

# A relief measures guide to COVID-19 in South Africa

APRIL 2020



## 1. Introduction

On 23<sup>rd</sup> March 2020, our president Mr Cyril Ramaphosa announced a 21-day lockdown in South Africa, this came after South Africa was declared in a state of Disaster a few days before. On the eve of the Easter weekend the lockdown was extended to the 30<sup>th</sup> April 2020.

The president said all shops and businesses will be closed, barring pharmacies, laboratories, banks, essential financial services, supermarkets, petrol stations as well as healthcare providers. On the 21<sup>st</sup> April 2020, there was a statement released by Mr Cyril Ramaphosa on a further Economic and Social measure which consisted of a R500 Billion support package (10% of GDP).

The decisive measures taken were an attempt to control the spreading of a disease called COVID-19.

## 2. Understanding of COVID-19

Based on the World health Organisation, "Co" refers to Corona, "vi" to virus, "d" to disease and 19 being the year. Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.

Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people, and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness.

The best way to prevent and slow down transmission is to be well informed about the COVID-19 virus, the disease it causes and how it spreads. Protect yourself and others from infection by washing your hands or using an alcohol-based rub frequently and not touching your face. The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes, so it's important that you also practice respiratory etiquette (for example, by coughing into a flexed elbow).

**Currently, there are no specific vaccines or treatments for COVID-19.**

## 3. Our approach

President Ramaphosa also announced measures that would mitigate the impact of the virus on the economy: from mild tax breaks, to a solidarity fund and increased support for small businesses, the informal sector and vulnerable workers.

We have received many requests as to where and how to access the relief measures, we have thus compiled this guide with the current initiatives (March 2020) by Public and Private sectors. This will assist to navigate the most suited and relevant relief measures.

Our business units such as Business Consulting, Business Process Solutions, Business Risk services, Financial Services and Tax will be able to guide businesses, however we cannot guarantee a successful outcome as this will depend on the circumstance of every entity.

We have identified the following categories of relief measures.

**Category 1: Personal**

**Category 2: Employees**

**Category 3: Micro, Small and Medium business**

**Category 4: Essential services**

**Category 5: South African Revenue Services**

**Category 6: R500 Billion Support Package**

## Category 1: Personal

This category is dedicated to individuals that find themselves impacted by the lockdown, especially if you are unable to pay for some of your debts or require payment holidays.

Before looking for payment holidays from your respective financial institutions, it's suggested to check whether you are covered for Credit Insurance

### Credit Insurance:

- Credit insurance is a type of insurance policy purchased by a borrower that pays off one or more existing debts in the event of a death, disability, or in rare cases, unemployment.
- All credit products must be covered by credit insurance, which will settle outstanding debt if you die or are permanently disabled. Since August 2017, your instalments are also covered for up to 12 months if you become unemployed, or unable to earn an income – not necessarily due to illness. You should be covered even if you are not fired but placed on unpaid leave.

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>ABSA BANK</b>	ABSA Customers	3 Month Payment Holiday on Loans	<a href="https://www.absa.co.za/personal/covid-19/covid-19-payment-relief-plan/">https://www.absa.co.za/personal/covid-19/covid-19-payment-relief-plan/</a>
<b>FNB</b>	FNB Customers	3 Month Payment Holiday on Loans	<a href="https://www.fnb.co.za/realhelp/for-my-business/cash-flow-relief.html">https://www.fnb.co.za/realhelp/for-my-business/cash-flow-relief.html</a>
		Assistance with processing credit insurance claims	
		Individualised bridge facilities	
<b>STANDARD BANK</b>	STANDARD Bank Customers	90-day instalment relief on debt payments for customers who earn R7 500pm or less	<a href="https://www.standardbank.co.za/southafrica/personal/covid-19/support/personal-relief/personal-loan-instalment-relief">https://www.standardbank.co.za/southafrica/personal/covid-19/support/personal-relief/personal-loan-instalment-relief</a>
		90-day instalment relief on student loan repayments at 0% interest	
<b>NEDBANK</b>	NEDBANK Customers	Individual solutions based on each case scenario	<a href="https://www.nedbank.co.za/content/nedbank/desktop/gt/en/personal/covid-19-debt-relief.html?cmpid=dis:ned:ret:debtrelief:banner:ned">https://www.nedbank.co.za/content/nedbank/desktop/gt/en/personal/covid-19-debt-relief.html?cmpid=dis:ned:ret:debtrelief:banner:ned</a>
<b>WESBANK</b>	WESBANK Customers	Payment relief plans	<a href="https://www.wesbank.co.za/manage-account/payment-relief">https://www.wesbank.co.za/manage-account/payment-relief</a>
<b>RMB</b>	RMB Customers	Making extra funds available	<a href="https://www.rmb.co.za/category/covid">https://www.rmb.co.za/category/covid</a>
		Payment Holidays	
<b>South African Social Security Agency (SASSA)</b>	Persons in dire need of assistance to provide for their families	Food parcel or Voucher for 3 months	Apply at nearest SASSA office

<b>The South African Music Performance Rights Association (SAMPRA)</b>	Royalties	Scheduled to distribute royalties in August 2020 and has brought this forward to April 2020	<a href="https://www.sampira.org.za/">https://www.sampira.org.za/</a>
<b>The South African Sports Confederation and Olympic Committee (Sascoc), the Cultural and Creative Industries Federation of South Africa (CCIFSA), and the Department of Sport, Arts and Culture (DSAC)</b>	To assist athletes and art practitioners with fixed term contracts	R150m fund	<a href="http://www.dac.gov.za/content/department-sport-arts-and-culture-sector-relief-framework-and-criteria">http://www.dac.gov.za/content/department-sport-arts-and-culture-sector-relief-framework-and-criteria</a>
<b>The National Film and Video Foundation (NFVF)</b>	Funding applications for post-production projects, script development, and animation.	R5m Fund	<a href="http://www.nfvf.co.za/home/index.php?ipkMenuID=&amp;ipkArticleID=697">http://www.nfvf.co.za/home/index.php?ipkMenuID=&amp;ipkArticleID=697</a>
<b>The Solidarity Fund</b>	Encouraging South Africa to come together as a nation, to look after one another. Individuals and organizations can donate to the fund.	Accepting Donations	<a href="https://bit.ly/2Jg1ins">https://bit.ly/2Jg1ins</a>





## Category 2: Employees

This category is dedicated to assist Employees that find themselves in entities impacted by the lockdown.

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>Unemployment Insurance Fund (UIF)</b>	Affected Employees	Assist affected workers through existing benefits including <ul style="list-style-type: none"> <li>• Illness</li> <li>• Reduced work time</li> <li>• Unemployment, and</li> <li>• Temporary Employer / Employee Relief Benefits</li> </ul>	<a href="https://uifecc.labour.gov.za/covid19/">https://uifecc.labour.gov.za/covid19/</a>
<b>Temporary Employee Relief Scheme</b>	If you are still able to pay your staff a portion of their salaries, TERS will top up their salaries up to 100% of their current salaries.	UIF may fund your company if you are affected by COVID-19 directly, in relation to the TERS allowance	<a href="https://uifecc.labour.gov.za/covid19/">https://uifecc.labour.gov.za/covid19/</a>
<b>National Disaster Benefit</b>	Businesses that have closed and can't pay employees	The National Disaster Benefit is linked to the R3,500 monthly minimum wage and would be paid for whatever period is shorter - your company's shutdown, or three months	<a href="https://www.fasa.co.za/corona/corona-uif-info.pdf">https://www.fasa.co.za/corona/corona-uif-info.pdf</a>
<b>Oppenheimer Family- South African Future Trust (SAFT)</b>	SMMEs <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 2 years.</li> <li>• Impacted by COVID-19.</li> </ul>	An interest-free, 5-year loan to the business entity. <ul style="list-style-type: none"> <li>• Exclusively for the purpose of paying permanent employees.</li> <li>• Repayable at the end of the term.</li> </ul> <b>NB:</b> <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> <b>Funding available:</b> <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>	<a href="https://opp-gen.com/saft/">https://opp-gen.com/saft/</a>



## Category 3: Micro, Small and Medium business

This category demonstrates the funding and other support relief from Public and Private sector. There are also relief measures covered by Banks, but this has been addressed under Category 1.

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>PUBLIC SECTOR</b>			
<b>Debt Relief Finance Scheme</b>  Administered by Department of Small Business	Existing businesses negatively impacted by COVID-19. Must be: <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>	R200m Fund  Loan funding @ Prime-5%: Working capital: Stock, bridging finance Purchase order finance Capital requirement finance	1. Register your business on the small-business database <a href="https://smmesa.gov.za/">https://smmesa.gov.za/</a>  2. Then complete an application form and upload supporting docs.  Contact <a href="mailto:debtrelief@seda.org.za">debtrelief@seda.org.za</a> for assistance with micro-enterprises
<b>Business Growth/Resilience Facility</b>  Administered by Department of Small Business Development	Existing businesses geared to take advantage of supply opportunities resulting from COVID-19 or shortage of goods in local market, especially with regard to medical supplies and critical non-food essentials. Must be: <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>	R300m Fund  Loan funding @ Prime-5%: Working capital: Stock, bridging finance Purchase order finance Capital requirement finance	1. Register your business on the small-business database <a href="https://smmesa.gov.za/">https://smmesa.gov.za/</a>  2. Then complete an application form and upload supporting docs.  Contact <a href="mailto:growthfund@seda.org.za">growthfund@seda.org.za</a> for assistance with micro-enterprises
<b>Spaza Shop Grant Funding</b>  Administered by Department of Small Business in collaboration with SEFA	Sole props operating spaza shops	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	<a href="https://smmesa.gov.za/">https://smmesa.gov.za/</a>
<b>Tourism Relief Funding</b>  Administered by Department of Tourism	Tourism and Hospitality Industry SMEs	R200m Fund  Assist SMEs in the tourism and hospitality sector whom are under stress due to the new travel restrictions	<a href="mailto:hnhlabathi@tourism.gov.za">hnhlabathi@tourism.gov.za</a>
<b>Small Enterprise Finance Agency</b>	Existing clients	6 Month holiday	<a href="mailto:relief@sefa.org.za">relief@sefa.org.za</a>



<b>Small Scale Farmer Relief</b>  Administered by Department of Agriculture	Small-scale or communal farmer	Covering operational expenses	<a href="mailto:applications@dalrrd.gov.za">applications@dalrrd.gov.za</a>
<b>COVID-19 Black Exemption for the Retail Property Sector</b>	Tenants of retail properties	Payment holidays and rental discounts  Limitations on the eviction of tenants  Suspension/adjustment to lease agreement clauses that restrict retail tenants from undertaking reasonable measures required to protect their visibility during the pandemic	<a href="mailto:ministry@economic.gov.za">ministry@economic.gov.za</a>
<b>Training Layoff Scheme</b>	Businesses compliant with statutory obligations	Training allowances by CCMA replacing wages	<a href="https://www.ccma.org.za/Services/Unions-Employees-Employers-Employer-Organisations/Training-Layoff-Scheme">https://www.ccma.org.za/Services/Unions-Employees-Employers-Employer-Organisations/Training-Layoff-Scheme</a>
		Training allowance up to 50% of wage with max of R6 239.00 pm	
<b>PRIVATE SECTOR</b>			
<b>COVID-19 SME FUND</b>  Administered by Business Partners (Rupert Foundation & Remgro)	For working capital (Salaries, rent, HPs, Loan installments)	Transaction Value – Loans between R250 000 – R1 000 000 Cost of finance: M1 – M12 0%, payment holiday for first 12 months, no early payment implications M12 - M60 Prime interest, no early payment implications	<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>
<b>COVID-19 Business Rescue Assistance (COBRA)</b> Administered by Consortium: • Schindlers Attorneys • IQ Business	SMMEs	Free daily (small group) and weekly (large group) webinars to share information/guide business leaders. • COBRA War Room – business support to avoid business rescue (pro bono or discounted fees). • Knowledge base and expert Wiki to consolidate information, policy updates and support for enterprises from external stakeholders (e.g. banks, Government, CIPC, associations).	<a href="http://www.cobra.org.za">www.cobra.org.za</a>

<b>Rental Relief – Retail Landlords Alliance</b>	Retail businesses that cannot operate during the lockdown (non-essential services)	Retail landlords will offer relief in the form of rental discounts, where rental will be waived partially or fully, and interest-free rental deferrals where the deferred rental will be recovered later over six to nine months from 1 July 2020 onwards	<a href="https://sareit.prowly.com/92057-property-industry-group-announces-retail-tenant-assistance-relief-package">https://sareit.prowly.com/92057-property-industry-group-announces-retail-tenant-assistance-relief-package</a>
<b>SA Taxi</b>	For members	<p>You do not need to pay your finance instalment for April 2020 if you are in good standing</p> <ul style="list-style-type: none"> <li>• you do not have to pay your insurance premium for April 2020 if you are in good standing</li> <li>• if you elect not to pay your instalment for April, SA Taxi will extend the term of your credit agreement unless other arrangements are made</li> </ul>	<a href="https://sataxi.co.za/client-letter-covid-19/">https://sataxi.co.za/client-letter-covid-19/</a>



## Category 4: Essential services

This category is dedicated to those entities that may continue business operations because they are classified as Essential Services

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>IDC COVID-19 Essential Supplies Intervention</b>  Administered by Industrial Development Corporation	Companies with Manufacturing record  Experience to import at scale  Accredited Supplier	R500m Fund  Short term loan  Revolving Credit Facility  Guarantees for banking facilities, imports, ordering requirements	<a href="mailto:callcentre@idc.co.za">callcentre@idc.co.za</a>
<b>MCEP COVID-19 Programme</b>  Administered by Industrial Development Corporation	Companies with Manufacturing record and provide essential services  Valid contract in place  Min B-BBEE Level 4	R 300m Fund  Limited to R30m per application	<a href="mailto:callcentre@idc.co.za">callcentre@idc.co.za</a>
<b>National Empowerment Fund - COVID-19 Black Business Funding Solution</b>	SMEs that manufacture and supply Identified Priority Products (including food)	R200m Fund  Concessionary loan funding of R500 000 – R10 million	<a href="http://www.nefcorp.co.za">www.nefcorp.co.za</a>





## Category 5: South African Revenue Services (SARS)

Having already given back R2.4 billion in tax refunds to large and SME businesses over the four days since the lockdown began, SARS is paying out tax refunds early to alleviate the COVID-19 pandemic. SARS can only assist you if you remain compliant by fulfilling your filing and payment obligations even during the lockdown.

It is **very important that even if you are in distress that you continue to be compliant in order to access the tax relief** measures that government has put in place to counter the economic effects of the COVID-19 pandemic. You are to use the available SARS channels to make payments that are due on or before 31 March. SARS has made available the following online channels, namely, MobiApp, eFiling, e@syFile, email and the SARS Contact Centre (0800 00 7277).

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>COVID-19 Tax relief Administered by SARS</b>	Tax-compliant SMEs < R100m and their employees eligible under the current ETI Act	Tax subsidy to employers of up to R750 pm for the next four months for employees earning below R6 500 under the Employment Tax Incentive (ETI)*.	<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>
	Tax-compliant SMEs < R100m	Accelerated payment of employment tax incentive (ETI) reimbursement from twice a year to monthly to get cash into the hands of compliant employers	
	Tax-compliant SMEs < R100m	SMEs will be allowed to delay: <ul style="list-style-type: none"> <li>• 35% 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>	<a href="https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx">https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx</a>

## Category 6: R500 Billion Support Package

Government has outlined its Economic Approach in a 3 Phase approach

### 1<sup>st</sup> Phase

Declaring the Coronavirus as a National Disaster (this included measures to mitigate the worst effects on business, communities and individuals). The measures included tax relief, the release of disaster relief funds, emergency procurement, wage support through the UIF and funding to small businesses.

### 2<sup>nd</sup> Phase

To stabilise the economy, address the extreme decline in supply and demand and protect jobs.

**As part of this phase, Government has announced a social relief and economic support package of R500 billion, which amounts to around 10% of GDP.**

### 3<sup>rd</sup> Phase

The third phase is the economic strategy we will implement to drive the recovery of our economy as the country emerges from this pandemic.

Name of Institution/Relief	Target	Type of Relief	Application Details
<b>R200bn loan Scheme</b>  <b>Major Banks</b> <b>National Treasury</b> <b>SA Reserve Bank</b>	To help companies with operational costs, salaries, rent and supplier payments, among other things.	Loan Guarantee Scheme  Companies under R300m in revenue	<a href="http://www.treasury.gov.za">www.treasury.gov.za</a> or <u>Applicable Bank</u>
<b>R50bn Grant recipients</b>  <b>Department of Social Development</b>	A six-month coronavirus grant will be introduced for those "most desperately affected by the coronavirus".	Child support grant beneficiaries will get an extra R300 in May and from June to October, they will get another R500 per month. All other grant beneficiaries will get an extra R250 per month for the next six months.  An additional special Social Relief of Distress grant of R350 per month will be available for the next six months to those who are unemployed and not receiving other forms of grants or UIF payments	<a href="http://www.dsd.gov.za/">http://www.dsd.gov.za/</a>
<b>R100bn for Jobs</b>  <b>UIF and Dept of Small Business</b>	To protect and create Jobs	Government will also continue to give assistance in the form of loans, grants and debt restructuring to small businesses, spaza shops and other informal businesses	<a href="https://smmesa.gov.za/">https://smmesa.gov.za/</a> and <a href="https://uifecc.labour.gov.za/covid19/">https://uifecc.labour.gov.za/covid19/</a>



<b>R70bn for Tax Relief</b>	Cash flow relief or direct payments to businesses and individuals	<p>The following has been introduced - a 4-month holiday for companies' skills development levy contributions, fast-tracking VAT refunds and a 3-month delay for filing and first payment of carbon tax.</p> <p>To assist a greater number of businesses, the previous turnover threshold for tax deferrals is being increased to R100 million a year, and the proportion of PAYE payment that can be deferred will be increased to 35 per cent.</p> <p>Businesses with a turnover of more than R100 million a year can apply directly to SARS on a case-by-case basis for deferrals of their tax payments.</p> <p>No penalties for late payments will be applicable if they can show they have been materially negatively impacted in this period.</p> <p>Taxpayers who donate to the Solidarity Fund will be able to claim up to an additional 10 percent as a deduction from their taxable income</p>	<a href="http://www.sars.gov.za">www.sars.gov.za</a>
<b>R20bn Health Response</b>  <b>Department of Health and IDC</b>	Supply of additional medical expenditure	Additional expenditure on personal protective equipment for health workers, community screening, an increase in testing capacity, additional beds in field hospitals, ventilators, medicine and staffing	<a href="http://www.health.gov.za/index.php/outbreaks/145-corona-virus-outbreak/465-corona-virus-outbreak">http://www.health.gov.za/index.php/outbreaks/145-corona-virus-outbreak/465-corona-virus-outbreak</a>  <a href="mailto:callcentre@idc.co.za">callcentre@idc.co.za</a>
<b>R20bn relief to municipalities</b>	Municipalities affected by loss of revenue	Provision of emergency water supply, increased sanitisation of public transport and facilities and providing food and shelter for the homeless	<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>

#### 4. Conclusion

We look forward to full co-operation with all our staff and we trust that they will be able to assist you through this trying period.

If you have any questions regarding our document or SNG Grant Thornton, please contact me on 086 117 6782.

Yours faithfully,



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