28 April 2020

Dear Member

COVID-19 FUNDING RELIEF AND CLAIMS

Since the occurrence of Covid-19 and the subsequent lockdown and financial/economic distress experienced by both businesses and individuals, there have been a number of initiatives launched by both Government and other sources which seek to ease the financial burden.

This communication serves to provide you, our RMI member, with some guidelines as to where you may seek assistance.

GOVERNMENT INITIATIVES

TERS – UIF Temporary Relief System

Target Market	UIF registered companies
Type of Support	Benefits calculated based on income replacement rate sliding scale, capped at R17 712 per month, or a maximum payout of R6 730 per staff member claimed for
Duration	Duration of the lockdown or three months
Eligibility	Reason for closure must be linked to COVID-19 pandemic Claims do not depend on the employee having UIF credits
Method of application	Online submission - https://uifecc.labour.gov.za/covid19/ Email address – covid19ters@labour.gov.za

COVID-19 SMME Debt Relief Finance Scheme

Target Market	SMME's
Type of Support	Soft loan funding for six months, starting from 1 April 2020 Based on application form submission and approval
Duration	Six months from 1 April 2020
Eligibility	Be registered and compliant with SARS and UIF Owned 100% by South African citizens 70% of employees are South African citizens Priority given to businesses owned by women, youth and people with disabilities
Method of application	Registration on the national SMME database https://smmesa.gov.za debtrelief@seda.orgza for assistance with microenterprises

Business Growth/Resilience Facility

Target Market	Businesses geared to take advantage of supply opportunities resulting from the Coronavirus pandemic or shortage of goods in the local market
Type of Support	Loan funding @ prime-5% Working capital: stock, bridging finance, purchase order finance, capital requirement finance
Duration	Duration of the lockdown or three months
Eligibility	Be registered and compliant with SARS and UIF Owned 100% by South African citizens 70% of employees are South African citizens Priority given to businesses owned by women, youth and people with disabilities Businesses were not experiencing financial difficulty prior to Covid-19
Method of application	Registration and upload documents https://smmesa.gov.za debtrelief@seda.orgza for assistance with microenterprises

IDC COVID-19 Supplies Intervention

Target Market	Sectors impacted by supply chain interruptions and market loss problems
Type of Support	Short-term loan from banks, underpinned by Guarantees to banks from IDC (2% pa) IDC loan and trade finance facilities Prime plus 1% pa
Duration	As negotiated with the relevant finance house
Eligibility	Any sector that is impacted in the following way: Supply chain interruptions; Access to raw materials – cost and quality; Access to markets – perishable products lost in transit due to longer delivery periods; Working capital interruptions – longer lead times; Market loss – e.g. export markets constrained by logistics or replaced by production; Surge of imports to address the spike in demand; Underpinning budgets – impact of extended downtime; Reduced productivity – based on issues relating to staff welfare.
Method of application	Follow link to https://www.idc.co.za/2020/03/24/idc-interventions-in-response-to-covid-19/

PRIVATE FUNDING

COVID-19 Guaranteed Loan Scheme

Target Market	SMME's
Type of Support	Short term loan from banks, underpinned by the South African Reserve Bank
Duration	Loans will cover up to three months of operational costs and will be drawn down monthly. Single agreed lending rate by all participating banks that tracks the repo rate. A six-month repayment holiday will commence from the first drawdown, although interest will accumulate from the date on which the first drawdown on the loan occurs. Repayment of interest and capital starts after six months and businesses have a maximum of 60 months to do so. Borrowers can repay the loan ahead of schedule.
Eligibility	Businesses with an annual turnover of less than R300 million in good standing with their commercial banks A business' owners may be required to sign surety for the loan. Only one Covid-19 loan per business
Method of application	Please contact your bank for further details and eligibility criteria.

The SA Future Trust (SAFT) Known as the Oppenheimer Family Fund

Target Market	An initiative aimed at supporting SMME's that are financially impacted by COVID-19
Type of Support	Business will qualify for R750 per permanent employee per week for 15 weeks, in the form of a loan at prime -5%
Duration	15 week period
Eligibility	Operating for 12 months Maximum loan R15 million Directors do not qualify Annual turnover of less than R25 million Must have had a sustainable business on 29 Feb 2020 Must be adversely affected by Covid-19 Must be CIPC registered Valid income tax number with SARS Ability to confirm permanent status of staff
Method of application	Follow link to https://smmesa.gov.za

GOVERNMENT – TAX DEFERRALS

PAYE Deferrals

Target Market	Tax Compliant SMME's
Type of Support	Deferral of payment of 20% of the PAYE liability, without SARS imposing administrative penalties and interest for the late payment thereof; The deferred PAYE liability must be paid to SARS in equal instalments over the six month period commencing on 1 August 2020, i.e. the first payment must be made on 7 September 2020;
Duration	The proposed amendments are deemed to have come into operation on 1 April 2020 and end on 31 January 2021, therefore impacts 7 May PAYE payment – not 7 April.
Eligibility	CIPC registered companies (registered prior to 28 February 2020) Tax compliant businesses; Small and medium sized businesses (annual turnover not exceeding R50 million for the 2020/2021 financial year.
Method of application	https://www.sars.gov.za

PROVISIONAL TAX Deferrals

Target Market	Tax Compliant SMME's
Type of Support	Deferral of a portion of the payment of the first and second provisional tax liability to SARS, without SARS imposing administrative penalties and interest for the late payment of the deferred amount
Duration	The first provisional tax payment due from 1 April 2020 to 30 September 2020 will be based on 15 percent (not 50%) of the estimated total tax liability. The second provisional tax payment from 1 April 2020 to 31 March 2021 will be based on 65 percent (not 100% of tax liability) of the estimated total tax liability. Provisional taxpayers with deferred payments will be required to pay the full tax liability when making the third provisional tax payment in order to avoid interest charges.
Eligibility	CIPC registered companies (registered prior to 28 February 2020) Tax compliant businesses; Small and medium sized businesses (annual turnover not exceeding R50 million for the 2020/2021 financial year.
Method of application	https://www.sars.gov.za

The abovementioned funding and tax reliefs are not an exhaustive list and one may find banking houses and private consortiums are offering additional or alternate funding, should you not be eligible for the abovementioned initiatives. Please bear in mind when sourcing assistance you should consult with your Accountants and Legal team/advisors as to the long term impact on your business.