



MINISTRY OF FINANCE  
REPUBLIC OF SOUTH AFRICA

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## MEDIA STATEMENT

### TAX MEASURES TO COMBAT THE COVID-19 PANDEMIC

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The Minister of Finance has announced the following exceptional tax measures as part of the fiscal package outlined by President Cyril Ramaphosa on 23 March 2020 in his speech on the Escalation of Measures to Combat COVID-19. These measures are over and above the tax proposals made in the 2020 Budget on 26 February 2020. The tax adjustments are made in light of the National State of Disaster and due to the significant and potentially lasting negative impacts on the economy from the spreading of the COVID-19 virus. There is a critical need for government interventions to assist with job retention and assist businesses that may be experiencing significant distress. These measures include:

- The introduction of a tax subsidy to employers of up to R500 per month for the next four months for those private sector employees earning below R6,500 under the Employment Tax Incentive. This will help over 4 million workers;
- The South African Revenue Service to accelerate the payment of employment tax incentive reimbursements from twice a year to monthly to get cash into the hands of compliant employers as soon as possible;
- Tax compliant businesses with a turnover of R50 million or less will be allowed to delay 20% of their employees' tax liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months. This intervention is expected to assist 75 000 small and medium term enterprises.

National Treasury and SARS today publish draft explanatory notes detailing these COVID-19 tax measures as well as the circumstances under which they will apply. The measures will take effect from 1 April 2020.

The above measures will be given legal effect in terms of two bills to be tabled when Parliament re-convenes later this year for retrospective enactment. These bills are the Disaster Management Tax Relief Bill and the Disaster Management Tax Relief Administration Bill. The draft bills alongside their draft explanatory



memorandum, will be published for public comment on the National Treasury and SARS websites by 1 April 2020.

Together with the Commissioner of SARS, National Treasury will also be considering additional exceptional adjustments to assist with COVID-19 relief efforts and to the tax treatment of newly formed funds in this regard.

The draft explanatory notes regarding the COVID-19 tax measures can be found on the National Treasury ([www.treasury.gov.za](http://www.treasury.gov.za)) and SARS ([www.sars.gov.za](http://www.sars.gov.za)) websites. Comments on the draft explanatory notes can be made to [2020AnnexCProp@treasury.gov.za](mailto:2020AnnexCProp@treasury.gov.za).

**ISSUED BY THE MINISTRY OF FINANCE**

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