



SDF NEWSFLASH - EDITION SDF4/2016

SKILLS DEVELOPMENT UPDATE

In July 2016, we provided you with an update on the litigation brought by BUSA to challenge the change in the mandatory grant payment from 50% to only 20% of employer's 1% skills development levy. We would like to provide you with a further update regarding this matter as currently the Labour Appeal Court will either set the matter down for hearing (which means that it will have to be argued in court), or issue a ruling to reject the condonation application.

We also encourage organisations to report on the non-payment of any mandatory grants currently being experienced with SETAs. Click on the below links for more information on this and the above.

- [SETA Grant Regulations](#)
- [Mandatory Grant Disbursement Report](#)

The Taxation Laws Amendment Bill (B 17 - 2016) is currently before Parliament at National Assembly and of particular importance for purposes of this newsletter is the proposed extension of the allowable tax deductions for Learnership agreements and the Employment Tax Incentive (ETI).

The ETI is an incentive aimed at encouraging employers to hire young work seekers. Only eligible employers qualify for the ETI and the Taxation Laws Amendment Bill seeks to extend this incentive to 28 February 2019. To ascertain if you are a qualifying employer and to find out how to calculate the value of your possible ETI, visit [http://www.sars.gov.za/TaxTypes/PAYE/ETI/Pages/How-does-the-Employment-Tax-Incentive-\(ETI\)-work.aspx](http://www.sars.gov.za/TaxTypes/PAYE/ETI/Pages/How-does-the-Employment-Tax-Incentive-(ETI)-work.aspx).

Section 12H of the Income Tax Act provides additional deductions to employers for qualifying Learnership agreements. The Taxation Laws Amendment Bill seeks to extend this incentive to all agreements entered into before 1 April 2022. Training contracts that qualify for these deductions are Learnership agreements and Apprenticeships registered with a SETA. These additional deductions consist of an annual allowance and a completion allowance. The proposed allowance values will vary per the qualification NQF Level, as can be seen from the table below:

	Qualification equal to NQF level 1-6	Qualification equal to NQF level 7-10
Annual Allowance	R40, 000	R20, 000
Completion Allowance	R40, 000	R20, 000
Additional Allowance in respect of a person with a disability	R20, 000	R30, 000

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CAPE TOWN
PORT ELIZABETH
DURBAN

T- 043 721 1030
T- 011 483 3722
T- 043 721 1030
T- 041 364 0472
T- 041 364 0472

F- 043 721 1027
F- 011 483 1650
F- 043 721 1027
F- 041 363 0043
F- 041 363 0043

elmarketing@globalbusiness.co.za
jhbmarketing@globalbusiness.co.za
ctmarketing@globalbusiness.co.za
pemarketing@globalbusiness.co.za
dbnmarketing@globalbusiness.co.za



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We encourage organisations to start looking towards not only the submission of their Employment Equity reports due by the 15th of January 2017, but in addition, we also suggest the commencement of activities around the preparation of skills reporting (WSP/ATR) which is due the 30th of April 2017.

In closing, we have seen a number of SETA communications recently inviting stakeholders to workshops where discussions will be held around mandatory and discretionary grant processes and we would encourage all organisations to participate in these.

We hope this has offered you some clarity on current issues affecting the skills development landscape.

Kind Regards

Menet Hamel
Global Business Solutions

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EAST LONDON
JOHANNESBURG
CAPE TOWN
PORT ELIZABETH
DURBAN

T- 043 721 1030
T- 011 483 3722
T- 043 721 1030
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