

## **Disaster Management Tax Relief and Tax Relief Administration Bills**

On 25 August 2020, the National Assembly passed the [Disaster Management Tax Relief](#) and [Tax Relief Administration Bills](#), as amended by the Standing Committee on Finance. The most notable changes are summarized below:

- COVID-19 disaster relief organisations intending on applying to SARS for both section 30 and section 18A status now have to ensure that they receive PBO approval on or before 30 September 2020;
- The extension of the COVID-19 deferral of the payment of PAYE for tax compliant small to medium sized businesses until 31 August 2020; and
- The payment of the deferred PAYE amounts to be made in six equal monthly instalments, commencing on 7 October 2020 and ending on 5 March 2021.

### **A. Disaster Management Tax Relief Bill:**

#### **1. COVID-19 disaster relief organisation deemed to be public benefit organisation**

- a. To the extent that the Commissioner has not approved any COVID-19 disaster relief organisation as a PBO by [30 September 2020 \(previously 31 July\)](#), the organisation must, *inter alia*, transfer its remaining assets to a registered PBO or other organisation as contemplated in section 30(3)(b)(iii) failing which, an amount of taxable income, determined at the end of the day on [30 September 2020 \(previously 31 July\)](#), must be deemed to have accrued to that COVID-19 disaster relief organisation on 1 August 2020.
- b. The above section is deemed to have come into operation on 1 April 2020 and applies until [30 September 2020 \(previously 31 July\)](#).

#### **2. Deduction in respect of donation to COVID-19 disaster relief organisation and increase in annual donations limit for donations to Solidarity Fund**

- a. Any bona fide donations to the COVID-19 disaster relief organisations will be allowed as a deduction (up to a maximum of 10% of the taxable income) in accordance with section 18A. Such amount deducted must not be carried forward under the proviso to section 18A(1)(B).

- b. The above provisions are deemed to have come into operation on 1 April 2020 and apply in respect of—
  - i. a company, in respect of any amount paid or property transferred on or after 1 April 2020 but on or before 30 September 2020 (previously 31 July), in respect of any year of assessment during which that amount was paid; and
  - ii. a trust, in respect of any amount paid or property transferred on or after 1 April 2020 but on or before 30 September 2020 (previously 31 July), in respect of any year of assessment ending on or after 1 April 2020 but on or before 28 February 2021.

**3. Amounts received or accrued from COVID-19 disaster relief organisation not included in remuneration**

For the purposes of paragraph 2(4) of the Fourth Schedule, any amount paid by a COVID-19 disaster relief organisation, on behalf of an employer, must be deducted or excluded by the employer from remuneration. This section is deemed to have come into operation on 1 April 2020 and applies in respect of any amount received or accrued on or after that date but on or before 30 September 2020 (previously 31 July).

**B. Disaster Management Tax Relief Administration Bill:**

**1. Deferral of employees' tax**

- a. A qualifying taxpayer that is registered as such an employer by 25 March 2020, may pay only 65% of the employees' tax payable in terms of paragraph 2(1) of the Fourth Schedule, with respect to amounts deducted or withheld during the period commencing on 1 April 2020 and ending on 31 August 2020 (previously 31 July).
- b. The remaining 35% must be included in the gross employees' tax due and payable by the employer in six equal monthly instalments, commencing on 7 October 2020 (previously 7 September) and ending on 5 March 2021 (previously 5 February).