



2021 EMERGENCY TAX RELIEF

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On 25 July 2021, President Ramaphosa announced emergency tax measures. This was in response to the continuing COVID-19 pandemic and recent unrest in the country that resulted in the destruction of businesses. Further details of the proposed measures were provided by the Minister of Finance and National Treasury on 28 July 2021. This is an overview of the relief measures applicable to Small, Micro, and Medium Enterprises (SMMEs) and others.

In order to qualify for the emergency tax measures, you must be tax compliant, which means that you:

- Are registered for all required taxes
- Have no outstanding returns for any taxes you are registered for
- Have no outstanding debt for any taxes you are registered for, excluding
 - » Instalment payment arrangements
 - » Compromise of tax debt
 - » Payment of tax suspended pending objection or appeal.

You can view your tax compliance status via eFiling under your “My Compliance Profile”, or request your latest Statement of Account for the taxes you are registered for.

The announced measures are:

- The introduction of a tax subsidy of up to R750 per month for the next four months for private sector employers who have employees earning below R6500. This subsidy will be provided under the current Employment Tax Incentive.
- Tax compliant businesses with a gross income of up to R100 million will be allowed to delay 35% of their Pay –As- You Earn (PAYE) liabilities over the next three months, without penalties or interest.
- Tax compliant businesses in the alcohol sector can apply to the SARS for deferrals of up to three months for excise duty payments.

Employment Tax Incentive (ETI) tax relief

Tax relief under the ETI is available for a four-month period from 1 August 2021 to 30 November 2021. The first extended ETI can be claimed in your August EMP201. Please remember that this is due by 7 September 2021. The maximum monthly amount that will be permissible under the ETI during this period will be increased according to the following criteria:

- Employees eligible under the current ETI Act from R1 000 to R1 750 per month in the first qualifying 12 months and from R500 to R1 250 per month in the second 12 qualifying months.
- Employees from the ages of 18 to 29, who are no longer eligible for the ETI as the employer has claimed ETI in respect of those employees for 24 months, or are not eligible as they were in the employer's employment before 1 October 2013, from not eligible to R750 per month.
- Employees from the ages 30 to 65 year who are not eligible for the ETI due to their age, from not eligible to R750 per month.

SARS will also pay monthly ETI refunds for the four month period, instead of every six months as is normally the case. Refunds will commence by 13 September 2021, subject to any verification or audit steps that may be required.

To claim tax relief under the ETI:

- Capture the full PAYE Liability (The form will calculate the PAYE payable at 100%, you cannot change this value)
- Capture the ETI Calculated
- Calculate 65% of the PAYE Liability in terms of the tax relief for PAYE for the first three (3) months
- Limit the ETI Utilised to the lesser of ETI Calculated or 65% of the PAYE Liability for the first three months or 100% of the PAYE liability in the fourth month
- Calculate the Total Payable as (65% of the PAYE Liability for the first three months, or 100% PAYE liability for the fourth month) less ETI Utilised plus SDL Payable plus UIF Payable

PAYE tax relief period

The tax relief for PAYE is available to qualifying businesses for the three (3)-month period from 1 August 2021 to 31 October 2021. The first deferment can be claimed in your August 2021 EMP201 return, which is due by 7 September 2021.

To claim tax relief for PAYE:

- Complete the EMP201 as per normal with the full PAYE Liability (the form will calculate the PAYE payable at 100%, you cannot change this value)
- Calculate the Total Payable as 65% of the PAYE Liability plus SDL Payable plus UIF Payable.

Note:

- » SARS will issue a Statement of Account, reflecting the tax relief (deferred amount) for PAYE and the total amount payable for that respective period
- » If your payment is made late, you will forfeit the benefit of the tax relief for PAYE and SARS will impose penalties and interest on the calculated Total Payable.
- » Check your Statement of Account after 48 hours of submitting the EMP201 to make sure that SARS has not revoked the discount due to non-compliance

PAYE deferral months

For period	File in	
August 2021	September 2021	* month 1 of relief
September 2021	October 2021	* month 2 of relief
October 2021	November 2021	* month 3 of relief

Payment of the deferred PAYE liability

After the 7th of November 2021, SARS will determine the four equal payments for the total amount that you have deferred and include it in your monthly Statement of Account. Payments will be made over a four month period that will commence on 7 December 2021 with the last payment due by 7 March 2022.

Alcohol industry: Payment Deferral of Excise Duty Payments on Alcohol

Due to the restrictions on the domestic sale of alcoholic beverages, tax compliant businesses in the alcohol sector can apply to SARS to obtain deferrals of up to three months for excise duty payments. Please note that this can only be done after the circumstances are set out to justify the deferral.

Clients must apply in terms of rules 105.01 to 105.04 of the Customs and Excise Act, 1964 for deferral of payment and each case will be considered on its merit. This is expected to help a significant number of businesses that are under pressure in terms of cash flow and their ability to honour payments to SARS.

The payment deferments will be in accordance with provisions of the Customs and Excise Act which allows excise traders to request for deferrals of duties as per conditions in section 105 of the Act.

Applications can be sent to the following e-mail address OSC@sars.gov.za.

DISCLAIMER

The information contained in this leaflet is intended as guidance only and is not considered to be a legal reference, nor is it a binding ruling. The information does not take the place of legislation and readers who are in doubt regarding any aspect of the information displayed in the leaflet should refer to the relevant legislation, or seek a formal opinion from a suitably qualified individual.

For more information you may –

- Visit the SARS SMME webpage via SARS website www.sars.gov.za;
- Book appointment via SARS website to visit your nearest SARS branch office;
- Contact your registered tax practitioner;
- Contact the SARS National Contact Centre –
If calling locally, on 0800 00 7277; or
If calling from abroad, on +27 11 602 2093 (only between 8am and 4pm South African time).



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