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Should you require any further detail on any of these topics, please feel free to contact us at info@hrtorque.co.za

1) Covid-19 overview of relief measures

Author: Nicky Hardwick

HRTorque is being inundated with calls and emails regarding the countrywide shutdown and the various measures spoken of by the President to assist companies and staff in financial distress. As we get to grips with the new legislation (much of it is new and details have not yet been provided) we will communicate this to clients. We will try to do this as soon as possible given the urgency. Please note that the generic newsletters will come at no charge but any calls or consulting will be charged at our standard consulting rates.

Overview of where we are:

The following measures were mentioned by the President in his 23 March 2020 speech:

1. Early refunds under the Employee Tax Incentive scheme
2. Delay in certain payments for PAYE and Provisional Corporate Income Tax to SARS for smaller organisations
3. Possible reduction in contributions to UIF and SDL
4. Assistance to SMMEs
5. Assistance specifically to businesses in Tourism and Hospitality
6. IOD claims if employees contract COVID-19 through work
7. UIF claims for short time and unpaid leave

How we can help:

As we understand it, it will be Gazetted that HR and Payroll will be included as an Essential Service and therefore we are well placed to assist companies and staff throughout the shutdown.

HRTorque is able to assist clients in a number of areas:

- Consulting on cash flow analysis and the creation of plans to manage and save your business;
- Consulting on options for retrenchment/short time/unpaid leave/restructuring
- Support making claims through various benefits and schemes (as the legislation is practically rolled out)
- Running payroll and HR remotely for clients (either on a short term or long term basis)

If you would like to be included on updates as and when the Gazettes are published please email hra@hrtorque.co.za with "COVID-19 Shutdown Updates" in the subject line so we can include you on any correspondence.

2) Keeping your business alive

Author: Jonty Aitken

Business owners are scrambling. Demand has dropped for many industries and the battlefield is still too new to know what the landscape will look like over the coming months. Many businesses will go under, but the objective through this is to make sure yours survives. Then when things return to normal (and they will), you will be able to take advantage of the recovery.

I have set out some tips/steps below in how you can increase your chances of being one of the survivors:

- 1) Don't panic! Easier said than done, but if you panic you tend to make emotional, irrational decisions. It is important to think your way through your situation objectively and make proper plans based on facts.
- 2) The key issue is liquidity. Do you have enough cash flow to manage through the crisis period. The amount of assets you have doesn't matter. You need the cash to pay employees and creditors. So, prepare a cash flow analysis showing the cash you have available and what you need to pay and what you can defer. Look at each element carefully:
 - Cash availability – both bank account cash plus access to overdrafts and funding (check with the third party to make sure this is still available to you)
 - What payments do I need to make and what can I defer / re-negotiate? How can I best save money on payroll while retaining and supporting my key employees?
 - i. Salaries and wages
 - ii. Suppliers
 - iii. Tax
 - What are my fixed vs variable costs? Don't assume that traditional fixed costs are fixed. Investigate with landlords, banks, suppliers to make a plan. They would prefer to have some clarity on payment and have you survive rather than have you go bust and receive nothing;
 - What are my payroll options? There is a lot covered in this newsletter around various schemes to help employers with government support, but the main options are (each has pros and cons and processes to be followed which we don't go into here):
 - i. Request employees to take annual leave until they use up their leave balance and then they can use unpaid leave; or
 - ii. Negotiate for employees to take short time; or
 - iii. Negotiate an across the board salary cut; or
 - iv. Formally retrench employees or groups of employees;
 - Review your receivables. Not everyone will pay you. Divide the receivables in low, medium and high risk of non payment.
 - Consider what grants and support may be available to you. Remember these will be constrained by timing and amount so don't bank on getting these in time to help you.
 - Assess what actions you can take to improve the cash flow position in all of the elements above. Understand what needs to work for you to survive. If there is a shortfall then either consider more drastic steps or recognise you will need additional funding.
- 3) Review your contracts with customers and suppliers for force majeure clauses. This will impact whether you may be able to immediately terminate a supplier contract or on the other hand may be faced with a customer cancelling on you (this shouldn't impact payment for work already done)
- 4) Continue to iterate the above and don't get distracted by other issues.

It is important to remember "Plan for the worst and hope for the best." The lockdown may continue past the middle of April and you need to be ready to adapt to deal with this.

3) Keeping sight of the end game

Author: Jonathan Aitken

In the context of the lockdown and events surrounding us there is considerable room for pessimism as business owners, employers, managers and leaders. Yes, we do not know the outcome of events. Yes, it is difficult to manage anything without any certainty. However, history shows us that things will recover. We will get out of this and those best able to remain optimistic and to look for opportunities will be those who mentally, physically and commercially will thrive when things get better. Your state of mind through this will be critical.

I sat in an HR conference recently where the speaker talked to the 3 P's of optimism as developed by Martin Seligman (the author of Learned Optimism). These are very relevant to our current situation so let's deal with them:

- (P)ermanence – pessimists tend to assume current conditions will last for ever while optimists recognise they are temporary, often cyclical and things will get better;
- (P)ervasiveness – pessimists assume that a mistake or problems in one area are all consuming and let it impact their business, personal and spiritual well-being. Optimists tend to isolate the issue and say "ok, that didn't go so well there", but don't let it impact their situation elsewhere;
- (P)ersonalisation – pessimists assume all set backs are personal. Optimists recognise that issues may partly be due to them, but that often bad luck or external events play a big role.

Consider the events around you. We are all in this together. This was not caused by our neighbours. We could decide to be fatalistic about it or we can use it as an opportunity to strengthen our business, look for new opportunities, broaden our horizons and build stronger bonds with people...

4) Temporary Employer and Employee Relief Scheme (TERS)

Author: Jonathan Aitken

The TERS scheme has been talked about in relation to the Covid-19 situation, but was originally introduced in December 2019. The scheme piggy backs off UIF illness and Reduced Work Time benefits and has been adapted and amended on the 26 March for Covid-19. This article and guide sets out the pre-conditions for application and the steps to be taken to claim. In practice, we have not seen a TERS scheme allowance being granted as yet.

In summary the details of the benefit are as follows

- The benefit is available to businesses who have been required to close their operations for 3 (three) months or less and suffers financial distress as a direct result of the Coronavirus.
- This benefit will only pay for the cost of salary for employees during the closure of the business.
- The salary will be capped at R17 712 per month per employee using the income replacement rate sliding scale (38% - 60%) as provided in the UI Act. (In the event that amount falls below the minimum wage, the amount will equal the minimum wage)
- The benefit will not be dependent on the employee having any credits remaining (usually one credit granted for every four days worked)

Does my company qualify?

- The company must be registered with UIF. If you are not registered with UIF and need assistance with the registration process please email dave@hrtorque.co.za and he will advise you accordingly.
- The company must comply with the application procedure for the financial relief scheme which may include entering into a Memorandum of Agreement with the Department of Labour
- The company's closure must be directly linked to the COVID-19 pandemic.

Further guidance is available at this link. The relevant employer and employee declaration forms for the filing are available to be downloaded from the HRTorque website:

[TERS Scheme Overview](#)
[Employee declaration](#)
[Employer declaration](#)

5) UIF – Disaster management relief / short time claims

Author: Nicky Hardwick

One of the measures put in place to assist employees financially is the ability for employees to claim from UIF.

The **EMPLOYER** can claim one of two benefits on behalf of their employees.

What can you claim?

1) National Disaster Benefit

This would be claimed when the employee will not be receiving any money at all from the employer during the lockdown.

The employee will receive a flat rate equal to minimum wage of R3500 for the duration of the shutdown or for a maximum of 3 months whichever is shortest.

2) Reduced Work Time Benefit

This would be claimed when the employee will be receiving a reduced wage/salary as a result of the lockdown.

The benefit received is the difference between what the employers pays and normal UIF benefits payable.

This benefit will be dependent on the number of credits the employee has accrued with UIF.

What forms are required?

- UI-19 and UI-2.7 (Completed by the Employer)
- UI-2.1 (application form)
- UI2.8 (bank form to be completed by the employee's bank)
- A letter from the Employer confirming company shutdown or employee's temporary lay-off/reduced working time due to Corona Virus
- Copy of Employee's ID

How to claim

The forms can be faxed or emailed

Mailbox	Fax to email Number
Germiston.BCP@labour.gov.za	0864397295
Petermari.BCP@labour.gov.za	0864397296
EastLondon.BCP@labour.gov.za	0864397299
Capet.BCP@labour.gov.za	0864397300
George.BCP@labour.gov.za	0864397301
NorthWest.BCP@labour.gov.za	0864397302
Limpopo.BCP@labour.gov.za	0864397303
Mpumalanga.BCP@labour.gov.za	0864397304
Freestate.BCP@labour.gov.za	0864397305
Online.BCP@labour.gov.za	0864397306
Durban.BCP@labour.gov.za	0864397297
Portelizabeth.BCP@labour.gov.za	0864397298
NorthernCape.BCP@labour.gov.za	0864397309
Johannesburg.BCP@labour.gov.za	0864397294
Pretoria.BCP@labour.gov.za	0864397290

Can HRTorQue assist with the claim?

We do offer this service normally and will continue to offer during shut down.

Our normal cost for this service is R450.00 excl. VAT per person however during this difficult time we will be reducing our fee to R300 per person excl. VAT.

The service includes submitting the documents to the Department of Labour (DOL) and liaising with the employee and DOL until payment is made.

The service does not guarantee the payment as this is managed by Department of Labour, but we hope it will be better managed than normal.

Should you wish to make the applications yourself you can find all the relevant UIF forms on our website.

[Overview](#)

[UI-19](#)

[UI-2_1](#)

[UI-2_7](#)

[UI-2_8](#)

Should you have any queries please do not hesitate to contact me.

6) SMME funding and relief

Author: Jonathan Aitken

The President announced during his 23 March speech a relief fund for SMMEs to fund working capital and direct costs. Over the past few days further guidance has arisen around this scheme amidst a raft of "fake news". Notably that the scheme will be available for SMMEs in good standing with SARS and the Department of Labour; have 100% South African ownership and 70% South African employees; with priority given to women, persons with disabilities and youth businesses (although the latter statement was made in a speech and is not confirmed).

We understand the funding terms are (not yet certain):

- The facility will be for working capital only (direct, auditable costs)
- Maximum R500,000 per SMME will be considered
- Terms of the funding will be dependent on the business's cash flow
- Loan facilities will be at Prime less 5%
- Any misuse of funds will need to be repaid at Prime +10% (indicative)

Application in theory can be made through <http://www.smmesa.gov.za/> but in practice the website is under maintenance and when we tried on Tuesday to register for clients we could not get fully through the application process. We will keep an eye on the website and the process and updates clients as we see progress.

7) Solidarity Fund and other funds

Author: Jonathan Aitken

Various businesses and individuals have contributed to the Solidarity Fund. It was originally reported that this would be used to help struggling businesses, but looking at the website it appears the fund is intended to track and help prevent the spread of the virus and look after people impacted by the Covid-19 virus.

Those looking to make donations to the fund can do so through this website <https://www.solidarityfund.co.za/>.

Johan Rupert has been reported as contributing R1bn and newspapers have commented that he would envisage this being allocated through Business Resources which specializes in financing and mentoring small businesses.

8) Early refunds under the Employment Tax Incentive (ETI)

Author: Jonathan Aitken

There was mention made by the President of a R500 subsidy per employee for those earning below R6,500 per month and monthly reclaims for Employment Tax Incentive (ETI) rather than semi-annually. We have not seen further guidance on this measure, but it seems to us that all this measure is, is the continuation of ETI as it is currently structured.

At present employers can already claim up to R1,000 for ETI and this reduces their PAYE payment each month. Only where they have insufficient PAYE to cover the claim would a refund at the end of the six months be necessary.

Unless the intention is to loosen the rules on who can claim (e.g. not just youth) or you have insufficient PAYE to claim the measure is unfortunately unlikely to have an impact.

9) IOD claims for employees who contract Covid-19 at work

Author: Jonathan Aitken (source: crs.co.za)

On Friday, 20 March the Department of Labour published a notice on the compensation for occupationally acquired novel Coronavirus disease (COVID-19) in terms of Section 6A of the Compensation for Occupational Injuries and Diseases Act (COIDA).

Occupationally acquired COVID-19 is a disease contracted by an employee arising out of and during his/her employment.

The notice deals with occupationally acquired COVID-19 resulting from exposure to confirmed cases of COVID-19 in the workplace, or after an official trip to high-risk countries or areas.

Employers must follow the stipulated regulations when submitting claims for COVID-19.

A claim for occupationally acquired COVID-19 must be set out as per sections 65 and 66 of the COIDA Act.

During this pandemic it is crucial for employers to implement the rules and regulations of the Occupational Health and Safety Act 85 of 1993 (OHS Act). The regulations in the OHS Act must be followed to their full extent to avoid claims by employees and fines imposed on the employer at a later stage. The OHS Act states that an employer must ensure that its working environment is safe and without risk to the health of its employees.

For more details on the official notice, follow the [link](#).

10) Delayed payments for PAYE, Provisional Tax, UIF and SDL

Author: Jonathan Aitken

There was mention made by the President of the following:

- Tax compliant businesses with a turnover of less than R50 million will be allowed to delay 20% of their pay-as-you-earn liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months. This intervention is expected to assist over 75 000 small and medium-term enterprises.
- We are exploring the temporary reduction of employer and employee contributions to the Unemployment Insurance Fund and employer contributions to the Skill Development Fund.

This measure will be extremely helpful to smaller employers. Unfortunately to date there have been no announcements from SARS on how this will work in practice and nothing is available on their website. We are trying to contact them to clarify. We will let you know when we have further info.

Head Office (Durban)

Phone: 031 564 1155 • Email: info@hrtorque.co.za • Website: www.hrtorque.co.za Address: 163 Umhlanga Rocks Drive, Durban North, KwaZulu-Natal

Johannesburg Office

Ground Floor, West Wing, 6 Kikuyu Road, Sunninghill, 2191

Cape Town Office

Ground Floor, Liesbeek House, River Park, Gloucester Road, Mowbray, Cape Town, 7700

Bloemfontein Office

62 Kellner Street, Westdene, Bloemfontein

East London

24 Pearce & Tecoma Street, Berea, East London

Port Elizabeth

280 Cape Road, Newton Park, Port Elizabeth

Polokwane

125 Marshall Street, Polokwane

Nelspruit

Promenade Centre, First Floor, Suite 11 A, Nelspruit