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COVID-19 Tax Relief Measures



This leaflet is a quick reference to the draft Disaster Management Tax Relief Administration Bill, and Disaster Management Tax Relief Bill to help Small, Micro, or Medium Enterprises (SMMEs) with their claims, should they wish to benefit from them.

In order to qualify for the COVID-19 Tax Relief, an SMME must meet the following criteria:

1. Have a good Tax Compliance Status (TCS)
2. Conduct trade during the year of assessment ending on, or after 1 April 2020 to 31 March 2021, and has a gross income of R100 million or less
3. The gross income must not include more than 20% in aggregate of interest, dividends, foreign dividends, royalties, rental from letting fixed property, annuities and any remuneration received from an employer.

Note: Where the rental from letting fixed property is the primary trading activity and is substantially (90% and more) the whole of the gross income, this rental income must be excluded from the 20% test.

PAYE tax relief period

The COVID-19 Tax Relief for PAYE is available for the four-month tax period from 1 April 2020 to 31 July 2020. The first deferment can be claimed in your April 2020 EMP201 return, which is due by 7 May 2020.

To claim COVID-19 Tax Relief for PAYE:

Complete the EMP201 as per normal, with the **full PAYE Liability**, and submit to SARS

Note: SARS will issue a statement of account reflecting the COVID-19 Tax Relief (deferred amount) for PAYE, and the total amount payable for that respective period

OR

Calculate the Total Payable (as 65% of the PAYE Liability) plus the SDL Payable, plus the UIF Payable

Note:

- If you make a late payment, you will forfeit the benefit of the COVID-19 Tax Relief for PAYE, and SARS will impose a penalty and interest on the calculated Total Payable.
- All employers who are registered for SDL automatically qualify for the SDL Payment Holiday. The zero amount SDL Liability will be defaulted on the EMP201 and EMP501 return for the four-month period from May to August 2020.

Payment of the deferred PAYE liability

After 7 August, SARS will determine the six equal payments for the total amount that you have deferred, and include it in the monthly Statement of Account. Payments will commence on 7 September 2020, and the last payment will be due on 5 February 2021.

Employment Tax Incentive (ETI) tax relief period

Tax Relief for ETI is available for the four-month tax period, from April 2020 to July 2020. The first extended ETI can be claimed in your EMP201 for April 2020, which is due by 7 May 2020.

What to do If you claim for ETI:

- Capture the full **PAYE Liability**
- Capture the ETI Calculated
- Calculate 65% of the PAYE Liability
- Limit the ETI Utilised to the lesser of the ETI Calculated, or 65% of the PAYE Liability
- Calculate the Total Payable (as 65% of the PAYE Liability) less the ETI Utilised, plus SDL Payable plus UIF Payable

Note:

- » If you make a late payment, you will forfeit the benefit of the COVID-19 Tax Relief for PAYE, and SARS will impose a penalty and interest on the calculated Total Payable
- » Check your statement of account 48 hours after submitting the EMP201, to ensure SARS has not revoked the discount due to non-compliance

Provisional tax relief period

The COVID-19 tax relief for provisional tax is available from 1 April 2020 to 30 September 2020 for the first provisional tax period, and from 1 April 2020 to 31 March 2021 for the second provisional tax period.

The following measures are aimed at assisting small to medium sized businesses (individuals, companies, and trusts (including micro-businesses) to alleviate cash flow problems for compliant provisional taxpayers:

- Deferral of a portion of the payment of the first and second provisional tax liability to SARS, without SARS imposing penalties and interest for the late payment of the deferred amount
- The first provisional tax payments, due from 1 April 2020 to 30 September 2020, will be based on 15% of the estimated total tax liability, while the second provisional tax payments, due from 1 April 2020 to 31 March 2021, will be based on 65% of the estimated total tax liability (after deducting the 15% payment amount received from the 1st period into account)

- Provisional taxpayers with deferred payments will be required to pay the remaining 35% tax liability when making the third provisional tax payment, in order to avoid interest charges on assessment.

Accelerated VAT refunds

As a temporary relief measure from 1 May 2020, qualifying (Category A and B) VAT vendors will be permitted to file monthly claims instead of filing every two months.

Vendors can submit the VAT return via eFiling, on or before the last business day of the month, and via any SARS branch by the 25th (or the last business day), before the end of the tax period.

Note: VAT charged on supplies made (output tax) less VAT paid to your suppliers (input tax) and other permissible deductions = the amount of VAT payable/refundable.

Which VAT vendors will be allowed to file their VAT returns monthly?

- VAT vendors, currently registered under Category A, will be permitted to file monthly VAT returns for the April 2020 to May 2020 tax periods, and June 2020 to July 2020 tax periods exemplified below:

For period	File in	
Dec 2019 - Jan 2020	Feb 2020	
Feb 2020 - Mar 2020	Apr 2020	
April 2020	May 2020	* month 1 of relief
May 2020	Jun 2020	* month 2 of relief
Jun 2020	Jul 2020	* month 3 of relief
Jul 2020	Aug 2020	* month 4 of relief
Aug 2020 - Sep 2020	Oct 2020	
Oct 2020 - Nov 2020	Dec 2020	

- VAT vendors, currently registered under Category B, will be permitted to file monthly VAT returns for the May 2020 to June 2020 tax periods, and July 2020 to August 2020 tax period exemplified below:

For period	File in	
Jan 2020 - Feb 2020	Mar 2020	
Mar 2020 - Apr 2020	May 2020	
May 2020	Jun 2020	* month 1 of relief
Jun 2020	Jul 2020	* month 2 of relief
Jul 2020	Aug 2020	* month 3 of relief
Aug 2020	Sept 2020	* month 4 of relief
Sept 2020 - Oct 2020	Nov 2020	
Nov 2020 - Dec 2020	Jan 2021	

More information on the COVID-19 Tax Relief Measures is available on www.sars.gov.za/Media/Pages/Tax-Relief-measures

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 website www.sars.gov.za;
- Make an online appointment to visit a 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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