

# Annex I

The various forms of relief provided by the Government, as part of phase one and two of the economic responses to COVID-19, as well as measures taken by independent private parties and organizations are described and compared below.

Applicable Measures	Large corporates	SMMEs
<b>Eligible Beneficiary</b>	South African enterprises	South African SMMEs
<b>IDC Support</b>	<p><b>Type of Intervention:</b> IDC Distressed Funding and the Essential Suppliers Intervention.</p> <p><b>Purpose:</b> to help vulnerable businesses.</p> <hr/> <p><b>IDC Distressed Funding</b></p> <p>The terms of facility include:</p> <ul style="list-style-type: none"> <li>• debt and guarantees only (equity on a case-by-case basis); and</li> <li>• scheme-related concessionary pricing.</li> </ul> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• existing IDC clients and new clients in distress as a result of COVID-19;</li> <li>• companies should demonstrate strong business fundamentals and be considered viable;</li> <li>• relief is only for clients impacted by COVID-19 with a sustainable business plan;</li> <li>• intervention plans must show the business case recovering within 18 to 24 months;</li> <li>• there must be evidence that concessionary finance will enable the business to trade out of any short-to-medium-term financial crisis;</li> <li>• risk must be shared with other funders, not just the IDC;</li> <li>• distressed funding cannot be used to fund bonuses or dividends; and</li> <li>• the company's financial needs must be in excess of assistance from the UIF, the Compensation Fund, the IDCs funding and any other support schemes, and the IDC's funding should only be used to fund any shortfall.</li> </ul> <p>There are also exclusions which include:</p> <ul style="list-style-type: none"> <li>• normal expansions;</li> <li>• refinancing of existing facilities;</li> <li>• share buy-backs; and</li> <li>• payment of non-operational expenditure for example bonuses.</li> </ul>	

	<p><b>Essential Suppliers Intervention</b></p> <p>The terms of facilities include:</p> <ul style="list-style-type: none"> <li>• IDC loan and trade finance facilities: P + 1% per annum;</li> <li>• MCEP loan facilities: 2.5% per annum; and</li> <li>• guarantees: 2% per annum.</li> </ul> <p>The following financial instruments are available:</p> <ul style="list-style-type: none"> <li>• short-term loan for once-off contract or import funding;</li> <li>• revolving credit facility; and</li> <li>• guarantees to banks for banking facilities, imports and ordering requirements.</li> </ul> <p><b>Conditions:</b> the business must have, <i>inter alia</i>,</p> <ul style="list-style-type: none"> <li>• a track record of manufacturing similar products;</li> <li>• in the case of imports, able to import at the required scale (and insufficient local manufacturing capacity);</li> <li>• accredited supplier (either in public or private sector);</li> <li>• have a contract or purchase order with either the SA government or similar large customer for essential services;</li> <li>• demonstrate historical profitability;</li> <li>• mark-up is reasonable to prevent profiteering and price-gouging; and</li> <li>• their geographical focus is South Africa and Southern African Customs Union.</li> </ul>
<p><b>Social Relief and Economic Support Package</b></p>	<p>Package consists of R500,000,000,000.</p> <p>More details are to follow.</p>
<p><b>Draft Disaster Management Tax Relief Bill - ETI</b></p>	<p><b>Type of Intervention Proposed:</b></p> <ul style="list-style-type: none"> <li>• maximum amount of ETI claimable has been increased for a 4 month period (for employees eligible under the current ETI Act) from R1,000 to R1,500 in the first qualifying 12 months and from R500 to R1,000 in the second 12 qualifying months; and</li> <li>• employees earning R6,500 or less and who do not qualify for the ETI will receive a monthly ETI claim/tax subsidy of R750 per month over the next 4 (four) months.</li> </ul> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• an employer is entitled to claim the ETI for a qualifying employee: <ul style="list-style-type: none"> <li>○ who is between the ages of 18 and 29 years old; and</li> <li>○ has a monthly remuneration of less than R6,500;</li> </ul> </li> <li>• for those persons who are not eligible for the ETI as mentioned above, these persons are entitled to the R750 tax subsidy provided that their monthly remuneration is less than R6,500; and</li> <li>• employers must be registered with SARS as at 1 March 2020.</li> </ul>

<p><b>Draft Disaster Management Tax Relief Administration Bill – Deferrals</b></p>	<p><b>Type of Intervention Proposed:</b> A deferral of pay-as-you-earn (“PAYE”) liabilities over the next 4 months. These businesses will also be eligible to delay their provisional corporate income tax payments without penalties or interest over the next 6 months.</p> <p><b>Conditions:</b> the business must -</p> <ul style="list-style-type: none"> <li>• be a taxpayer as defined in section 151 of the Tax Administration Act that conducts a trade;</li> <li>• have an annual turnover of R100,000,000 or less during the year of assessment ending on or after 1 April 2020 but before 1 April 2021;</li> <li>• have a gross income that does not include more than 20% income derived from interest, dividends, foreign dividends, royalties, rental from letting of fixed property, annuities and any remuneration received from an employer; and</li> <li>• be tax compliant.</li> </ul>
<p><b>Draft Disaster Management Tax Relief Bills- Donations Tax Deductions</b></p>	<p><b>Type of Intervention Proposed:</b></p> <ul style="list-style-type: none"> <li>• donations made to a COVID-19 disaster relief organization during 1 April 2020 and 31 July 2020 will qualify for a tax deduction in the hands of the donor. In this respect: <ul style="list-style-type: none"> <li>○ the donor may deduct 10% of the taxable income;</li> <li>○ any portion not claimed may be carried forward to the subsequent year of assessment; and</li> <li>○ donations made to disaster relief organisations will also be exempt from donations tax; and</li> </ul> </li> <li>• taxpayers who donate to the Solidarity Fund will be able to claim up to an increased amount of 20% as a deduction from their taxable income.</li> </ul>
<p><b>Additional Tax Relief Measures Proposed</b></p>	<p><b>Type of Intervention Proposed:</b> There will be a 4 month holiday for the companies’ skills development levy contributions, fast-tracking VAT refunds and a 3-month delay for filing and first payment of carbon tax.</p>
<p><b>COVID -19 Temporary Employee / Employer Relief Scheme (C19 TERS) (as amended)</b></p>	<p><b>Type of Intervention:</b> Should an employer as a direct result of the COVID -19 pandemic have to close its operations for a period of 3 months or less, employees of the company shall qualify for a <b>COVID-19 benefit</b>.</p> <p>The salary to be taken into account in calculating the benefits will be capped at 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 as provided in the Unemployment Insurance Act 63 of 2001.</p> <p>An employee shall receive a benefit of no less than R3,500. Should an employee’s income in terms of the income replacement sliding scale fall below R3,500, the employee will be paid a replacement income equal to that amount.</p> <p>Recent amendments to this scheme effectively provide that in certain instances an employer whose employees are entitled to receive COVID-19 benefits provided by the UIF from a bargaining council or entity (as defined in the directive) may not make an application in terms of this scheme and, the employees of that employer may not receive any payment in terms of the scheme other than through the bargaining council or entity.</p> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• the company must be registered with the UIF;</li> </ul>

	<ul style="list-style-type: none"> <li>the company must comply with the application procedure for the financial relief scheme (employers apply by reporting their closure to 'Covid19ters@labour.gov.za' after which an automatic response sets out the application process); and</li> <li>the company's closure must be directly linked to the COVID -19 pandemic.</li> </ul> <p>An employee may also individually apply for COVID-19 benefits if:</p> <ul style="list-style-type: none"> <li>the employee meets certain requirements in terms of the directive;</li> <li>no bargaining council or entity has concluded an memorandum of agreement with the UIF; and</li> <li>the employee's employer has failed or refused to apply for COVID -19 benefits.</li> </ul>
<b>Block Exemption for the Retail Property Sector</b>	<p><b>Type of Intervention:</b> Certain agreements or practices are exempt from the application of section 4 (Agreements between competitors) and section 5 (Agreements between suppliers, firms and customers) of the Competition Act 89 of 1998 (as amended).</p> <p>The Block Exemption applies only to agreements or practices related to, <i>inter alia</i>, payment holidays and/or rental discounts for tenants.</p> <p>The Block Exemption extends to all South African designated retail tenants, including small and independent retailers, unless otherwise authorised by the Minister or the Competition Commission.</p>
<b>NEF Support</b>	<p><b>Type of Intervention:</b> R200,000,000 in loans will be available for black entrepreneurs to manufacture and supply a range of medical products, including medical masks, sanitisers, dispensers and related healthcare products.</p> <p><b>Purpose:</b> to support the healthcare sector during the COVID-19 crisis.</p> <p><b>Conditions:</b> the business -</p> <ul style="list-style-type: none"> <li>is a registered legal entity in South Africa in terms of the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 or the Co-operatives Act, 2005;</li> <li>is a taxpayer in good standing with a valid tax clearance certificate at assessment as well as before the loan is disbursed;</li> <li>is a current and registered supplier with retailers and other institutions in good standing or have a purchase order/ contract/ letter of intent;</li> <li>has greater than 50% Black shareholding and management control;</li> <li>have a project with a minimum requirement of R500,000 in working capital, machinery and equipment;</li> <li>must be directly involved in the day-to-day running of the operation and must have requisite expertise in the sector; and</li> <li>is owned by black South Africans as defined by the Broad-Based Black Economic Empowerment (B-BBEE) Act.</li> </ul> <p>The fund will not service any pre-existing debt or help settle monies owed.</p>
<b>Solidarity Fund</b>	<p><b>Type of Intervention:</b> donations can be made locally and internationally to the independently administered Solidarity Response Fund.</p>

	<p><b>Purpose:</b> to alleviate suffering and distress caused by the COVID-19 pandemic through care, support, prevention and detection.</p> <p>However, the Solidarity Fund is currently not providing relief to businesses or informal traders.</p>	
<b>SME Support Intervention</b>	Not available to large corporates.	<p><b>Type of intervention:</b> SME Support Intervention involving a Debt Relief Fund and a Business Growth/Resilience Facility.</p> <p>SMME Finance Scheme will comprise of soft-loan funding for a period of 6 months from 1 April 2020.</p> <p>The Business Growth/Resilience Facility will provide working capital, stock, bridging finance, order finance and equipment finance to small businesses which supply in-demand medical supplies.</p> <p><b>Purpose:</b> to mitigate the impact of the expected economic slowdown on SMMEs in South Africa.</p> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• the business must have been registered with CIPC by at least 28 February 2020;</li> <li>• the business must be 100% owned by South African Citizens;</li> <li>• employees must be 70% South Africans;</li> <li>• priority will be given to businesses owned by Women, Youth and People with Disabilities; and</li> <li>• the business must be registered and compliant with SARS and UIF.</li> </ul>
<b>SAFT</b>	Not available to large corporates	<p><b>Type of Intervention:</b> SAFT funds will be disbursed as concessionary loans to qualifying SMMEs, and these loans will be interest-free over a 5-year term and will be administered by the Partner Banks on behalf of SAFT.</p> <p><b>Purpose:</b> to extend financial support to SMMEs.</p> <p><b>Conditions:</b></p> <ul style="list-style-type: none"> <li>• turnover is below R25,000,000 per annum;</li> <li>• the business has been adversely affected by COVID-19;</li> <li>• have been trading for at least 24 months; and</li> </ul>

		<ul style="list-style-type: none"> <li>the business was sustainable on 29 February 2020.</li> </ul>
<b>Guaranteed Loan Scheme for SMEs</b>	Not available to large corporates.	<p><b>Type of Intervention:</b> consists of a R200,000,000,000 loan guarantee scheme in partnership with the major banks, National Treasury and the South African Reserve Bank.</p> <p><b>Conditions:</b> the relevant business must -</p> <ul style="list-style-type: none"> <li>have a group annual turnover of less than R300,000,000;</li> <li>have been up to date with its loan payments to the relevant bank or be an account holder without any loans at the relevant bank as at end-February 2020;</li> <li>have an existing relationship with the bank that grants it the COVID-19 loan;</li> <li>be registered with SARS; and</li> <li>be financially distressed as a result of the COVID-19 outbreak and subsequent lockdowns.</li> </ul> <p>The material conditions imposed in relation to the COVID-19 loans include the following:</p> <ul style="list-style-type: none"> <li>the loan can only be used for operational expenditure such as salaries, rent, utilities and ordinary-course supplier payments;</li> <li>the loan cannot be used to pay dividends, make investments, pay bonuses or pay off other existing loans that the business may have;</li> <li>the loan amount will be disbursed in up to 3 monthly instalments, thereafter no payment will be expected for a further 3 months;</li> <li>the relevant business will have 5 years to pay off the loan and associated interest. In this respect, the interest rate is fixed at the repo rate plus 3.5% and the participating banks cannot vary this condition;</li> <li>each applying business is entitled to only one loan;</li> <li>banks can require businesses to provide security or suretyships and</li> </ul>

		<p>may impose additional conditions as they deem fit; and</p> <ul style="list-style-type: none"> <li>banks are not obliged to extend COVID-19 loans and will therefore use their own risk-evaluation and credit application processes to decide whether or not to approve an application.</li> </ul>
<b>Other Support for SMMEs</b>	Not available to large corporates.	The Department of Tourism has made an additional R200,000,000 available to assist SMMEs in the hospitality and tourism sector.

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