14 May 2020

Dear member

Update on deferral of PAYE payments

In our current economic climate South African businesses find themselves in a constant battle to sustain a positive cash flow which is a prerequisite for a successfully run business. Without a positive cash flow, it is difficult to remain in good standing with creditors and businesses often face the very real choice between either paying their employees and other necessary expenses in order to keep to doors open or to pay VAT and/or PAYE to SARS.

On 7 April we sent out a Monitor detailing various measures available to South African businesses to assist with the adverse effects arising from what is already a crippling corona-induced economic crisis.

Point 2 related to support programmes from the South African Revenue Services. This has subsequently been updated to include a Provisional Tax Deferral of 35% of a taxpayer's provisional tax liability.

Target Market: Any tax-compliant company, trust, partnership or individual having a gross income (i.e. excluding receipts and accruals of a capital nature) not exceeding R100 million – impacted by the COVID-19 outbreak.

Type of Support: Tax-compliant businesses with a turnover of up to R100 million will be allowed to delay 35% of their pay-as-you-earn liabilities over the next four months without incurring penalties and interest.

Eligibility: All tax compliant businesses registered with SARS. Businesses that take advantage of this proposed relief measure are required to pay the deferral amounts to SARS in six equal instalments over the six-month period starting 1 August. The first repayment therefore will be due with your PAYE returns, which are due on 7 September.

To apply you need to visit the SARS website: www.sars.gov.za