

Section 12 H (a) of the Income Tax Act

The 12 H (a) incentive was implemented by the South African Revenue Services to incentivize employers participation in vocational and occupationally based Full Qualifications (i.e. Learnership, Apprenticeships, etc) which are quality assured by the Department of Higher Education and Training and administered by the various Seta's.

Classifications of the concession:

There are 2 classifications of learners on these programs, and in turn there are different concessions which apply to each.

- **able-bodied** (up to, and in excess of R60 000 per learner)
 - (initial concession: R30 000 - claimable as a pro-rata ratio of completed months on the initiative out of 12)
 - (completion concession of up to R30 000 on the basis that the initiative is successfully completed)
- **disabled** (up to, and in excess of R100 000 per learner)
 - (initial concession R50 000 - claimable as a pro-rata ratio of completed months on the initiative out of 12)
 - (completion concession of up to R50 000 on the basis that the initiative is successfully completed)

Calculation of the concession:

These programs normally have a duration of 12 months or more. The concession is now the same for both employed and unemployed learners and is no longer based on the gross annual remunerations of the learner while on the learnership.

The initial concession - calculated in proportion to participation of completed months the program out of 12 - is claimable on the registration of the initiative with a Seta, completion of an application contract and compliance with the Skills Development Levies Act.

The completion concession is a fixed value of either R30 000 (in the case of able bodied learners) and R50 000 (in the case of disabled learners). The completion concession is subject to the learner successfully completing the initiative, submission of the necessary documentation to both the SETA and SARS and is applicable to the year of assessment in which the program completed.

Requirements in order to claim the Section 12H (a) Tax concession:

In order to participate in the Section 12H incentivization, companies have to participate in Skills Development and need to meet certain requirements.

These include:

- The employer is the sole or lead employer of a registered initiative
The Employer needs to be a levy paying organization
- The SETA which the employer falls under needs to register the program
The employer needs to file an IT180 when they submit their Income Tax return (IT14)

Siyaya proactively seeks supporting legislation to assist our client in achieving compliance at the lowest average cost. Section 12 H (a) of the Income Tax Act is another example of how government provides programs which, if correctly administered, can offset the cost of legislative conformity. Siyaya assists with the administration, claim and integration of the 12 H incentive as part of the holistic approach to compliance maximizing the market advantage our clients enjoy over their opposition.