reference to all public benefit activities
- Part II lists those public benefit activities that qualify for Section 18A

SECTION 18A AUDIT CERTIFICATE



WHAT PBA ARE EXCLUDED FROM PART II OF THE NINTH SCHEDULE?

- Religion, belief or philosophy
- Cultural
- Sport
- Research and consumer rights

SECTION 18A AUDIT CERTIFICATE

WHAT MUST THE SECTION 18A AUDIT CERTIFICATE STATE?

- It must confirm that all donations received or accrued in the year of assessment (financial year) for which section 18A receipts were issued were used solely in the carrying on PBAs in accordance with Part II of the Ninth Schedule.
- A conduit PBO certificate must confirm that all donations received or accrued in the year of assessment for which S18A receipts were issued were used solely to provide funds to PBOs, or institutions, boards or bodies, which used those funds solely in carrying on PBA's in accordance with Part II of the Ninth Schedule.

SECTION 18A AUDIT CERTIFICATE

WHAT MUST THE SECTION 18A AUDIT CERTIFICATE STATE?

- A conduit PBO certificate must confirm also confirm that in terms of section 18A(2A) (b)(i) that the PBO will distributed/use 50% of the S18A donations received within 12 months

SECTION 18A AUDIT CERTIFICATE

WHO CAN ISSUE A SECTION 18A AUDIT CERTIFICATE?

- The Act does not specify from whom an approved organisation must obtain an audit certificate, however, SARS has recommended that the person issuing the certificate must be independent of the approved organisation, and suitably qualified.
- The interpretation note includes parties such as the independent auditor as an example of a suitably qualified independent person

SECTION 18A AUDIT CERTIFICATE

WHEN DO YOU SUBMIT THE SECTION 18A AUDIT CERTIFICATE?

- The S18A audit certificate should **only** be submitted to SARS if after filing the Annual Income Tax return SARS has **requested** a copy of audit certificate

HOW LONG SHOULD YOU RETAIN THE SECTION 18A AUDIT CERTIFICATE?

- For a period of 5 years from the date of submission of the income tax return for the year of assessment

MATTERS OF CONSIDERATION FOR YOU?

- Do you require an audit certificate
- Do you have the required information/processes to provide the auditor with all information required

HOW CAN TPC ASSIST YOU?

- As a firm that specialises within the NPO sector we are **suitably qualified** to perform the S18A audit
- We have prior **experience** with issuing Section 18A audit certificates

FREE CONSULTATION

- Reminder to book your free consult by contacting Reza@tpcsa.co.za



DISCLAIMER

T U R N I N G P O I N T
CHARTERED ACCOUNTANTS (SA)

**THE COVID19 INFORMATION IS CORRECT AT
THE DATE OF DISTRIBUTION BEING
19 AUGUST 2021**



Thank
you

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