DRAFT

REPUBLIC OF SOUTH AFRICA

DRAFT DISASTER MANAGEMENT TAX RELIEF BILL

(As introduced in the National Assembly (proposed section 77))
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

Please forward written comments 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.**

1 April 2020

GENERAL EXPLANATORY NOTE:

[ ] Words in bold type in square brackets indicate omissions from existing enactments.

______ Words underlined with a solid line indicate insertions in existing enactments.

BILL

To provide for tax relief in respect of the COVID-19 pandemic, to provide for the tax treatment of certain trusts for tax relief in respect of the COVID-19 pandemic; to provide for non-withholding of employees' tax for tax relief in respect of the COVID-19 pandemic; to amend the Employment Tax Incentive Act, 2013, so as to amend certain provisions to provide for tax relief in respect of the COVID-19 pandemic; and to provide for matters incidental thereto.

PREAMBLE

SINCE Government implemented measures in the Republic of South Africa to combat the worldwide COVID-19 pandemic within the Republic;

AND SINCE Government is desirous to put measures in place to mitigate the economic impact of the COVID-19 pandemic and to devise a set of interventions that may assist to cushion society from these economic difficulties;

AND SINCE commitments have been made to assist small businesses and their employees affected by the COVID-19 pandemic and Government is desirous of ensuring that those financial commitments have the maximum beneficial results,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:

Interpretation

1. In this Act, **"COVID-19 disaster relief trust**", means any trust established for the sole purpose of disaster relief in respect of the COVID-19 pandemic, declared a national disaster on 15 March 2020 by the Minister of Cooperative Governance and Traditional Affairs under section 27(1) of the Disaster Management Act, 2002 (Act No. 57 of 2002), by Government Notice No. 313 published in *Government Gazette* No. 43096 of 15 March 2020.

Amendment of section 6 of Act 26 of 2013, as amended by section 115 of Act 43 of 2014 and section 80 of Act 34 of 2019

2. (1) Section 6 of the Employment Tax Incentive Act, 2013, is hereby amended by the substitution in paragraph *(a)* for subparagraph (i) of the following subparagraph:

"(i) <u>*(aa)*</u> is not less than 18 years old and not more than 29 years old at the end of any month in respect of which the employment tax incentive is claimed; <u>or</u>

<u>*(bb)* is not less than 30 years old and not more than 65 years old at the end of any month in respect of which the employment tax incentive is claimed;</u>".

(2) Subsection (1) is deemed to have come into operation on 1 April 2020 and applies to any remuneration paid on or before 31 July 2020.

Amendment of section 7 of Act 26 of 2013, as amended by section 116 of Act 43 of 2014, section 95 of Act 15 of 2016, section 92 of Act 17 of 2017, section 5 of Act 32 of 2019 and section 81 of Act 34 of 2019

3. (1) Section 7 of the Employment Tax Incentive Act, 2013, is hereby amended—

(a) by the substitution in subsection (2) for the words preceding paragraph *(a)* of the following words:

"(2) During each month of the first 12 months in respect of which an employer employs a qualifying employee <u>contemplated in section 6*(a)*(i)*(aa)* or 6*(a)*(ii) or (iii)</u>, the amount of the employment tax incentive in respect of that qualifying employee, if the monthly remuneration of the employee is—";

(b) by the substitution in subsection (2) for paragraph *(a)* of the following paragraph: