

# COVID-19 LOCKDOWN

## SUMMARY OF RELIEF PROGRAMS FOR BUSINESSES AND SMMES



*Some of the announced measures discussed here still need to be enacted and may be different when they are finalized. Expect ongoing changes and keep checking for ongoing lists of proposed and implemented avenues of business relief.*





## DEFINITION OF SMALL ENTERPRISE AS PER THE REVISED SCHEDULE 1 OF THE NATIONAL DEFINITION OF SMALL ENTERPRISE IN SOUTH AFRICA:

“Small enterprise” means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the Schedule and classified as a micro, a small or a medium enterprise by satisfying the criteria mentioned in columns 3 and 4 of the schedule.

### SCHEDULE 1

The new National Small Enterprise Act thresholds for defining enterprise size classes by sector, using two proxies\*

Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11 - 50	≤ 17,0 million
	Micro	0 - 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11 - 50	≤ 50,0 million
	Micro	0 - 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11 - 50	≤ 50,0 million
	Micro	0 - 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11 - 50	≤ 60,0 million
	Micro	0 - 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11 - 50	≤ 75,0 million
	Micro	0 - 10	≤ 10,0 million
Retail, Motor trade and repair services	Medium	51 - 250	≤ 80,0 million
	Small	11 - 50	≤ 25,0 million
	Micro	0 - 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11 - 50	≤ 80,0 million
	Micro	0 - 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11 - 50	≤ 15,0 million
	Micro	0 - 10	≤ 5,0 million
Transport, Storage and Communication	Medium	51 - 250	≤ 140,0 million
	Small	11 - 50	≤ 45,0 million
	Micro	0 - 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11 - 50	≤ 35,0 million
	Micro	0 - 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11 - 50	≤ 22,0 million
	Micro	0 - 10	≤ 5,0 million

\* Refer to appendix: As per the Ministry of Small Business 27/02/2019





## COVID-19 RELIEF FUNDING / LOAN PACKAGES OFFERED

Name of Initiative	Target Market	Type of Relief	Application Process
<p><b>South African Future Trust (SAFT)</b></p> <p>Administered by Oppenheimer Generations</p> <p><b>Total fund: R1 bn</b></p>	<p><b>SMMEs</b></p> <ul style="list-style-type: none"> <li>• &lt;R25m turnover</li> <li>• In good standing as at 29 Feb 2020</li> <li>• Trading for min two years</li> <li>• Impacted by Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• An interest-free, five year loan to the business entity</li> <li>• Exclusively for the purpose of paying permanent employees</li> <li>• Repayable at the end of the term</li> </ul> <p><b>NB:</b></p> <ul style="list-style-type: none"> <li>• Proceeds of the loans will be paid directly into the accounts of the participating employees</li> <li>• Employees are not liable for repayment of this loan</li> </ul> <p><b>Funding available:</b></p> <ul style="list-style-type: none"> <li>• R750 weekly wage per employee for 15 weeks = R11,250 per employee.</li> <li>• No limit to the number of employees per business</li> </ul>	<p>SMMEs should register their interest directly with their bank.</p> <p>Currently this scheme is limited to clients of ABSA, FirstRand Bank, Nedbank, and Standard Bank.</p> <p><a href="https://opp-gen.com/saft/#required-documentation">https://opp-gen.com/saft/#required-documentation</a></p>
<p><b>Debt Relief Finance Scheme</b></p> <p>Administered by Department of Small Business</p> <p><b>Total fund: R200 m</b></p>	<p><b>Existing businesses negatively impacted by Covid-19</b></p> <p>Must be:</p> <ul style="list-style-type: none"> <li>• CIPC registered companies</li> <li>• 100% owned by SA citizens</li> <li>• 70% of employees are SA citizens</li> <li>• Registered with SARS; tax-compliant</li> <li>• UIF compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Loan funding @ Prime-5%</li> <li>• Working capital: stock, bridging finance</li> <li>• Purchase order finance</li> <li>• Capital requirement finance</li> </ul>	<ol style="list-style-type: none"> <li>1. Register your business on the small business database <a href="https://smmesa.gov.za">https://smmesa.gov.za</a></li> <li>2. Then complete an application form and upload supporting docs</li> </ol> <p>Contact <a href="mailto:debtrelief@seda.org.za">debtrelief@seda.org.za</a> for assistance with micro-enterprises</p>
<p><b>Business Growth/Resilience Facility</b></p> <p>Administered by Department of Small Business Development</p> <p><b>Total fund: R300 m</b></p>	<p><b>Existing businesses geared to take advantage of supply opportunities resulting from Covid-19</b> or shortage of goods in local market, especially with regard to medical supplies and critical non-food essentials.</p> <p><b>Must be:</b></p> <ul style="list-style-type: none"> <li>• CIPC registered companies</li> <li>• 100% owned by SA citizens</li> <li>• 70% of employees are SA citizens</li> <li>• Registered with SARS; tax-compliant</li> <li>• UIF compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Loan funding @ Prime-5%</li> <li>• Working capital: stock, bridging finance</li> <li>• Purchase order finance</li> <li>• Capital requirement finance</li> </ul>	<ol style="list-style-type: none"> <li>1. Register your business on the small business database <a href="https://smmesa.gov.za">https://smmesa.gov.za</a></li> <li>2. Then complete an application form and upload supporting docs.</li> </ol> <p>Contact <a href="mailto:growthfund@seda.org.za">growthfund@seda.org.za</a> for assistance with micro-enterprises</p>





Name of Initiative	Target Market	Type of Relief	Application Process
<p><b>Spaza Shop Grant Funding</b></p> <p>Administered by Department of Small Business</p> <p>in collaboration with SEFA</p> <p><b>Total fund: R30 m</b></p>	<p><b>Sole props operating spaza shops</b></p>	<p>R10,000 (with a possible R5,000 being made available as a second phase) for purchasing a basket of essential goods at a discounted price for a period of three months from participating wholesalers.</p>	<p>Not yet available</p>
<p><b>Informal trade stipends</b></p> <p>Administered by Department of Small Business</p> <p><b>Total fund: R100 m</b> (not yet funded)</p>	<p><b>Informal traders</b></p>		<p>Not yet available</p>
<p><b>Tourism Relief Funding</b></p> <p>Administered by Department of Tourism</p> <p><b>Total fund: R200 m</b></p>	<p><b>Tourism and hospitality industry</b></p> <p>CIPC registered and in existence &gt;1 year with t/over ≤R2,5m pa, tax clearance, UIF registered and proof of min wage compliance</p>	<p>Funding available to assist SMEs in the tourism and hospitality sector, who are under particular stress due to the new travel restrictions.</p>	<p>Contact Ms Hlengiwe Nhlabathi <a href="mailto:hnhlabathi@tourism.gov.za">hnhlabathi@tourism.gov.za</a></p>
<p><b>IDC Covid-19 Essential Supplies Intervention</b></p> <p>Administered by Industrial Development Corporation</p> <p><b>Funding available: R500 m</b></p>	<p><b>Essential supplies:</b></p> <ul style="list-style-type: none"> <li>• Companies with manufacturing track record</li> <li>• Experience to import at scale</li> <li>• Accredited supplier with contract or purchase order or corporate guarantee</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term loan</li> <li>• Revolving credit facility</li> <li>• Guarantees to banks for banking facilities, imports, ordering requirements</li> <li>• IDC loan and trade finance facilities: P + 1% pa</li> <li>• Guarantees: 2% pa</li> </ul>	<p>Submit documents to <a href="mailto:callcentre@idc.co.za">callcentre@idc.co.za</a></p> <p>Or contact Mr Gerrit Claassen at 011 269 3482 or Mr Rishel at 011 269 3261 for more info</p> <p><a href="https://city-press.news24.com/Business/essential-business-support-20200401">https://city-press.news24.com/Business/essential-business-support-20200401</a></p>





Name of Initiative	Target Market	Type of Relief	Application Process
<p><b>MCEP Covid-19 Programme</b></p> <p>Administered by Industrial Development Corporation</p> <p><b>Funding available: R300 m</b></p>	<ul style="list-style-type: none"> <li>Companies that manufacture and provide essential supplies and have been existence &gt;1 year</li> <li>Valid contract/purchase order or letter of intent</li> <li>Companies with B-BBEE Level 4 will be encouraged</li> </ul>	<ul style="list-style-type: none"> <li>MCEP funding can be standalone or blended with IDC</li> <li>Limited to R30 million per applicant in total</li> <li>Priced at a fixed rate of 2.5% per annum</li> <li>Maximum term is 48 months, including moratorium</li> <li>First drawdown must occur within one month from approval date</li> <li>Raising and commitment fees are excluded</li> <li>All other standard fees are applicable</li> </ul>	<p>Submit documents to <a href="mailto:callcentre@idc.co.za">callcentre@idc.co.za</a></p>
<p><b>Covid-19 Temporary Employer/Employee Relief Scheme (TRS)</b></p> <p>Administered by National Disaster Benefit and UIF</p> <p><b>National Empowerment Fund - COVID-19 Black Business Funding Solution</b></p> <p><b>Funding available: R200 m</b></p>	<p>Businesses registered with UIF</p>	<p>Replacement of lost income to employees during temporary closure of business and for employees in quarantine.</p> <p>The salary benefits will be capped to a max amount of <b>R17,712 pm</b> per employee and an employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided in the UI Act.</p> <p>R200 m has been set aside under the COVID-19 Black Business Fund as a blended facility for SMEs that manufacture and supply Identified Priority Products (including food) to access concessionary loan funding.</p> <p>Funding of R500,000 - R10 m</p>	<p>The employer to apply by reporting their closure by email to <a href="mailto:Covid19ters@labour.gov.za">Covid19ters@labour.gov.za</a>, an automatic response outlining the application process will be received</p> <p>Contact <a href="mailto:Covid19ters@labour.gov.za">Covid19ters@labour.gov.za</a></p> <p>Required documents:</p> <ul style="list-style-type: none"> <li>Declaration on B-BBEE status and size of business</li> <li>NEF application form (accessible on NEF website: <a href="http://www.nefcorp.co.za">www.nefcorp.co.za</a>).</li> <li>Summary of production in the last three months</li> <li>Copy of the financial statements (up to three years)</li> <li>Signed copy of the contract or purchase order from the applicant's client/s</li> <li>Financial forecast for the duration of the contract, order, or letter of intent</li> <li>Additional information that would be necessary to enhance the application may be requested by the NEF as and when deemed necessary</li> </ul>





Name of Initiative	Target Market	Type of Relief	Application Process
<p><b>COVID-19 SME FUND</b></p> <p>Administered by Business Partners (Rupert Foundation &amp; Remgro)</p> <p><b>Total fund: R900 m</b></p>	For working capital (salaries, rent, HPs, loan instalments)	<p>Transaction value - loans between R250,000 - R1,000,000</p> <p><b>Cost of finance:</b> M1 - M12 0%, payment holiday for first 12 months, no early payment implications</p> <p>M12 - M60 prime interest, no early payment implications</p>	<p><b>Qualifying Criteria:</b></p> <ul style="list-style-type: none"> <li>• Feb 2019 AFS signed (non-negotiable)</li> <li>• Fully compliant entity</li> <li>• Formal registered entity</li> <li>• Ownership does not have to be SA Citizens</li> <li>• Excludes: direct agriculture, non-profit organisations, underground mining, on-lending</li> </ul> <p><a href="https://www.businesspartners.co.za/en-za/apply-enquire/what-you-need-to-apply">https://www.businesspartners.co.za/en-za/apply-enquire/what-you-need-to-apply</a></p>
<p><b>Covid-19 Business Rescue Assistance (COBRA)</b></p> <p>Administered by Consortium:</p> <ul style="list-style-type: none"> <li>• Schindlers Attorneys</li> <li>• IQ Business</li> <li>• Engaged</li> </ul>	SMMEs	<ul style="list-style-type: none"> <li>• Free daily (small group) and weekly (large group) webinars to share information/guide business leaders</li> <li>• COBRA War Room - business support to avoid business rescue (pro bono or discounted fees)</li> <li>• Knowledge base and expert Wiki to consolidate information, policy updates and support for enterprises from external stakeholders (e.g. banks, Government, CIPC, associations)</li> </ul>	Contact <a href="http://www.cobra.org.za">www.cobra.org.za</a>
<p><b>Training Layoff Scheme</b></p> <p>Administered by CCMA and SETA</p> <p>Training allowance up to 50% of wage with max of R6,239 pm</p>	Businesses compliant with statutory obligations	Training allowances by CCMA replacing wages	Contact CCMA to be approached



Name of Initiative	Target Market	Type of Relief	Application Process
<b>Covid-19 Tax relief</b>  Administered by SARS	Tax-compliant SMEs <R50 m and their employees eligible under the current ETI Act	Tax subsidy to employers of up to R500 pm for the next four months for employees earning below R6,500 under the Employment Tax Incentive (ETI)*	More info available at <a href="http://www.treasury.gov.za">www.treasury.gov.za</a> or <a href="http://www.sars.gov.za">www.sars.gov.za</a>  Effective 1 April 2020
	Tax-compliant SMEs <R50 m	Accelerated payment of employment tax incentive (ETI) reimbursement from twice a year to monthly to get cash into the hands of compliant employers asap	
	Tax-compliant SMEs <R50 m	SMEs will be allowed to delay: <ul style="list-style-type: none"> <li>• 20% of their employees' tax liability over the next four months; and</li> <li>• A portion of their provisional corporate income tax payments without penalties or interest.</li> </ul>	

\*Current draft guidelines

- Increasing the maximum amount of ETI claimable during the four-month period (1 April 2020 to 31 July 2020) for employees eligible under the current ETI Act from R1,000 to R1,500 in the first qualifying 12 months and from R500 to R1,000 in the second 12 qualifying months.
- Allowing a monthly ETI claim in the amount of R500 during this four-month period for employees earning below R6,500, from the ages of 18 to 29 who are no longer eligible for the ETI as the employer has claimed ETI in respect of those employees for 24 months; and 30 to 65 who are not eligible for the ETI due to their age.
- This expansion will, however, only apply to employers who were registered with SARS as at 1 March 2020, and current compliance requirements for employers under sections 8 and 10(4) of the ETI Act will continue to apply.
- "Essential goods" will be subject to a VAT exemption on importation during the Covid-19 pandemic.



## SOUTH AFRICAN FUTURE TRUST (SAFT)

### WHAT IS AVAILABLE?

- An interest-free, five-year loan to the business entity
- Exclusively for the purpose of paying employees
- Repayable at the end of the term.
- No minimum monthly instalments
- Loan size: R750 per qualifying employee per week for 15 weeks = R11,250 per employee
- No limit in terms of number of employees



#### Note:

- **All loans will be paid directly into the accounts of the participating employees**
- **Employees are not liable for repayment of this loan**

### QUALIFYING CRITERIA

- Any SMME with turnover <R25m per annum
- Company types: Sole props; partnerships; operating trusts; CC; (Pty) Ltd
- Trading for 24 months or more
- In good standing with the statutory creditor
- Good credit history
- Impacted by Covid-19

### SUPPORTING INFORMATION REQUIRED

- Application form and declaration
- Annexure A (Employee details)
- Extract of minutes
- Signed contract (if loan approved)







## DEBT RELIEF FINANCE SCHEME

### WHAT IS AVAILABLE?

Benefitting SMMEs: Businesses that are negatively affected, directly or indirectly, due to the Covid-19 pandemic.

### QUALIFYING CRITERIA

- The business must have been registered with CIPC by at least 28 February 2020; company must be 100%-owned by South African citizens
- Employees must be 70% South Africans
- Priority will be given to businesses owned by women, youth and people with disabilities; be registered and compliant with SARS and UIF

### SUPPORTING INFORMATION REQUIRED

- Proof that the business is negatively affected by Covid-19 pandemic
- Company statutory documents
- FICA documents (e.g. municipal accounts, letters from traditional authority)
- Certified ID copies of directors
- Three months' bank statements
- Latest annual financial statements or latest management accounts not older than three months from date of application (where applicable)
- Business profile
- Six-month cash flow projections (where applicable)
- Copy of lease agreement or proof ownership if applying for rental relief
- If applying for payroll relief, details of employees, as registered with UIF and including banking details, will be required as payroll payments will be made directly to employees
- SMME employers who are not compliant with UIF must register before applying for relief
- Facility statements of other funders
- Detail breakdown on application of funds including salaries, rent, etc.
- Registration on the National SMME Database: <https://smmesa.gov.za>

### HOW TO APPLY

- Register on <https://smmesa.gov.za>
- Complete online application form (released on 2 April 2020)
- Upload required supporting documents
- Seda will assist micro-enterprises to comply, and request for assistance must be emailed to: [debtrelief@seda.org.za](mailto:debtrelief@seda.org.za), whereas small and medium enterprises must ensure own compliance.





## TOURISM RELIEF FUNDING

### WHAT IS AVAILABLE?

The fund will be administered to benefit SMMEs in all nine provinces and various tourism sub-sectors. There will be a degree of bias towards rural areas, townships, women, young people, and people with disabilities.

### QUALIFYING CRITERIA

- Formally registered with CIPC
- Turnover must not be more than R2,5 million per annum
- Valid tax certificate
- Proof of minimum wage compliance
- Must provide proof of UIF registration for employees employed by the business
- Be an existing tourism-specific establishment as outlined in the scope of application (suppliers and intermediaries are not eligible)
- Must have been in existence for at least one business financial year
- The relief will be distributed in a spatially equitable manner to ensure that all provinces benefit
- At least 70% of beneficiaries will be businesses that are black-owned
- At least 50% of beneficiaries will be businesses that are women-owned
- At least 30% of beneficiaries will be businesses that are youth-owned.
- At least 4% of beneficiaries will be businesses that are owned by people with disabilities
- Guaranteed employment for a minimum number of staff for a period of three months

### SUPPORTING INFORMATION REQUIRED

- The eligible businesses must prove that the relief is required as a result of the impact of Covid-19
- Must submit statements of financial position - over 12 months' bank statements, balance sheet, income statements, cash flow statements
- Indicate the intended use of the resources





# IDC COVID-19 ESSENTIAL SUPPLIES INTERVENTION

## WHAT IS AVAILABLE?

The IDC Covid-19 Essential Supplies Intervention is established to provide funding to companies for the acquisition and/or the manufacturing and supply of essential supplies on an urgent basis to combat the Covid-19 pandemic that is facing South Africa. Financial support to be provided by the IDC includes the following:

- Support for the manufacturing of essential medical products
- R500 million for trade finance to import essential medical products
- A short-term loan to companies for once-off contract or import funding
- Revolving credit facilities
- Guarantees to banks for banking facilities, imports and ordering requirements
- Interest rate and pricing:
  - IDC loan and trade finance facilities: P + 1% pa
  - Guarantees: 2% pa
- Term limited to a maximum of three months for all facilities

## QUALIFYING CRITERIA

- Companies that have a track record of manufacturing comparable products, capable of delivering on the contract in terms of capacity, resources and experience
- For imports – the lack or insufficiency of local manufacturing should be confirmed, and capacity and experience to import at the required scale should be demonstrated
- Company should be an accredited supplier (where applicable) if contract or purchase order is with government, retailers or multinationals
- Company should demonstrate profitability as per historical financial statements
- Contract or purchase order with either the South African Government or a strong customer for essential supplies
- In the absence of a contract or purchase orders, a corporate guarantee from a company with investment

## SUPPORTING INFORMATION REQUIRED

Documents and requirements to be submitted to [callcentre@idc.co.za](mailto:callcentre@idc.co.za)

- Applicant's background detailing historical and existing manufacturing, and trading facilities and capabilities (summary of business model, products and why IDC should fund them – commercial merits)
- Letter of standing from the bank (and all other financiers)
- Bank statements for the last 12 months
- Confirmation and copies of all other financing facilities
- FICA documentation and PEP status
- Tax clearance certificate
- CVs of management
- Financial statements (annual audited or reviewed and interim management accounts not older than two months)
- Analysis of stock, debtors and creditors
- Budgets including the contract
- Description of project and products to be manufactured
- Copy of contract or purchase order from government or reputable strong customer, i.e. retailer, or multinational
- Documentary evidence of product accreditation where required by government or customer





- Quotations to support application of funds
- Motivation/Validation of applicant's supplier to determine its credibility and ability to deliver the contracted supplies
- Payment terms of suppliers
- Supply chain arrangements, i.e. how the product will be shipped, and after how long
- Security available
- Personal balance sheets and balance sheets of guarantor
- Legal documents (permits, licenses, agreements, MOI, etc.)





## MCEP COVID-19 PROGRAMME

### WHAT IS AVAILABLE?

The MCEP Covid-19 Programme will focus exclusively on qualifying manufacturing companies that provide essential products that have become scarce due to high demand caused by the outbreak of the Covid-19 pandemic. Funding will be considered in terms of instruments and pricing as per below:

- Limited to R30 million per applicant in total
- Priced at a fixed rate of 2,5% per annum
- Maximum term is 48 months, including moratorium.
- First draw down must occur within one month from approval date
- Raising and commitment fees are excluded
- All other standard fees are applicable
- Working capital and plant and equipment requirements are what will be provided
- Funding provided can be stand-alone MCEP funding or blended with IDC

### QUALIFYING CRITERIA

- Available to companies that have been operational for at least a year
- Companies must have a valid contract/purchase order or letter of intent
- Applicable to manufacturers of targeted priority products
- Companies with B-BBEE Level 4 will be encouraged

### SUPPORTING INFORMATION REQUIRED

Documents and requirements to be submitted to [callcentre@idc.co.za](mailto:callcentre@idc.co.za)

- Applicant's background detailing historical and existing manufacturing, and trading facilities and capabilities (summary of business model, products and why IDC should fund them – commercial merits)
- Letter of standing from the bank (and all other financiers)
- Bank statements for the last 12 months
- Confirmation and copies of all other financing facilities
- FICA documentation and PEP status
- Tax clearance certificate
- CVs of management
- Financial statements (annual audited or reviewed and interim management accounts not older than two months)
- Analysis of stock, debtors and creditors
- Budgets including the contract
- Description of project and products to be manufactured
- Copy of contract or purchase order from government or reputable strong customer i.e. retailer, or multinational
- Documentary evidence of product accreditation where required by government or customer
- Quotations to support application of funds
- Motivation/Validation of applicant's supplier to determine its credibility and ability to deliver the contracted supplies
- Payment terms of suppliers
- Supply chain arrangements, i.e. how the product will be shipped, and after how long
- Security available
- Personal balance sheets and balance sheets of guarantor
- Legal documents (permits, licenses, agreements, MOI, etc.)





## TRAINING LAYOFF SCHEME

### WHAT IS AVAILABLE?

Companies facing economic distress and contemplating retrenchments have an option to consider training layoffs, which are financed by the NSF and SETAs. Companies would keep the staff in employment during the economic downturn, but re-skill them as an investment for the future economic recovery. A training layoff is a temporary suspension of an employee or group of employees and that period is used for training purposes. A training allowance is paid to the employee instead of their normal wage.

- The training allowance may be up to 50% of the worker's normal wage up to a maximum of R6,239 per month or R1,440 per week

### QUALIFYING CRITERIA

To qualify there must be full layoff lasting a continuous period of at least four weeks or partial layoff (short-term) lasting at least two days a week (or 16 days) and contemplated to last for at least eight weeks.

The scheme is limited to:

- Employers facing economic distress and contemplating retrenchment of workers
- Employers that are in the position to benefit from the short-term relief and re-absorb workers at the completion of the layoff training
- Employers that are compliant with statutory obligations; and
- Employers whose workers are earning up to R180,000 per year (this threshold is flexible, but the training allowance cap is not) and who may be at risk of retrenchment are eligible, subject to certain conditions

### SUPPORTING INFORMATION REQUIRED

- TERS terms and conditions
- TERS request to participate
- TERS agreement to participate
- List of employees identified to participate

### HOW TO APPLY

To participate, the CCMA must be approached either directly by the employer or the process can emerge as an alternative to retrenchment during a CCMA process.

If the CCMA commendation is positive, it facilitates the process to conclude a Training Layoff Agreement.

- The Training Layoff Agreement is perused for compliance and then forwarded, along with the advisory award and other documents, to the DoL Committee and the affected SETA.
- The DoL Committee considers the CCMA's recommendation and funds the cost of the training, which funds are transferred to the SETA.
- The SETA facilitates the provision of training for workers participating in the scheme. They engage with individual companies regarding type, cost, provider and duration of training and apply to the DoL Committee for funding of the training allowances.
- The SETA transfers the funds to employers and training providers (which funds were received from the DoL Committee).





## UIF FUND

### WHAT IS AVAILABLE?

The UIF has an estimated surplus of R180 billion and this is the logical first port of call when looking at incentives, especially as money given by the UIF is **not a loan**, and thus doesn't have to be repaid. There are two routes to access this money – using the traditional UIF method (National Disaster Benefit) or making use of the new Temporary Employer/Employee Relief Scheme (TERS) which is discussed below.

For either method, the employer must be registered with the UIF and be making monthly contributions. If you are behind on contributions, you can pay in any backlog you have.

### QUALIFYING CRITERIA AND PROCESS

#### NATIONAL DISASTER BENEFIT

##### 1. Temporary shut down

If the employer temporarily shuts down the business, then the UIF will pay out R3,500 per employee per month for up to three months.

- **Requirements:**
  - A letter from the employer confirming the operation is temporarily closing down due to the coronavirus
  - A copy of the employee's ID
- **Forms to be Completed:**
  - UI19 and UI12.7 (employer to complete)
  - UI2.1 (application form)
  - UI2.8 (confirmation of bank account)

##### 2. Reduced work time

The payout is the difference between what the employer pays and UIF benefits.

- **Forms to be Completed:**
  - UI19 and UI2.7 (completed by Employer)
  - UI 2.1 (application)
  - UI 2.8 (bank form completed by the bank)
  - A letter from the Employer confirming Reduced Work Time is due to the coronavirus
  - Copy of ID document

##### 3. Quarantine and illness

In cases where employees are put in isolation for 14 days or more.

- **Requirements:**
  - Letters from the employer and employee that the person is in quarantine. No medical certificate is needed
  - If the quarantine is longer than 14 days, a certificate is required from the employee's doctor, along with the form UI3
- **Forms to be Completed:**
  - UI19 and UI2.7 (completed by Employer)
  - UI2.2 (a portion of which is completed by the Doctor)





- UI 2.8 (bank form completed by the bank)
- Copy of ID document

#### 4. Death benefits

If the employee dies, the UIF will pay the funds to beneficiaries

- **Forms to be Completed:**
  - UI19 and UI 53 (completed by the Employer)
  - UI 2.5 or UI2.6 (deceased application)
  - Death Certificate
  - ID of deceased and applicant
  - UI 2.8 (bank form completed by the bank)
  - Copy of ID document

You can also download the UIF's "Easy-Aid Guide for Employers" [here](#).

#### TEMPORARY EMPLOYEE/EMPLOYER RELIEF SCHEME (TERS)

This applies to businesses who temporarily shut down – a three-month period is envisioned but this could be extended. The UIF then pays salaries to all staff, based on the current UIF pay outs – a maximum of R6,731 per month for staff earning R17,162 or more down to the minimum wage of R3,500.

There is quite a bit of documentation here - send an email to [Covid19ters@labour.gov.za](mailto:Covid19ters@labour.gov.za) and you will get the forms to be completed and other requirements needed.

A Memorandum of Agreement is signed and the employer submits (in the required format) a spreadsheet of employee details and salary, proof of payment of the last three months' salaries, bank confirmation of the applicable bank account.

You will need to open a separate bank account for this and prove each month that all staff have been paid.

There is quite a bit of work here and getting the forms accurate will prevent delays in payment.

Which of the two schemes to choose from depends on your business – there is some crossover, for example, quarantined employees can claim under the National Disaster Benefit (see Quarantine and Illness). On the face of it, TERS looks more lucrative but it is very admin intensive in setting up, and as a new scheme it may be subject to teething problems.







# APPENDIX

## SCHEDULE 1

The new National Small Enterprise Act thresholds for defining enterprise size classes by sector, using two proxies

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 - 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 - 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 - 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 - 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 - 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 - 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 - 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 - 10	≤ 5,0 million

Lindiwe D Zulu, MP  
Minister of Small Business Development

Date: 27/02/2019

Initial

