September 19, 2016

LEARNERSHIP TAX ALLOWANCE CHANGES

An overview of learnership tax allowance changes and challenges that business are faced with when training black unemployed individuals.

The only constant is change and as much as change is inevitable it is also unpredictable most of the time. This also applies to changes in any business environment.

An unexpected change could be a challenge to a business when you are not aware of it or if you do not have access to professional consultants to interpret these changes correctly and effectively implement robust strategies.

o

Training of black unemployed individuals

One of the changes that will have an impact on businesses is the training of black unemployed individuals. Disbursement on payroll and the skills transfer must materialize in the financial year for measurement. Extended learning and development programmes, such as learnerships and internships have to kick off during the financial year.

Where businesses require a *BEE Verification* to be done, for instance in September 2016, they cannot rapidly pay for training and think they will earn BEE points at that verification. All money spent this day and age would only apply to the period ending February 2017 and will impact BEE certificates issued after the financial year-end.

o

Learnership tax allowances

Many businesses are implementing learnerships, especially those who want to qualify for additional tax rebates and SETA funding, and wish to maximise their BEE points and qualify for bonus points. Businesses that are still contemplating spending money on training for this year in specific on implementing learnership programmes should do so immediately.

Why? Ever heard of ***section 12H of the Income Tax Act***? In short this means that the tax recoupment system currently allows for *R30 000 learnership tax allowance* on commencement and *R30 000* on completion (*total R60 000*) of Learnership programmes and R50 000 for disabled learners on commencement and the same on completion (total R100 000) which can be deducted as an additional expense. However, as it stands today it only applies to learnership programmes entered into ***before 1 October 2016.***

It is still uncertain which tax recoupment programmes, if any, will be in place for learnerships after 1 October 2016. We would suggest that companies seriously consider entering into new registered learnership agreements before 1 October 2016 in order to still claim the current learnership tax allowance of *section 12H.*

SERR Synergy offers industry-specific and generic *learnership programmes* that are designed to suit those businesses that want to qualify for *additional tax rebates*, and our learnership programmes have proved to optimise SDL refunds, increase profit and cash flow, and ensure a more productive and motivated workforce.

Save