



**Boraine
Consulting**

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Coronavirus (COVID-19) - Support for SMMEs BC UPDATE

15 APRIL 2020



BC for Accounting, Tax and Consulting

Since 2016, we have worked with small and medium-sized enterprises, both non-profit and for-profit companies, specialising in accounting, tax and consulting.

With operations in South Africa and the United Kingdom, Boraine Consulting (BC) is a boutique consulting and accounting firm that provides small and medium-sized enterprises with accounting, tax and consulting services. Our clients operate in a variety of sectors, including healthcare, manufacturing, construction, recruitment, education and the non-profit sector. Our team includes SAICA accredited Chartered Accountants, SAIPA accredited Professional Accountants and MBA candidate (Warwick University, United Kingdom).

Our mission is to improve the sustainability of SMMEs through financial literacy and empowering SMMEs with tools and information to make sound financial decisions about their businesses.

Contact us to learn more:

info@boraineconsulting.com | www.boraineconsulting.com

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Coronavirus (COVID-19) - Support for SMMEs

1. Overview of Document

The purpose of this document is to provide an overview of how you can manage your key business expenses during the lockdown period. In addition, it details how government is supporting SMMEs and workers during this time.

Please note that the information from government is based on the information at our disposal as at 30 March 2020 and this may change as new information becomes available. The information in this document does not cover all the measures that government has put in place. Instead, it focuses on the measures we believe will assist our clients. The links included in the document below provide more information on other government measures.

For a complete copy of the President's address on Monday, 23 March 2020, please click [here](#).

We have summarised the measures that the President announced to assist SMMEs [here](#).

2. Options for Large Fixed Costs

Preserving cash is vital during this lockdown period. The major concern for our clients and several other SMMEs is any large fixed costs that they need to incur during the lockdown period. For most SMMEs, the biggest concern is the payment of rent and salaries. Below we highlight options you may wish to consider regarding these expenses.

2.1 Rent Expense

In order to minimise the impact of rent expense to your cash flow, you may wish to consider contacting your landlord to request a reduction or discount in rental for the next few months. Additionally, you could request a payment holiday. For example, you could request that the landlord "pause" the lease and extend the lease period by the number of months during which the rent is not paid or short paid in order to recover any amounts owing to the landlord. For suggested measures on how to approach your landlord, please refer to the article by LexisNexis [here](#).

The reduction in cost or payment holiday approach outlined above can also be used with other suppliers for any large fixed costs you incur on a monthly basis. You may want to consider contacting your key suppliers and negotiating favourable terms over the next while.

2.2 Employee Salaries

One of the major concerns of our clients is the salaries they need to pay while not generating revenue during the lockdown period. Based on the guidance provided by government, these are some options you may wish to consider.

Option 1

If your staff are working remotely and/ or you have enough cash to pay staff during this period, you may wish to do so. However, while the lockdown is currently scheduled to last for three weeks, there is uncertainty around whether it will be extended. Therefore, if you decide to continue to pay staff, you should factor this into your budget calculations.

Option 2

The Unemployment Insurance Commissioner, after consultation with Unemployment Insurance Executive, has also developed a Corona Virus Temporary Employer-Employee Relief Scheme (COVID19TERS) to contribute to the containment of the Corona Virus and its impact.

Overview of Temporary Employer-Employee Relief Scheme

Employer/s that have to enforce lock down as regulated and who might require financial assistance from the UIF should access information regarding available funding through a dedicated mailbox:

covid19ters@labour.gov.za

Required Forms and Documents for the Temporary Employer-Employee Relief Scheme

- Signed letter of Undertaking
- MOA (completion of the agreement between UIF, Bargaining Council and Employer)
- Prescribed template that will require critical information from the employer (see details on how to obtain the template below)
- Evidence/payroll as proof of last three months employee(s) salary(ies)
- Confirmation of bank account details in the form latest bank confirmation letter (no need to certify)

All documents submitted will be subject to verification.

How to Apply for the Temporary Employer-Employee Relief Scheme

- In order to obtain the documents required for the Temporary Employer-Employee Relief Scheme, send an email to covid19ters@labour.gov.za to request the documents.
- On receipt of a request, an automated response will be sent outlining the procedure and documents/ information required by the Fund to process application.

Submit/transmit all documents as required above to UIF via dedicated mailbox:

Covid19UIFclaims@labour.gov.za

NB: If the spreadsheet template is complete; valid and accurate, it will be dumped into an automated calculator to produce the benefit amount due to the beneficiaries and the total amount to be transferred to the employer or bargaining council or whichever method agreed.

If you run a business and you'd like to enquire about accessing funds from the UIF or any other labour issues brought about by this crisis, **call 012 337 1997**.

3. Funding for SMMEs

3.1 Overview

The government has introduced emergency funding to support SMMEs in response to the COVID-19 pandemic. For a draft of the full list of interventions, please click [here](#). The interventions include the following:

1. Business Growth Facility

- This facility will fund the production/supply of health care and related products that will be utilized to combat the spread of COVID-19 pandemic.

2. Restructuring of sefa-funded SMMEs

- This intervention will be provided to sefa funded SMMEs that are negatively affected by the COVID-19 pandemic.

3. SMME Relief Finance

- This facility will provide soft loan funding that will keep the existing businesses afloat during the COVID 19 pandemic for 6 months from April 2020.

We will focus on the SMME Relief Finance intervention in this document, as our clients do not supply products that relate to combating the spread of the pandemic or receive funding from sefa. If you happen to fall into either of these categories, please contact us for more information. In order to apply for the SMME Relief Finance following your review of the information below, please register on the National SMME Database – www.smmesa.gov.za

3.2 Funding Terms of the SMME Relief Finance Facility

- The facility will offer working capital only – strictly direct costs which should be auditable.
- Maximum R500k per SMME will be considered depending on requirements.
- The term of the funding will be determined by the business cash flow.
- Loan facilities will be at an interest rate of Prime less 5%. It must be emphasized that the business needs will be assessed thoroughly to ensure that the fund is not used for what is not intended for as any misuse is totally prohibited.

3.3 Qualifying Criteria for the SMME Relief Finance Facility

- Businesses which are negatively affected due to the Coronavirus pandemic
- Company must be 100% owned by South African Citizens
- Employees must be 70% South Africans
- Priority will be given to businesses owned by women, youth and people with disabilities
- Be registered and compliant with SARS
- Be UIF compliant

3.4 Funding Requirements for the SMME Relief Finance Facility

- Proof that the business is negatively affected by COVID-19 pandemic
- Complete the simplified online application platform
- Company Statutory Documents
- FICA documents
- Certified ID Copies of Directors
- 6 months Bank Statements
- Latest Annual Financial Statements or Latest Management Accounts not older than three months from date of application (Statement of Financial Performance and Statement of Financial Position) – where applicable
- Business Profile
- 12 months Cash Flow Projections (with clear assumptions) – where applicable
- Copy of Lease Agreement or Proof ownership
- Facility Statements of Other Funders - where applicable
- Detail breakdown on application of funds including salaries, rent etc.

4. Further Assistance

We believe the areas above are key considerations for our clients given the information at our disposal. We are aware of the severe uncertainty during the current lockdown period. Therefore, if you would like to discuss any of the areas above with us at BC, please let us know.

We are here to support you and will do everything we can to help.

If you have any questions, please feel free to contact us at info@boraineconsulting.com

Appendix A

Mailbox	Fax to email Number
Germiston.BCP@labour.gov.za	0864397295
Petermari.BCP@labour.gov.za	0864397296
EastLondon.BCP@labour.gov.za	0864397299
Capet.BCP@labour.gov.za	0864397300
George.BCP@labour.gov.za	0864397301
NorthWest.BCP@labour.gov.za	0864397302
Limpopo.BCP@labour.gov.za	0864397303
Mpumalanga.BCP@labour.gov.za	0864397304
Freestate.BCP@labour.gov.za	0864397305
Online.BCP@labour.gov.za	0864397306
Durban.BCP@labour.gov.za	0864397297
Portelizabeth.BCP@labour.gov.za	0864397298
NorthernCape.BCP@labour.gov.za	0864397309
Johannesburg.BCP@labour.gov.za	0864397294
Pretoria.BCP@labour.gov.za	0864397290



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