



## HOW CAN YOUR ORGANISATION SUPPORT COASTAL COMMUNITIES THROUGH SKILLS DEVELOPMENT?

Under the revised legislation, companies can support unemployed black South Africans and claim this as skills development spend that can be reported against the BBBEE skills development pillar.

Many companies are successfully contributing to a solution to the skills crisis in South Africa and at the same time benefiting through BBBEE point recognition and various tax incentives that are available:

- BBBEE skills development points against the number of unemployed learners trained and the amount of training funded.
- Tax incentives in the form of learnership allowances from R80 000 - R120 000 that can be deducted from the funder's taxable income.
- A large portion of stipend payments may be offset against your PAYE as a youth wage subsidy.

**Siyaloba will customize a solution in line with your skills development needs and your organisation's community development mandate. Our solution includes:**

- Recruitment of learners against your organisation's specific Employment Equity and skills development targets.
- All training and classroom management.
- Project management and reporting services consisting of:
  - All administration, including registering of the learnership with the relevant SETA;
  - BEE documentation preparation, including certified copies of IDs, CVs and highest qualifications, banking details, tax numbers and proof of disabilities;
  - Accurate monthly reporting on each of the funded learners;
  - Accurate attendance registers.
- Work place experience hosting and co-ordination.

**Our solution does not include:**

- Processing of youth wage subsidy and learnership allowance as this will need to be done through your own payroll department.
- Processing and disbursement of stipends for organisations wishing to access maximum BBBEE and tax benefits. This service can be offered if the organisation wishes to forego BBBEE points and tax incentives relevant to employees.

Please consider the following scenarios to understand the various options and benefits available. Our knowledgeable team of skills development professionals is available to discuss the best way that you could assist our coastal communities to become economically active.

## SCENARIO 1 – A COMPANY THAT WISHES TO MAXIMISE BBBEE AND TAX INCENTIVES

COMPANY A has a leviabie wage bill of R10 Million and employs 50 people. The organisation wishes to maximise BBBEE benefits and tax incentives. The organisation is prepared to administer payroll administration for the group.

Based on consultation and analysis of the organisation’s shared value and community development mandate, BBBEE targets and EE targets against EAP, the training intervention is as follows:

13 learners to complete the accredited GETC: Business Practice Learnership SAQA6755. The funding donation will allow COMPANY A to access 20 BBBEE SKILLS DEVELOPMENT POINTS.

<b>DONATION STRUCTURE</b>
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Tax incentive calculations – as per Section 12H of the Income Tax Act - 28%	
TOTAL NUMBER OF LEARNERS	13
11 Able bodied learners @ R80 0000	R880,000.00
2 Disabled learners @ R120 000	R240,000.00
Total Learnership allowance available	R1,120,000.00
NET EFFECT OF LEARNERSHIP ALLOWANCE	R 313,600.00

COST BREAKDOWN			
Cost	Number of learners	Fee per learner	Total
Training fee per learner	13	R21,000.00	R273,000.00
Reasonable allowance for Disabled training	2	R3,000.00	R6,000.00
Monthly stipend for learner (12 months)	13	R2,000.00	R312,000.00
Transport Allowance for learners with disabilities	2	R500.00	R12,000.00
Tax effective deduction based on Section 12H	-	-	-R313,600.00
Employee wage incentive – offset against client PAYE	50% of stipend		-R156,000.00
Tax income deductions – Section 11a	Course fee and staff costs x 28%		- R168,840.00
<b>TOTAL COST/(BENEFIT) TO FUNDER</b>			<b>R 35,440.00</b>

## SCENARIO 2 – A COMPANY THAT WISHES TO ACCESS STRATEGIC CSI SOLUTIONS

COMPANY B has a leviable wage bill of R10 Million and employs 50 people. The organisation is not able to administer payroll for learnership participants but would still like to be part of a sustainable and relevant community project.

In line with the COMPANY B's CSI mandate to alleviate the South African youth unemployment challenge, the proposed training intervention is as follows:

10 unemployed learners from previously disadvantaged backgrounds to complete the accredited GETC: Business Practice Learnership SAQA6755. The funding donation will allow COMPANY B to be recognized as a socially responsible organisation and to access 14 BBBEE SKILLS DEVELOPMENT POINTS.

DONATION STRUCTURE
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COST BREAKDOWN			
Cost	Number of learners	Fee per learner	Total
Training fee per learner	10	R21,000.00	R210,000.00
Monthly stipend (12 months)	10	R2,000.00	R240,000.00
Tax income deductions – Section 11a			-R126,000.00
TOTAL COST TO FUNDER			R324,000.00