



# **COVID-19 Relief Guideline**

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## List of Abbreviations and Acronyms

ABET	Adult Basic Education Training
BBBEE	Broad-Based Black Economic Empowerment
CIPC	Companies and Intellectual Property Commission
CCMA	Commission for Conciliation, Mediation and Arbitration
COBRA	COVID Business Rescue Assistance
COVID-19	2019 Coronavirus
CV	Curriculum vitae
DMTR	Disaster Management Tax Relief
DoL	Department of Labour
DSBD	Department of Small Business Development
DTIC	Department of Trade, Industry and Competition
ETI	Employment Tax Incentive
FICA	Financial Intelligence Centre Act
IDC	Industrial Development Corporation
ITAC	International Trade Administration Commission of South Africa
MCEP	Manufacturing Competitiveness Enhancement Programme
MOA	Memorandum of Agreement
NEDLAC	National Economic Development and Labour Council
NEF	National Empowerment Fund
NSF	National Skills Fund
PAYE	Pay-As-You-Earn
PEP	Political exposed person
PBO	Public Benefit Organisation
SACU	South African Customs Union
SAFT	South African Future Trust
SARS	South African Revenue Service
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SME	Small and Medium Enterprise
SMME	Small Medium and Micro Enterprise
TAA	Tax Administration Act
TERS	Temporary Employee Relief Scheme
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

## 1. Purpose of document

As a responsible bank, we are committed to support our clients during this challenging period. The purpose of this document is to provide an overview of relief available, Government Relief Funds and Private Sector funding, the process and qualifying criteria for SMMEs and industries impacted by the COVID-19 pandemic.

It reflects what is available in the media right now and will be updated as and when other initiatives are developed and launched.

## 2. Relief available to SMMEs

The table below summarises the relief packages available with more granular details on each of the available packages articulated in the latter part of this guide.

Relief scheme	Application process contact	Qualifying criteria	Type of Relief
<b>SAFT</b>	Nedbank clients visit Nedbank.co.za > Business > Covid-19 > SAFT	SMMEs: <ul style="list-style-type: none"> <li>• Turnover &lt; R25m</li> <li>• Trading ≥2 years</li> <li>• Going concern per 28/02/2020</li> </ul>	Interest free loan to business for paying employees <ul style="list-style-type: none"> <li>• R750 weekly wage per employee for 15 weeks = R11500 per employee</li> </ul>
<b>COVID-19 TERS</b>	Department of Labour	Businesses registered with UIF	Replace lost income to employees <ul style="list-style-type: none"> <li>• Maximum amount of R17 712 pm per employee per UIF sliding scale</li> </ul>
<b>Training Layoff Scheme</b>	CCMA	Businesses in economic distress (not only COVID-19 related)	Training allowance replaces normal wage up to 50% of wage with max of R6 239 pm
<b>Disaster Management Tax Relief Benefits (Draft Bills)</b>	SARS	SMMEs: <ul style="list-style-type: none"> <li>• Turnover &lt; R50m</li> <li>• SARS registered</li> <li>• Tax compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Deferral of PAYE liability</li> <li>• Accelerated payment of ETI reimbursements</li> <li>• Increase in maximum amount of ETI claimable</li> <li>• Delay in provisional tax payments</li> <li>• VAT exemption for "essential goods" on importation</li> </ul>
<b>COVID-19 SMME Emergency Funding Package: Debt relief finance scheme</b>	Department of Small Business Development SA	Businesses: <ul style="list-style-type: none"> <li>• CIPC registered at 28/02/2020</li> <li>• SARS registered</li> <li>• Tax and UIF compliant</li> <li>• 100% SA owned</li> <li>• 70% of employees SA citizens</li> </ul>	Assistance in acquiring raw material, paying labour and other operational cost. <ul style="list-style-type: none"> <li>• Facility of max R500k, term dependent on cash-flow and at Prime less 5% pa.</li> </ul>
<b>COVID-19 SMME Emergency Funding Package: Business and Resilience growth facility</b>	Department of Small Business Development SA	Businesses: <ul style="list-style-type: none"> <li>• CIPC registered at 28/02/2020</li> <li>• SARS registered</li> <li>• Tax and UIF compliant</li> <li>• 100% SA owned</li> <li>• 70% of employees SA citizens</li> <li>•</li> </ul>	Working capital facility, stock, bridging finance, purchase order finance and capital requirement finance. <ul style="list-style-type: none"> <li>• Facility and term dependent on need and at Prime less 5% pa.</li> </ul>
Relief scheme	Application process contact	Qualifying criteria	Type of Relief

<b>COVID-19 SMME Emergency Funding Package: Informal traders</b>	Information not yet available	Information not yet available	Information not yet available
<b>COVID-19 SMME Emergency Funding Package: Spaza shops support</b>	Department of Small Business Development SA	Spaza shop owners: <ul style="list-style-type: none"> <li>• CIPC registered</li> <li>• Trading permit</li> <li>• SARS registered</li> <li>• Tax and UIF compliant</li> <li>• Buy from SA small businesses</li> <li>• Owner with SA citizen or foreigners lawfully in SA</li> </ul> Registered SMME	<ul style="list-style-type: none"> <li>• Purchase merchandise at discounted prices at Massmart and Kit Kat Group.</li> <li>• Grants of R10k per Spaza with possible additional R5k as second phase</li> </ul>
<b>IDC COVID-19 Essential Supplies Intervention</b>	IDC	<ul style="list-style-type: none"> <li>• Accredited supplier of essential supplies to combat COVID-19</li> <li>• Profitable business</li> </ul>	Funding to support manufacturing and trade finance to import essential medical products with max term of 3 months: <ul style="list-style-type: none"> <li>• IDC loan and trade finance facilities: P + 1% per annum.</li> <li>• Guarantees: 2% per annum.</li> </ul>
<b>MCEP COVID-19 Programme</b>	IDC	<ul style="list-style-type: none"> <li>• Trading ≥ 1 years</li> <li>• Valid contract to supply priority products</li> </ul>	Working capital, and plant and equipment requirements: <ul style="list-style-type: none"> <li>• Limited to R30m per applicant at a fixed rate of 2.5% per annum with maximum term 48 months, including moratorium</li> </ul>
<b>Tourism Relief Funding</b>	Dept of Tourism	<ul style="list-style-type: none"> <li>• CIPC registered</li> <li>• Trading ≥ 1 years</li> <li>• Turnover ≤ R2,5m</li> <li>• SARS and UIF registered</li> <li>• SARS and UIF compliant</li> </ul>	Interventions for the industry to quickly recover from this temporary setback
<b>Solidarity Fund</b>	Unknown at this state	Healthcare sector the most vulnerable	Provide SA with health and humanitarian support
<b>COBRA</b>	COBRA war room	SA businesses	Pro bono services for legal, accounting, technology and business turnaround expertise to avoid business rescue
<b>Sukuma Relief Programme</b>	Business Partners	SA businesses: <ul style="list-style-type: none"> <li>• Viable business prior to the arrival of the COVID-19</li> <li>• Tax and regulatory compliant</li> <li>• CIPC registered or registered with relevant authorities (sole proprietors/trusts) and regulatory compliant</li> </ul>	<ul style="list-style-type: none"> <li>• Non-repayable grant of R25k per qualifying business</li> <li>• Close corporations, companies, and trusts: <ul style="list-style-type: none"> <li>○ Unsecured loan of between R250k and R1m structured over 5 years</li> </ul> </li> </ul>

## 2.1. SAFT

### Purpose

The SAFT was established by Nicky and Jonathan Oppenheimer and will make funds available to South African businesses impacted by the coronavirus from 3 April 2020. The SAFT has been funded with an initial contribution of R1 billion by Nicky and Jonathan Oppenheimer.

The main aim of the SAFT is to mitigate the immediate economic impact of the COVID-19 crisis by keeping companies in business and protecting jobs in order to fast track South Africa's economic recovery after this pandemic.

The trust will extend direct financial support to employees of SMMEs who are at risk of losing their jobs or will suffer a loss of income because of COVID-19.

Once the current crisis has passed, SAFT will have an ongoing role in accelerating economic growth within South Africa. Any further funds donated, and any loans repaid to SAFT will remain within this non-profit structure. They will be used to support initiatives with a focus on employment creation. SAFT will cease operations once all funds are disbursed, no later than 31 December 2040.

SAFT is in partnership with the four of South Africa's leading banks, Nedbank, ABSA, FirstRand Bank and Standard Bank. SAFT will be administered by these banks. SAFT is currently still working on extending this partnership to other banking institutions.

### Eligibility

- Businesses with annual turnover below R25m per annum (Nedbank considering declaration from client stating this for cases where we do not hold financial information).
- Business must be trading for at least 24 months.
- The scheme is currently available to financially sustainable businesses (a going concern) as at 29 February 2020, prior to the COVID-19 crisis.
- The businesses must be banking with one of the four banks.
- The business must be adversely impacted by COVID-19.
- The business must be in good standing with their statutory creditors (bank requirement).
- The business must have a good credit history prior to COVID-19, as determined by the bank (bank requirement).

### Process

- SMMEs register their interest directly via their banks. Nedbank clients visit [Nedbank.co.za](http://Nedbank.co.za) > Business > Covid-19 > SAFT.
- SMMEs apply for funding from 3 April 2020 for the scheme via their bank and provide a list of names of employees "at risk" due to COVID-19. The SMME must be an existing client of the

partner bank in order to apply. Nedbank clients must email the following information to [SAFT@nedbank.co.za](mailto:SAFT@nedbank.co.za):

- Application form (obtained from Nedbank for completion).
- Declaration that turnover is less than R25m (bank requirement).
- Confirmation of permanent employment status of employee(s) (Annexure A) (bank requirement).
- Company identification: Registration number for a company or a close corporation, Master's reference number for a trust or ID number and business address for sole proprietors.
- A valid PAYE number registered with SARS (if applicable).
- A valid income tax number registered with SARS.
- Banker (RRB acquisition team) compares client to a 'pre-assessed list of Nedbank clients in good standing' and vets information received in line with agreed principles.
- If 'approved', Banker to generate and facilitate signing of contract and extract of minutes between SMME and SAFT. (Contract format will be provided by SAFT.)
- Banker to capture payments (directly into the accounts of the participating employees) for processing via CIB bulk payment team from SAFT account. Mobimoney accounts are being considered for employees without banking accounts, which process still to be confirmed.
- Nedbank provides proof of payment to participating employees to SAFT (bank requirement).
- RRB to facilitate weekly recon of disbursed amounts and hand over signed contracts to SAFT for administration.

## **Benefit**

- Five-year interest free loan to the business entity with no minimum monthly instalments and repayable at the end of the term.
- The loan is exclusively for the purpose of paying permanent employees. The employees are paid R750 per qualifying employee per week for 15 weeks = R11,250 per employee. There is no limit in terms of number of employees. Employees are not liable for the repayment of the loan.

## **Legislative requirements and implications**

NCR directive dated 28 March 2020 provided directly to SAFT confirmed the following:

- In terms of section 8 (4) of the Act, an agreement is regarded as a credit agreement if payment of an amount owed by one person to another is deferred, and any charge, fee or interest is payable in respect of the agreement or the deferred amount.
- The NCR's opinion, which is given in terms of section 16(1)(b)(i) of the Act, is that SAFT is not required to register as a credit provider in order to extend the relief loans to SMMEs, as SAFT does not intend levying any charges, fees or interest on relief loans.
- SAFT may be required to register as a credit provider, should SAFT decide to levy any charges, fees or interest on any new loans to be provided to SMMEs.

## Useful Links and documents

- <https://opp-gen.com/saft/#1585326759525-6ce0b0b0-670b>
- <https://sacoronavirus.co.za/>
- <https://businesstech.co.za/news/banking/386305/the-oppenheimers-r1-billion-fund-for-businesses-will-be-available-this-week-heres-how-it-works/>

## 2.2. Temporary Employer/Employee Relief Scheme (TERS)

The TERS process came into effect on 11 December 2019 when it was approved by the Director General of the Department of Employment and Labour.

This is an initiative where a special fund has been created under the UIF to support employees and businesses under distress and to prevent retrenchments.

### 2.2.1. Temporary Employer/Employee Relief Scheme – Easy Aid

#### Purpose

This TERS process is not applicable to the 21 days COVID-19 shutdown. Please refer to COVID-19 Temporary Employee / Employer Relief Scheme for details applicable to this period.

### 2.2.2. COVID-19 Temporary Employee / Employer Relief Scheme

#### Purpose

This relief is available during the period of shutdown.

During this period of lockdown, companies are shut down and employees laid off temporarily or compelled to take leave, which can result in employees losing income.

Employers are encouraged to continue to pay employees, but where this is not economically possible, a special benefit under the UIF as per the Directive COVID-19 Temporary Employee / Employer Relief Scheme was created to enable companies to pay employees to avoid retrenchments.

The allowance will be in the form of a wage payment directly to employees. This should support SMEs and other vulnerable firms who are faced with a loss of income to provide support to workers.



## Eligibility

- An employer who closes its operations for a three-month or lesser period and suffer financial distress as a direct result of COVID-19 pandemic.
- The company must be registered with the UIF.

Where an employee is in quarantine for 14 days due to COVID-19 pandemic, the employee shall qualify for illness benefit. An employee who is being paid by the employer during this period is not entitled to this benefit.

## Process

### Employee salary benefit:

- The employer shall apply by reporting their closure to email box [Covid19ters@labour.gov.za](mailto:Covid19ters@labour.gov.za) and there shall be an automatic response outlining the application process.
- The employer shall furnish the UIF with the following completed documents by emailing it to [Covid19UIFclaims@labour.gov.za](mailto:Covid19UIFclaims@labour.gov.za):
  - Prescribed template, with mandatory information exported in CSV format from the payroll system, as per return email from [Covid19ters@labour.gov.za](mailto:Covid19ters@labour.gov.za).
  - Letter of authority of the company.
  - Signed MOA from the employer or Bargaining Council with the UIF.
  - Confirmation of bank details (certified latest bank statement or letter from bank).
  - Evidence/payroll as proof of the last three months employee(s) salary(ies).
- Businesses (Nedbank clients) must open a separate bank account via digital, NCC or Branch channels, the account must be styled with the additional reference "UIF-COVID19TERS" behind the business name, to facilitate UIF deposits and the payments from the employer to the employee. (FICA status to be in order).
- The Bank to place teller alerts on these COVID-19 accounts to prevent cash withdrawals and issuance of cheques.
- The business must add the employees as beneficiaries on their electronic banking, linked to the COVID-19 account opened, to facilitate the payments to the employees.

### Employee illness benefit:

- Confirmation from both the employer and the employee must be submitted together with the application as a proof that the employee was in an agreed pre-cautionary self-quarantine for 14 days.
- Should an employee be quarantined for more than 14 days, a medical certificate from a medical practitioner must be submitted together with continuation from for payment.

## **Benefit**

The benefits will pay for the cost of salaries for the employees during the temporary closure of the business operations.

The benefit shall be de-linked from the UIF's normal benefits and therefore the normal rule that for every four days worked, the employee accumulates a one-day credit and the maximum credit days payable is 365 for every four years will not apply.

The salary benefits will be capped to a maximum amount of R17 712 per month, per employee and an employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided in the Unemployment Act.

Should an employee's income determined in terms of the income replacement sliding scale fall below the minimum wage of the sector concerned, the employee will be paid a replacement income equal to minimum wage of the sector concerned.

## **Legislative requirements and implications**

The Minister of Employment and Labour, in terms of Regulation 10 (8) of the Regulations issued by the Minister of Cooperative Governance and Traditional Affairs in terms of section 27 (2) of the Disaster Management Act, 2002 (Act No. 57 of 2002) has determined that it is necessary to implement steps in respect of the administration of the COVID-19 through the COVID-19 Temporary Employee / Employer Relief Scheme.

On the 26th of March 2020 the Minister of Employment and Labour published a directive clarifying certain aspects of the Regulations to the Disaster Management Act 57 of 2002.

Where it is not economically possible for employers to pay employees, a special benefit fund has been set up under the auspices of the UIF, the TERS:

- The TERS Agreement is not a settlement agreement and may not be made an arbitration award;
- A TERS agreement may be signed by a trade union on behalf of employees.
- If the implementation of TERS would breach any provision of a bargaining council collective agreement or sectoral determination binding on the parties to this agreement the employer must within 3 working days from the signing of the agreement apply to the relevant authority for exemption and submit a copy of the application to the Regional Offices of the CCMA.
- For purposes of calculating a worker's remuneration and the training allowance claimed, regard must be given to the worker's remuneration in the preceding tax year calculated.
- During the TERS period the employer is obligated to only pay remuneration as per the TERS agreement.
- The employee is obligated to remain in the employment of the employer but are not entitled to receive their normal remuneration.

- The continued payment of allowances and benefits, where deductions are to be made, such deductions are to be agreed upon as per the TERS agreement alternatively by a court order.

### **Useful Links and documents**

- <https://www.gov.za/speeches/companies-facing-distress-17-mar-2020-0000>
- <http://www.gpwonline.co.za/Gazettes/Pages/Published-Separate-Gazettes.aspx>.
- <https://www.ccma.org.za/Media/ArticleID/378/CCMA-TO-SUSPEND-SERVICES-DURING-COVID-19-LOCKDOWN>

## **2.3. Training Layoff Scheme**

### **Purpose**

In order to avoid retrenchment, an option is 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, but the employer pays full contributions to a basic social security package, eg pension, provident fund, death cover and unemployment insurance, unless otherwise agreed. Parties can negotiate a continuation of all existing social benefit contributions, eg medical scheme contributions and housing allowances.

Training should be linked to the skills needs of the employer, as far as is possible. Various training options may apply, depending on the nature of the business, the position of workers whose jobs are at risk and the future economic opportunities for the employer. The menu of training options may include apprenticeships, learnerships and skills programmes of shorter duration. Training may also include generic workplace skills, such as ABET courses and other generic skills that may further personal development.

### **Eligibility**

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 must be 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.

A CCMA Advisory Committee evaluates eligibility of parties for participation in the training layoff scheme and recommends participation based on whether:

- the business is in financial distress;
- has the potential to turn around after the layoff period; and
- whether the workers are eligible to participate in the scheme.

## **Process**

- 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. The following supporting document, available on the CCMA website, are required:
  - TERS Terms and Conditions
  - TERS Request to participate
  - TERS Agreement to participate
  - List of employees identified to participate
- 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 applies 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).

## **Benefit:**

The aim is to:

- retain employment and avoid retrenchments;
- enhance the skills of workers;
- support companies to survive the recession; and
- position workers and employers to take advantage of the next economic upturn.

The training allowance is calculated on a maximum income of R149 736 per annum; R12 478 per month; R2 880 per week (UIF thresholds). The training allowance may be up to 50% of the worker's normal wage up to a maximum of R6 239-00 per month or R1 440-00 per week. To qualify there must be full layoff lasting a continuous period of at least four weeks or partial layoff (short-time) lasting at least two days a week (or 16 days) and contemplated to last for at least 8 weeks.

### **Legislative requirements and implications**

The training Layoff Scheme is entirely voluntary and is based upon an agreement between the employer and workers, alternatively an agreement between the trade union and the employer. Therefore, an employment contract needs to be in place which is then supported by an agreement to undertake the training layoff.

- The training layoff scheme does not terminate the employment contract, hence the employer is still obligated to contribute to existing social benefits and the employment contract unless otherwise agreed, and its terms remain binding on both the employer and employee.
- During the layoff period, the employee waives his normal salary and undertakes to receive a training allowance.
- Employers are legally obligated to pay the affected employee through the ordinary payments system their training allowance.

### **Useful Links and documents**

- Potential candidates can access the documentation required via:  
<https://www.ccma.org.za/Services/Unions-Employees-Employers-Employer-Organisations/Training-Layoff-Scheme>
- [http://www.labour.gov.za/DocumentCenter/Publications/Unemployment%20Insurance%20Fund/Temporary%20Employer%20or%20Employee%20Relief%20Scheme%20-%20Easy%20Aid\\_.pdf](http://www.labour.gov.za/DocumentCenter/Publications/Unemployment%20Insurance%20Fund/Temporary%20Employer%20or%20Employee%20Relief%20Scheme%20-%20Easy%20Aid_.pdf)

## **2.4. Disaster Management Tax Relief Benefits (Draft Bills)**

### **Purpose**

Tax adjustments were made due to the National State of Disaster and the significant and potentially lasting negative impacts on the economy from the spreading of the COVID-19 virus, to minimise unemployment and the risk of the economy grinding to a halt during this difficult period.

The interventions are expected to assist over 75 000 SMMEs, and over four million workers.

### **Eligibility**

Qualifying Criteria:

- The following are applicable to employees' and provisional tax:

- The tax payer (employer) who is conducting a trade with a gross income of ≤ R50m for the year of assessment.
- The gross income of the employer must not include income derived from interest, dividends, foreign dividends, rental from letting fixed property and any remuneration received from an employer of more than 10%.
- The taxpayer (employer) must be fully tax compliant.
- The employer must have been registered as an employer with SARS by 1 March 2020.
- The proposal will not apply to businesses who failed to submit any returns or have any outstanding tax debt, excluding a tax debt in respect of which an agreement has been entered into, or that has been suspended, or does not exceed the amount referred to as stated in the applicable sections of the Tax Administration Act (TAA), 2011.

### **Process:**

It is important to be compliant for Registration and Filing as published on SARS website.

Refer to the following websites for further information and requirements and to apply:

- <https://www.sars.gov.za>
- <https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>
- <http://www.treasury.gov.za>

### **Benefits**

The benefit is immediate cash flow relief that could enable businesses to survive. The following tax measures are proposed for a limited period of four months, beginning 1 April 2020 and ending on 31 July 2020:

- Deferral of payment of 20% of the PAYE liability, commencing 7 May 2020 and ending 7 August 2020, without SARS imposing administrative penalties and interest for the late payment thereof. The deferred PAYE liability must be paid to SARS in six equal instalments commencing on 7 September 2020 and ending on 5 February 2021.
- Increasing the maximum amount of ETI claimable 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 qualifying 12 months.
- Allowing a monthly ETI claim in the amount of R500 during the four-month period for employees 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 twenty-four months; and
  - 30 to 65 who are not eligible for the ETI due to their age.
- Accelerated payment of ETI reimbursements from twice a year to monthly as a means of getting cash into the hands of the employer.

**Note: Refer to the Disaster Management Tax Relief Act, 2020 published on SARS website for additional granular parameters.**

- The following tax measures for qualifying provisional tax payers are proposed for a period of 12 months, beginning 1 April 2020 and ending 31 March 2021.
  - The first provisional tax payment due from 1 April 2020 to 30 September 2020 will be based on 15% instead of 50% of an amount equal to the estimated total tax liability, while the second provisional tax payment from 1 April 2020 to 31 March 2021 will be based on 65% of the estimated total tax liability, without SARS imposing administrative penalties and interest for the late payment of the deferred amount for a period of twelve months.
  - Provisional taxpayers will be required to pay deferred provisional tax payments on the effective date, referred to in section 89quat of the Income Tax Act, by when additional provisional tax payments may be made under paragraph 23A(1) of the Fourth Schedule, for the year of assessment to which the deferred payments relate, penalties and interests will apply where, upon assessment, it is discovered that, the employer has understated the PAYE liability for any of the four months of the deferral period or that the employer does not qualify for the relief.
- 'Essential goods' will be subject to a VAT exemption on importation during the COVID-19 pandemic.

## **Legislative requirements and implications**

It is anticipated that the EMP201 form will be amended for the taxpayer to indicate whether or not they have an annual turnover of less than R50 million for the concession to apply. Moreover, the SARS electronic tax management system automatically levies the penalties and interest in relation to late payments.

### **Update 1 April 2020:**

Comments regarding the 2020 Draft Disaster Management Tax Relief Bill and the 2020 Draft Disaster Management Tax Relief Administration Bill can be forward in writing to the National Treasury's tax policy depository at 2020AnnexCProp@treasury.gov.za and Adele Collins at acollins@sars.gov.za by close of business on **15 April 2020**

### **Useful Links and Documents**

- <https://mg.co.za/article/2020-03-23-south-africas-economic-plan-for-covid-19/>
- <https://home.kpmg/content/dam/kpmg/us/pdf/2020/03/tnf-sa2-mar24-2020.pdf>
- <https://www.businessinsider.co.za/these-taxpayers-will-get-r500-a-month-back-until-july-2020-3>
- <https://www.businessinsider.co.za/how-to-register-for-the-small-business-coronavirus-relief-fund-2020-3>
- <https://www.cnbcfrica.com/news/2020/03/27/covid-19-tax-relief-proposed-by-the-president/>

- <https://www.sars.gov.za> and <https://www.sars.gov.za/Media/Pages/CoronaVirus.aspx>
- <http://www.treasury.gov.za>

## **2.5. COVID-19 SMME Emergency Funding Package**

The minister of agriculture, land reform and rural development, has announced that R1,2bn will be made available to ensure that food production continues post COVID-19. DSBD has made over R500m available immediately to assist SMMEs that are in distress through a simplified application process.

The DSBD has introduced intervention measures to support SMMEs affected by the COVID-19 pandemic through the packages that will be administered by SEFA in response to the COVID-19 pandemic through the following interventions:

- Debt relief finance scheme
- Business growth facility
- Informal traders
- Spaza shop support scheme

Businesses are to ensure that these emergency funding packages are only used for what they are intended for.

### **2.5.1. Debt relief finance scheme**

#### **Purpose**

The SMME relief finance facility will provide soft-loan funding for existing businesses in distress due to the COVID-19 pandemic. The rationale for these measures is that the majority of SMME will experience severe reduction in demand and subsequent reduction in revenues due to the COVID-19 pandemic. As a result, it is important to ensure that SMMEs do not close completely and that they are supported with working capital to ensure that jobs are retained in the economy.

#### **Eligibility**

The qualifying criteria for this relief are as follows:

- The business must have been registered with CIPC by at least 28 February 2020.
- The business must be registered with SARS and be tax and UIF compliant.
- The business must be registered on the SMME South Africa platform.
- The business must be 100% owned by South African citizens.
- At least 70% of the employees of the business must be South Africans.



- Priority will be given to businesses owned by females, the youth and persons with disabilities.
- Applicants must be in the position to demonstrate a direct link of the impact or the potential impact of COVID-19 on business operations.

## **Process**

The SMME must register and submit a funding application found on [https://smmesa.gov.za/images/COVID-19\\_Finance\\_Relief\\_Application.pdf](https://smmesa.gov.za/images/COVID-19_Finance_Relief_Application.pdf). or download a COVID-19 relief application forms from the following websites: [www.dsbd.gov.za](http://www.dsbd.gov.za); [www.sefa.org.za](http://www.sefa.org.za); [www.seda.org.za](http://www.seda.org.za); [www.gcis.gov.za](http://www.gcis.gov.za) or [www.mybindu.org.za](http://www.mybindu.org.za). Supporting documentation must be submitted to a dedicated SEFA email address: [info@sefa.org.za](mailto:info@sefa.org.za).

Businesses must include the following when submitting the application:

- Company statutory documents.
- FICA documents, eg municipal accounts, letter from traditional authority.
- Certified copies of IDs of directors/members of the business.
- Three months bank statements.
- Latest annual financial statements or management accounts not older than three months from date of application (statement of financial performance and statement of financial position) where applicable.
- Business profile.
- Six months cash flow projections (with clear assumptions) where applicable.
- Copy of the lease agreement or proof ownership if applying for rental relief.
- If the business is applying for payroll relief, details of employees, as registered with UIF, with their banking details (will be required as payroll payments will be made directly to employees).
- Facility statement of other funders where applicable.
- Detailed schedule for the required funding, ie salaries, rent, etc.
- Businesses to ensure that there are adequate compliance controls in place.

The SEDA will provide assistance to micro-enterprises who need clarification and the request must be emailed to [debtrelief@seda.org.za](mailto:debtrelief@seda.org.za).

SMME employers who are not compliant with UIF must register before applying for relief.

## **Benefit**

The debt relief fund will assist entities in acquiring raw material, paying labour and other operational cost. All these interventions will be structured to match the patterns of the SMME's cash flow, as well as the extent of the impact suffered.

The funding terms for this facility will be as follows:

- The facility will offer working capital only, strictly direct costs which should be auditable.
- A maximum amount of R500k per SMME will be considered depending on the requirements of the business.
- The term of the funding will be determined by the business's cash flow.
- The loan facility will be at an interest rate of Prime less 5%.

The business needs will be assessed thoroughly by SEFA to ensure the funds is used for what it is intended as any misuse it totally prohibited.

### **Legislative requirements and implications**

Currently there is no legislative directive on this scheme

### **Useful links and document**

- <http://www.smmesa.gov.za/>
- <http://www.bkcob.co.za/wp-content/uploads/2020/03/COVID-19-SMME-Support-CriteriaF.pdf>

## **2.5.2. Business Growth and Resilience Facility**

### **Purpose**

Business growth and resilience facility is targeted at SMMEs who participate in value-chain supply, particularly those that locally manufacture or supply hygiene and medical products that are in demand in order to curb and manage the spread of the COVID-19 virus. The funding will give local manufacturers and suppliers an opportunity to produce and strengthen their place in the market, which may lead to long-term contracts post the COVID-19 pandemic.

### **Eligibility**

The qualifying criteria for this facility are the same as of the debt relief finance scheme per number 2.5.1 above. In addition, business development services from SEDA is required, eg product testing, certification, etc.

### **Process**

The application and registration process are the same as the process when applying for the Debt Relief Finance scheme per number 2.5.1 above.

### **Benefit**

The facility will offer working capital (only direct costs), stock, bridging finance, purchase order finance and capital equipment finance. The funding terms for this facility are as follows:

- The type of facility as well as the amount required will be based on the funding needs of the business.
- The term of the funding will be determined by the business cash flow and debt sculpting techniques will be utilised.
- Loan facilities will be provided at an interest rate of Prime less 5% pa.

The business will be assessed thoroughly to ensure that the fund is exclusively used for the finance stated as above as misuse will not be tolerated.

### **Legislative requirements and implications**

Currently there is no legislative directive on this scheme.

### **Useful links and document**

- <http://www.dsbd.gov.za/wp-content/uploads/2020/03/SMME-Business-Growth-Resilience-Facility.pdf>
- <https://www.polity.org.za/article/guidelines-for-application-debt-relief-finance-scheme-and-businesses-growth-resilience-facility-and-notice-for-the-call-for-proposals-covid-19-smme-intervention-measures-released-2020-03-30>
- <https://www.moneyweb.co.za/news/south-africa/unpacking-the-smes-funding-procedure/>

### **2.5.3. Informal Traders**

Information is not yet available

### **2.5.4. Spaza Shop Support Scheme**

#### **Purpose**

The minister has outlined the proposed package to support spaza shops during SA's COVID-19 lockdown period, including assistance in network purchasing or bulk buying, seed capital and access to business support tools, such as bookkeeping. The stores can benefit from a R500m fund to support small enterprises. DSBD will be compiling a list of approved spaza stores that will be eligible for the SEFA funding grant and make this list available to SEFA for providing the funds.

#### **Eligibility**

The support to spaza shops will not discriminate on whether they are owned by South Africans or foreign nationals. Conditions for eligibility to the financial support scheme include the following:

- Individuals who are spaza store owners.
- Owner managed and registered for UIF, SARS and CIPC.
- The spaza shops must buy products manufactured by local small businesses.

- Spaza shop must have an ability to operate during lockdown.
- The owners must have SA identity documents and the foreign spaza shops owners must be admitted to SA lawfully, hold valid passport with relevant business visas or permits, which include the condition to work or operate a business.
- The owners must have a permit to trade. The business owners who do not hold a valid permit to trade are advised to apply for one with their respective municipalities.
- The spaza shop owners must have a proof of a banking account.
- The business must be registered on the SMME South Africa platform.
- The spaza shop owners must have a sound monthly money management system.
- The spaza shop owners must have the ability to sanitise before and after serving every customer.

## **Process**

The application and registration process are the same as when applying for the Debt Relief Finance scheme per number 2.5.1 above.

## **Benefit**

SEFA has entered negotiations with selected wholesalers, namely the Massmart Holdings Limited and the Kit Kat Group (Pty) Ltd with others to be added, to have available a basket of essential goods to approximately 3,000 pre-approved Spaza stores, to purchase the goods for a discounted price for a period of 3 months. R30m seed capital is available as a grant to the spaza store owners. Initially, each Spaza will receive R10,000 (with a possible R5,000 being made available as a second phase) for purchasing stock for their stores from the essential goods basket.

This scheme will ensure that:

- the spaza shops are buying from pre-selected wholesalers;
- the facility is in place to assist the spaza to purchase stock;
- business support is offered to the spaza shop;
- the spaza shop have access to basic business tools, eg speed-points;
- support and guidance are offered to the spaza shop with meeting health and safety codes; and
- the spaza shop have access to their bank accounts.

## **Legislative requirements and implications**

Currently there is no legislative directive on this scheme.

## **Useful links and documents**

- <https://ewn.co.za/2020/03/26/sa-lockdown-govt-working-on-relief-package-for-informal-sector>

- <https://www.businesslive.co.za/bd/economy/2020-03-31-government-spells-out-support-for-spaza-shops-during-lockdown/>
- <https://www.power987.co.za/news/covid-19-government-to-give-spaza-shops-hawkers-financial-relief/>
- <https://www.timeslive.co.za/news/south-africa/2020-04-01-spaza-shops-to-get-financial-relief-for-lockdown-losses-but-tcs-apply/>
- <https://www.thesouthafrican.com/news/spaza-shops-informal-traders-lockdown-coronavirus-smme-2020/>

## 2.6. IDC COVID-19 Essential Supplies Intervention

### Purpose

The IDC COVID-19 Essential Supplies Intervention is established to provide funding to companies for the acquisition and/or the manufacturing of essential supplies on an urgent basis to combat the COVID-19 pandemic that is facing South Africa. The impact cuts across all economic sectors:

- Supply chain interruptions.
- Access to raw materials in respect of cost and quality.
- Access to markets in respect of perishable products lost in transit due to longer delivery periods.
- Working capital disruptions in respect of longer lead times.
- Export markets constrained by logistics or replaced by production.
- Surge of imports to address the spike in demand.
- Underperformance in respect of impact of extended downtime.
- Reduced productivity in respect of employees' wellbeing, physical and psychological.

The IDC's immediate priority is to focus on sectors critical to limit the spread and immediate impact of the virus and support supply chain critical for the economy.

The Priority Sectors relate to essential supplies that include products on the comprehensive list published by the Treasury Department (which may be updated) and include other products that are critical to the treatment and curtailment of the spread of the disease typically as per the list below:

- Bulk supplies of disinfectants and sanitisers (hand or industrial).
- Accredited masks and medical gloves.
- Accredited test-kits and approved drugs.
- Packaging, eg bottles, caps, pumps, sachets, etc.
- Toilet paper, wipes, tissue paper, sanitary pads.
- Cleaning materials, chemicals, raw materials to manufacture essential products.
- Ventilators and filters, nebulisers and nebulising agents.
- Hospital beds, oxygen.

- Aprons and safety visors.
- Urgent regulatory and compliance testing of products or treatments if required.

## **Eligibility**

- 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.
- The company should be an accredited supplier (where applicable) if contract or purchase order is with government, retailers or multi-nationals.
- The company should demonstrate profitability as per historical financial statements.
- The intention should not be profiteering, and the mark-up should be reasonable.
- There must be a contract or purchase order with either the SA Government or a strong customer for essential supplies.
- In the absence of a contract or orders, a corporate guarantee from a company with Investment is required.
- Where a clearly demonstrable shortage of supply exists, letters of intent may be motivated.
- Geographic focus is to be South Africa and SACU.
- Any excess products under a bigger manufacturing contract are allowed to be exported.

## **Process**

The company/business must apply by submitting the required information and documents to [callcentre@idc.co.za](mailto:callcentre@idc.co.za) for processing. The documents and information required must be to the satisfaction of the IDC and are as follows:

- Applicant's background detailing historical and existing manufacturing, capabilities and trading facilities. This needs to include a summary of the business model and products and a motivation why IDC should fund them.
- 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 of the business.
- Financial statements (annual audited or reviewed and interim management accounts not older than 2 months).
- Analysis of stock, debtors and creditors.
- Budgets supported by a copy of contract or purchase order from government or reputable strong customer, ie retailer or multi-national.

- Description of project and products to be manufactured.
- 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, ie how the product will be shipped, and after how long.
- Security available.
- Personal balance sheets and balance sheets of guarantor.
- Legal information as per the fact track legal due diligence information request as below:
  - Corporate records, management and shareholders: Copies of the registration certificate, memorandum of incorporation, share certificates, securities register including particulars of share capital, showing authorised and issued capital and classes of shares, copies of any agreement or commitment to create, issue or transfer shares (including loans and share options).
  - Compliance: Details of any compliance programmes of the company including, product liability, competition Law. Copies of all compliance notices issued to the company by the companies' Commission.
  - Government regulations and filing: Copies of all licenses, consents, permits, authorisations required to carry on the business of the company or target.
  - Litigation: Details of any litigation, arbitration, investigations, pending or threatened action by or against the company.
  - Agreements: Copies of all material and long-term contracts including leases, facilities agreements with financial providers, supply agreements, off balance sheet funding, preference shares, profit sharing agreements, options, share incentive schemes. Copies of any guarantees, sureties, indemnities, letters of comfort, notarial and mortgage bonds provided to third parties.

A Basic assessment report will be prepared and presented to the COVID-19 team. The approval process is expected to take two days from date of receipt of information from the client to presentation. A due diligence will be conducted after approval and is expected to take three days, where after it will be presented to the relevant investment committee. Legal agreements are distributed within forty-eight hours of investment committee approval, followed by the signing of legal agreements and clearing of conditions precedent. Funding will only be effective from the approval date.

Questions can be directed to Mr Gerrit Claassen at 011 269 3482 or Mr Rishel 011 269 3261.

## Benefit

Financial support to be provided by the IDC includes:

- Funding to support manufacturing and trade finance to import essential medical products:
  - Short-term loan to companies for once-off contract or import funding.
  - Revolving Credit Facilities.
  - Guarantees to Banks.
- Interest rate and pricing:
  - IDC loan and trade finance facilities: P + 1% per annum.
  - Guarantees: 2% per annum.
- Term limited to a max of 3 months for all facilities.

## Legislative requirements and implications

Awaiting legislative directives from the IDC.

## Useful Links and documents:

- <https://www.idc.co.za/2020/03/24/idc-interventions-in-response-to-covid-19/>
- <http://www.thedti.gov.za/editmedia.jsp?id=7185>

## 2.7. MCEP COVID-19 Programme

### Purpose

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.

An additional R700m has been provided by the DTIC for the MCEP. The funding will be supplemented by IDC funding and are specifically earmarked to assist suppliers of identified critical goods that are affected by the outbreak of COVID-19. The additional funding will be shared with SEFA and NEF, where IDC will receive R300m and SEFA and NEF R200m each. The funds transferred to these institutions will be used to fund businesses that fall within their mandate and support prioritised products that are required to curtail the impact of the virus.

Priority products identified are as follows:

- Medical gloves and accredited masks.
- Diagnostics and accredited test kits.
- Bulk supplies of disinfectants, sanitizers (hand and industrial) and wipes.
- Ventilators and filters.
- Nebulisers and nebulising agents.



- Disposable visors, goggles, gowns and aprons.
- Drugs proven to combat the coronavirus.
- Digital body thermometer.
- Packaging, eg bottles, caps, pumps, sachets, etc.
- Sanitary pads, toilet and tissues paper.
- Powered air purifying respirator.
- Manufacturing of hospital beds.
- Manufacturing of oxygen.
- Related chemicals

## **Eligibility**

Qualifying criteria:

- Companies that have been operational for at least a year.
- Companies must have a valid contract/purchase order or letter of intent.
- Manufacturers of the targeted priority products as listed above.
- Companies with BBBEE Level 4 will be encouraged.

## **Process**

The same IDC process is applicable as documented under 2.6 COVID-19 Essential Supplies Intervention.

## **Benefit**

- Financial support by way of working capital, and plant and equipment requirements:
  - Limited to R30m per applicant.
  - Funding provided can be stand-alone MCEP funding or blended with IDC.
- Priced at a fixed rate of 2.5% per annum.
- Maximum term is 48 months, including moratorium.
- First drawdown must occur within one month from approval date.
- Raising and commitment fees are excluded. All other standard fees are applicable.

## **Useful Links and documents:**

- <https://www.idc.co.za/2020/03/24/idc-interventions-in-response-to-covid-19/>
- <http://www.thedti.gov.za/editmedia.jsp?id=7185>

## 2.8. Tourism Relief Funding

### Purpose

The Department of Tourism has made R200m available to assist SMMEs in the tourism and hospitality sector who are under stress due to the COVID-19 travel restrictions. In line with the department's amended codes on BBB-EE, the following categories benefit:

- Accommodation: Hotels, resort properties, and Bed and Breakfast properties.
- Hospitality and related services: Restaurants (not attached to hotels), conference venues (not attached to hotels), professional catering services and attractions.
- Travel and related services: Tour operators, travel agents, tourist guides, car rental companies, and coach operators.

The fund will be administered to benefit SMMEs in all the 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.

The relief will be distributed in a spatially equitable manner to ensure that all provinces benefit.

### Eligibility

- The business must be formally registered with CIPC with turnover of not more than R2,5m a year.
- The business must have a valid tax clearance certificate.
- The business is to guarantee employment to a minimum number of staff for a period of three months.
- The business must provide proof confirming that they are compliant with the minimum wage requirement.
- The business must provide proof of UIF registration for all their employees.
- The business must be an existing tourism-specific establishment as outlined in the scope of the application (suppliers and intermediaries are not eligible).
- The business must be in existence for at least one business financial year.
- There will also be an equitable balance between businesses that are in the tourism incentive programme of the Department of Tourism and businesses that are not benefiting from such programmes through a transparent application process and criteria as outlined above.
- Beneficiaries of this relief scheme will be at least 70% black owned, at least 50% women owned, at least 30% youth owned and at least 4% owned by people with disabilities.

### Process

The application criteria:

- The eligible businesses must prove that the relief is required as a result of the impact of COVID-19.

- Business must submit statements of financial position: 12 months bank statement, balance sheet, income statements and cash flow statements.
- The businesses should include a motivation with the application that is detailing the purpose of the funding.

## **Benefit**

The Department of Tourism will continue to work together with all the tourism stakeholders in implementing a set of interventions so that the industry can quickly recover from this temporary setback. These will include readiness for the rollout of the e-visa system, resolving the challenges around the issuance of licenses for tour operators, ensuring that all campaigns globally and domestically and associated enabling partnerships are in place and ready to be rolled out.

Plans are underway to establish the Tourism Services Call Centre where affected businesses can get information on the available relief measures, postponements of events, and will act as a helpline for tourists. Work is also done been done together with the health authorities and industry to develop standard minimum guidelines for hospitality on how to conduct operations during this period.

Currently, there is no information on any monetary benefits.

## **Legislative requirements and implications**

N/A

## **Useful Links and documents**

- [https://www.tourism.gov.za/AboutNDT/Ministry/News/Pages/COVID-19\\_interventions\\_for\\_the\\_tourism\\_sector.aspx](https://www.tourism.gov.za/AboutNDT/Ministry/News/Pages/COVID-19_interventions_for_the_tourism_sector.aspx)

## **2.9. Solidarity Fund**

### **Purpose**

The Solidarity Fund is an independent initiative, registered as a public benefit company and supported by business, civic society and government. It has raised R500m to date, R150m from government and the balance from businesses and individuals. The funds that were committed by the Motsepe, Rupert and Oppenheimer families will not be channelled through the Solidarity Fund. Ms Gloria Serobe has been appointed as the chairperson of the fund.

The key objectives of the fund are to support the healthcare sector in its efforts to flatten the curve of infections, to provide humanitarian support to vulnerable households and communities who have been affected by the virus, and to mobilise a solidarity campaign that will unite the nation in the effort to see through the pandemic.

- Old Mutual has been appointed to administer the fund, while Edward Nathan and Ernst & Young are providing governance processes and procedures.
- Individuals and organisations will be able to support the effort through secure, tax deductible donations.
- The fund will operate with the highest principles of corporate governance and through an independent Board, and all activities will be reported in a transparent manner. An independent board is in the process of being appointed.

### **Eligibility**

Efforts are targeted at the healthcare sector and assisting the most vulnerable.

### **Process**

It is not yet clear how the money will be spent and the process to apply to participate.

### **Benefit**

The aim is to provide the country with health and humanitarian support. R100m has already been set aside to assist healthcare workers, to enable the urgent process of critically needed personal protective equipment to protect health workers.

### **Legislative requirements and implications**

Awaiting regulations and further legal application directives.

### **Useful Links and documents**

- [www.solidarityfund.co.za](http://www.solidarityfund.co.za)
- <https://www.businessinsider.co.za/how-to-donate-to-south-africas-covid-19-solidarity-fund-banking-details-2020-3>
- <https://ewn.co.za/2020/03/30/solidarity-relief-fund-can-t-provide-relief-for-smmes>
- <https://www.dailymaverick.co.za/article/2020-03-31-solidarity-fund-stronger-together/>

## **2.10. COVID Business Rescue Assistance (COBRA)**

### **Purpose**

IQ business, Schindlers Attorneys, Engaged Business Turnaround, Sirdar Group, Envision Advisory Services, Agility and Adept Advisory have formed a consortium to bring their extensive legal, accounting, technology and business turnaround expertise to help businesses in distress.

The initiative aims to assist and sustain South African businesses through the COVID-19 crisis. The consortium coordinate with these businesses and use their relationships with key stakeholders to

access support. COBRA assists in doing everything possible to avoid business rescue. If required, a structured business rescue process can be initiated by augmenting the work of the business rescue practitioners to expedite the business rescue plan. Proactive engagement with commercial and business banks on their at-risk business clients, is a further objective of this initiative.

A crisis management centre, the COBRA war room was established to provide technical support and information, guide the business through business rescue and help manage insolvency and liquidation processes.

## **Eligibility**

Any South African business in distress affected by the COVID-19 virus and other economic fallouts.

## **Process**

- IQbusiness has built and will be operating the crisis management centre.
- Businesses need to log onto [www.cobra.org.za](http://www.cobra.org.za) for free daily (maximum of 30 participants) or weekly (maximum of 500 participants) webinars and information will be shared and business leaders will be guided on COVID-19 information impacting business.
- They have also set up a knowledge hub for SMEs. This hub will help SMEs understand the following:
  - What business turnaround and rescue entails.
  - What it could do for the business.
  - How it will affect the ownership structure of the business.
  - How the process unfolds.
  - What negotiation tools are at their disposal.
  - How to access post commencement financing.
  - What legalities are involved, and a myriad of other issues.
- Businesses can contact [info@cobra.org.za](mailto:info@cobra.org.za) for more information. The detailed application process is currently being developed.
- COBRA assists, on a pro bono basis, subject to a means test (aligned with the probono.org standard, eg qualifying criteria) to try and avoid business rescue by:
  - engaging creditors and mediating payment arrangements within the COBRA ecosystem; and
  - keeping debtors and creditors liquid while maintaining the trust enjoyed by long time business relationships.
- If required, a structured business rescue process can be initiated, with the objective of rehabilitating affected companies.

## **Benefit**

- The COBRA War Room is a pro bono service established to provide businesses with extensive legal, accounting, technology and business turnaround expertise to avoid business rescue.

- The COBRA War Room has an agile response capability covering data assimilation, trend tracking, triage, decision support, communications, resource management, learning and development and change management disciplines.
- Any fees for professional services are discounted or written off entirely for the businesses in distress. If a business cannot be salvaged, the entire process of trying to salvage the business and the subsequent placing of the company into liquidation will be at no cost to the shareholders/directors.

## Legislative requirements and implications

It doesn't seem like there are any legal implications as it is a free online subscription service.

## Useful Links and documents

- <http://www.cobra.org.za/>
- <https://iqbusiness.net/>
- <https://www.engagedbt.co.za/blog/>

## 2.11. Sukuma Relief Programme

### Purpose

The Sukuma Relief Programme is structured to provide relief and sustainable support SMEs that are financially impacted by COVID-19 pandemic. The initiative is in response to the call by President Ramaphosa to all social partners to support SMEs sustain their businesses and preserve jobs.

The Rupert family and Remgro Limited pledged R1 bn towards this financial aid, with Business Partners appointed as the administrator of the fund. The Sukuma Relief Programme offers distinct and separate financial aid to formal sole proprietors, close corporations, companies and trusts.

### Eligibility

- The entities must be a viable business prior to the arrival of the COVID-19 pandemic and must be impacted by COVID-19 pandemic.
- The close corporations, companies or trusts must be formally registered and tax and regulatory compliant South African businesses.
- A sole proprietor must be a business that is registered and compliant with the relevant authorities in terms of a business license and tax.

### Process

To apply, business owners must visit Business Partners website: [www.businesspartners.co.za](http://www.businesspartners.co.za) and follow the steps to complete an online application.

The following documents must be uploaded for companies, close corporations and trusts:

- Annual financial statements for the financial period ended 28 February 2019, signed off by a professional accountant.
- Management accounts for the period 01 March 2019 until at least 31 December 2019.
- The latest available EMP201 document submitted to SARS, not older than 3 months.
- 3 months' bank statements of the business for the period 01 December 2019 to 29 February 2020 to assess operations before the lockdown.
- A rental (premises) statement, not older than 3 months.
- The statements for any other credit agreements such as asset finance or trade finance loan agreements as at 31 January 2020.
- A motivation and supporting documentation to be provided illustrating the financial distress suffered by the SME as a result of the COVID-19 outbreak. The motivation can cover the following information:
  - Reduction in turnover, erosion of working capital, inability or difficulty to pay wages and preserve jobs, inability to pay rent, inability to pay for other overheads, and/or inability or difficulty in servicing existing debt obligations.
- A statement of assets and liabilities for the main business owner.
- Copies of identity documents of all directors, shareholders, members, and trustees as applicable.
- A copy of marriage certificate including ANC contract, divorce certificate, or death certificate where applicable.
- Company documents and a copy of registration certificate.
- A copy of memorandum of incorporation and the company's share register.
- A close corporation must submit a founding statement.
- A trust must submit a copy of the trust deed, Master's Authority Certificate.
- Confirmation of bank account details issued by the relevant bank.

The following documents must be uploaded for sole proprietors:

- 3 months' bank statements of the business for the period 01 December 2019 to 29 February 2020 to assess operations before the lockdown.
- A copy of identity document.
- A copy of business license (where applicable).
- A copy of tax clearance certificate.

The disbursement process is as follow:

- Disbursements will be made within 7 days after application, provided the supporting evidence is supplied and verified.
- For close corporations, companies and trusts the disbursements will take place over a period of 3 months subject to submission of documents monthly which will support the continued need for financial aid of the business (the list of these documents have not been clarified on the website), and for sole proprietors the grant will be paid in one single payment.

## **Benefit**

The objective of the initiative is to provide cash flow relief to qualifying close corporations, companies, and trusts.

Close corporations, companies, trusts and qualifying formal sole proprietors will receive a non-repayable grant of R25 000 to be used to pay overheads. Beneficiaries of the financial aid are encouraged to pay it forward and repay as much of the grant to the public benefit organisation created for the initiative as they can afford. The money will be used to provide financial aid to other business owners in need, in future.

In addition, close corporations, companies and trusts, an unsecured loan of between R250k and R1m to cover payroll, rental, and other monthly operating overheads, structured over five years with the following benefits:

- Interest free with no repayment obligations for 12 months.
- Interest at the prime rate and repayable from month 13, once the business is on its feet.

## **Useful link:**

- <https://www.businesspartners.co.za/en-za/media-centre/media-releases/south-africa/here's-how-to-apply-for-covid-19-business-funding>