24 March 2020

BREAKING NEWS – NATIONAL LOCKDOWN ANNOUNCED BY GOVERNMENT

Yesterday the State President of the Republic of South Africa announced a 21-day national lockdown with effect from 00:00 on 26 March 2020.

A number of measures were announced in aid of mitigating the impact that this lockdown will have on the economy, both in respect of business sustainability, as well as employees' financial security.

Whilst details still need to clarified in this regard, we have established the following:

- Firms that are able to continue their operations remotely should do so. Provision will be made for essential transport services to continue, including transport for essential staff and for patients who need to be managed elsewhere.

- Government will also be announcing a set of interventions that will help to cushion society from these economic difficulties.

- Government and other stakeholders are currently in consultation on a proposal for a special dispensation for companies that are in distress because of COVID-19. It is proposed employees will receive wage payment through the Temporary Employee Relief Scheme, which will enable companies to pay employees directly during this period and avoid retrenchment. Specific details will be communicated as and when they become available.

- Any employee who falls ill through exposure at their workplace will be paid through the Compensation Fund. During lockdown, the probability of such claims will be small as employees will not be exposed to infection at work.

  Many large companies that are currently closed have accepted their responsibility to pay employees affected. We encourage larger businesses in particular to take care of their employees during this period.

  In the event that it becomes necessary, Government will utilise the reserves within the UIF system to extend support to those workers in SMEs and other vulnerable firms who are faced with loss of income and whose companies are unable to provide support. Details of these will be made available within the next few days and we will appraise our Members as soon as possible.

- The South African Revenue Service will also work towards accelerating 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 less than R50 million will be allowed to delay 20% of their pay-as-you-earn 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. Once details are available in this regard, we will advise Members.

- Government is also considering the possibility of the temporary reduction of employer and employee contributions to the Unemployment Insurance Fund and employer contributions to the Skill Development Fund.

  The Department of Small Business Development has made over R500 million available immediately to assist small and medium enterprises that are in distress through a simplified application process. Details of this process have already been circulated to Members and you are encouraged to make use of this opportunity to supplement diminished income during this period.

We appreciate that a great deal of uncertainty currently prevails and undertake to obtain as much clarity with regard to these measures as possible. We will communicate with you again as soon as we receive any information. In the interim please be advised we have set up a hotline email address for any specific queries and concerns you may have. The email address is rmicovid19info@rmi.org.za.