

Summary of Key Social Relief and Economic Support Measures

On 21 April 2020, the President addressed the nation and announced a R500 billion package of relief and support measures for the country. This is a summary of the key items.

The 2nd Phase of the Economic Response addresses:

- Extraordinary health budget
- The relief of hunger and social distress
- Support for companies and workers
- The phased re-opening of the economy

Health response

- *R20 billion* for PPE for health workers, community screening, additional testing capacity, additional beds in field hospitals, ventilators, medicine & staffing

Municipalities

- Additional *R20 billion* for
 - emergency water supply
 - increased sanitisation of public transport & facilities
 - providing food & shelter for the homeless

Vulnerable families

- *R50 billion* to be allocated
- Temporary 6-month Coronavirus grant
 - child support grant beneficiaries – to receive *extra R300 in May*
 - from June to October – will receive an *additional R500 pm*
 - all other grant beneficiaries – will receive an *extra R250 pm for next six months*
- Special Covid-19 Social Relief of Distress grant - *R350 a month for next 6 months* to individuals currently unemployed & not receiving any other form of social grant or UIF payment
 - Dept of Social Development to issue the requirements to access & apply

Food distribution

- SASSA to roll out technology-based solution for food assistance at scale through vouchers & cash transfers
- SASSA with Solidarity Fund, NGOs & CBOs – to distribute *250,000 food parcels* across the country over the next two weeks

Job protection & job creation

- *R100 billion* (no specific programs mentioned)

Covid-19 TERS benefit (UIF)

- *R40 billion* allocated
- To date (21 April 2020) – *R1.6 billion* paid to *37 000 companies & 600 000 employees*

SMMEs, spaza shops & informal businesses

- *R100 million* assistance granted to date through
 - loans, grants & debt restructuring
- *R2 billion* additional funding to be provided

Procurement / manufacture of PPE

- Assistance through IDC
- *R162m* approved to date

Companies & workers (in addition to the measures already in place)

- *R200 billion “loan guarantee scheme”*
 - in partnership with major banks, National Treasury & SARB
 - assist with operational costs e.g. salaries, rent & payment to suppliers
- Initial phase
 - companies with < R300 million turnover p.a. are eligible
 - support for 700 000 firms & > 3 million employees
 - some banks ready to roll out the product by end of April
 - no details yet as to how the scheme will operate

Vulnerable affected sectors

- Government working on additional support measures for these sectors, e.g. the taxi industry

Tax relief measures (in addition to existing measures)

- *4-month holiday* for company Skills Development Levy (SDL) contributions
- fast-track of Vat refunds
- *3-month delay* for filing 1st payment of carbon tax
- Tax deferrals (of PAYE)
 - business turnover threshold increased from *R50 million p.a* to *R100 million p.a*
 - proportion of PAYE to be deferred – increased from *20% to 35%*
 - businesses with turnover > R100m per year – apply to SARS directly on case-by-case basis
- no penalties for late payments if business is materially & negatively affected during this period
- taxpayers donating to Solidarity Fund – claim up to *additional 10%* as deduction from taxable income
- the above provides *R70 billion in cash flow relief*
- more details from Minister of Finance

Re-opening of the economy

- phased & risk-adjusted approach
- further announcement in this regard to be made by the President on Thursday 23 April

Additional details will no doubt be shared in the coming days and we will keep you updated.

Please contact us if you have any questions or need advice.

KEEP SAFE SO YOU CAN KEEP OTHERS SAFE