

MCLU

Monthly Compliance & Legislation Update

Presenter: **Lettie Janse van Vuuren CA(SA)**

22 JULY 2021



*Stay informed on the multitude of
Compliance and Legislation Updates*

This webinar covers changes during the month of JUNE 2021

Presenter

Lettie Janse van Vuuren CA(SA), RA, CBA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Registered Auditor and Certified Business Accountant.
- She is a **professional trainer and webinar host**, and with her relaxed and humorous presentation style, she is able to hold the attention of an audience. She has a unique ability to communicate with delegates at their respective levels of knowledge and experience. Over the last 20 years, she has trained thousands of partners, managers, trainee accountants and other professionals.
- She is responsible for our MCLU (Monthly Compliance and Legislation Updates).
- She was the Professional Development Manager at SAICA for 4 years and in charge of accrediting new training offices and monitoring existing ones (including the moderation of training offices and trainee assessments).
- Lettie is passionate about improving the efficiency and standardisation at practices. She has extensive experience on a variety of technical and practical topics which she consults on, including: SAICA re-accreditation assistance and preparation, IRBA inspection assistance and preparation, audit file reviews (post-issuance monitoring and EQCR), Quality control implementation, other office-specific manuals, and FASSET skills development facilitation.



WHAT'S ON THE AGENDA?



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Quotes

What is required as we travel towards full unemployment is not new legislation but a gradual change of mental attitude, a shift in values. As our taste for idling grows, we will refuse to work for old-fashioned bosses who demand a 5-day, 40-hour, 9 to 5 type week, or worse!

- Tom Hodgkinson



ACCOUNTING UPDATE



Accounting Update

The following items are dealt with here:

1. IFRS Monthly News Summary

- *nothing really new or important*
- *Refer to Source Document*

2. Updated Accounting Guidelines on 2 GRAP standards

- *GRAP = Standards of Generally Recognised Accounting Practice in terms of section 89 of the Public Finance Management Act (PFMA)*
- *Issued by the Office of the Accounting-General in the Department of National Treasury*
- ✓ *Effective from 1 April 2020*
- *GRAP 13 – Leases*
- *GRAP 20 – Related Party Disclosures*
- ***TSV available***

AUDITING UPDATE



Auditing Update

Guidance:

1. Consultation Paper - Enhancing Disclosures in the Auditor's Reports in South Africa: Addressing the Needs of Users of Financial Statements
 - This Consultation Paper explores matters that could possibly be disclosed in the auditor's report, to enhance the transparency and independence of auditors.
 - Further, this Consultation Paper examines whether the inclusion of matters in the auditor's report, in addition to what is currently required by the ISAs and law/regulation, should be mandated.
 - IRBA is inviting stakeholders to provide feedback to the Consultation Paper by 15 September 2021
 - *Refer to Source Document*

Auditing Update *(continued)*

Additional and supplementary disclosures would include (not an exhaustive list) information about:

- The materiality applied by the auditor.
- The audit scope.
- The audit effort regarding fraud.
- Conclusions relating to going concern.
- Whether the entity has been classified as a PIE.
- Unadjusted audit differences.
- Uncorrected prior year misstatements.

COMPANY SECRETARIAL UPDATE



Companies and Intellectual
Property Commission

a member of **the dti** group

Company Secretarial Update

➤ *Each notice is available to you as a Source Document*

The following items are dealt with here:

- 1. Notice 29 of 2021:** List of Accredited Professional Bodies whose members are eligible to be licensed as business rescue practitioners as at 1 June 2021
 - *Issued 10 June 2021*
 - *Note that Notice 14 of 2018 is hereby withdrawn on 1 June 2021, and replaced with Notice 29 of 2021*

Company Secretarial Update

(continued)

2. Notice 33 of 2021: Close Corporations without Accounting Officers

- *Issued 30 June 2021*
- The purpose of this notice is to inform members of close corporations that it is mandatory to appoint accounting officers as prescribed in Section 59 of the Close Corporations Act, Act 69 of 1984.
- Members of CCs must further take heed of the serious consequences that may follow when a CC fails to appoint or fill a vacancy of the accounting officer in terms of section 63 (h) of the Close Corporations Act 69, of 1984.
- Failure to adhere to the above-legislated requirements is a contravention of the Close Corporations Act and can lead to a possible investigation as prescribed in section 168 of the Companies Act 71, of 2008 as amended. Upon review of records of CCs in CIPC's register and as part of their regulatory mandate, they have noted that a number of CCs do not have Accounting Officers on record

Company Secretarial Update

(continued)

- 3. Practice Note 1 of 2021:** Service of Subpoenas and other corporate legal court documents on the CIPC
- *Issued 7 April 2021, but only uploaded to website in June 2021*
 - CIPC emphasizes that ALL corporate legal documents, where the CIPC is an interested party or where certain action is required to be taken by the CIPC, in terms of a court order or SAPS issued subpoena, **MUST** be served electronically via corporatelegalservices@cipc.co.za
 - No electronic service of legal documents on CIPC officials via personal e-mail boxes will be accepted as validly served

Company Secretarial Update

(continued)

4. **Guidance Note:** Essential services certificate issued by CIPC

- *Issued 28 June 2021*
- Table 1 of the adjusted level 4 lockdown Regulations indicate that South Africans are allowed to perform any type of work outside the home, and be able to travel freely for work purposes
- Thus, the CIPC essential services certificate DOES NOT constitute a permit or permission to provide essential services or goods, and it is not necessary to have such a certificate or a permit under the current adjusted level 4 restrictions

BUT Adjusted Level 4 Lockdown Regulations provide a form to complete *Form 7_Permit to travel to perform a service* (available as a Source Document)

COVID-19 UPDATE



COVID-19 Update

Practical guidance / New Announcements:

1. Employment and Labour Minister issues new direction with regard to vaccination in the workplace

➤ *Refer to Source Document*

- The Consolidated OHS Direction requires employers, among other things, to decide within 21 days if they intend making vaccination mandatory.
- An employer is also required to include in its risk assessment whether it intends to make vaccinations compulsory – this consists of three steps.
- Employers with 10 employees or less must take the measures stated in Section 12 of these Directions
- *Ad-hoc webinar to be presented by Lettie on 28 July 2021*

EMPLOYMENT LAW UPDATE



Employment Law Update

1. A self-help guide to the CCMA

- This handy guide has been prepared by Legal&Tax. It is intended merely as a guideline and is not a comprehensive review of the law.
 - It covers the following sections:
 - What you need to know when headed to the CCMA
 - Who is an employee?
 - What types of disputes can be referred to the CCMA?
 - Disputes that may not be referred to the CCMA
 - When to refer a dispute
 - How to refer a dispute
 - Arbitration
 - Default
 - Review and Rescission
- Refer to <https://www.legalandtax.co.za/legal-hub/a-self-help-guide-to-the-ccma>

OTHER LAWS & REGULATIONS



Other Laws & Regulations

The following items are dealt with here:

1. SAICA Legal Update **Volume 15 Issue 11** – *up to 21 June 2021*

➤ *Refer to Source Documents for detail*

○ **The Big 5:**

- 1) The Disaster Management Act (COVID-19 workplace safety directions);
- 2) The National Environmental Management Act (Environmental impact assessments);
- 3) The National Health Act (Certificates of need);
- 4) The Occupational Health and Safety Act (Ergonomics regulations); and
- 5) The Protection of Personal Information Act (Transitional arrangements)

Other Laws & Regulations

(continued)

2. UIF Contribution Threshold increased

- The maximum remuneration on which Unemployment Insurance Fund contributions are calculated has increased to R17 712.00 per month,
- effective **from 1 June 2021**
- The previous threshold was R14 872.00 per month
- This increase will only affect the employee and employer contributions where the employee currently earns between the previous maximum threshold and the new threshold (between R14 872.00 and R17 712.00 per month)

3. Sectional Titles Act: Amendment of Regulations 2021

- *Refer to Source Document*
- Regulations 6, 19, 21, 23, 25 and 27 have been amended:
- Annexure 1 has been amended by deleting one form and adding in 5 new forms

Other Laws & Regulations

(continued)

4. Deeds Registries Amendment Act: Amendment of Regulations 2021

➤ *Refer to Source Document*

- Regulations 16, 42 and 48 have been amended:
- The section containing the forms has been amended by substituting Form V (Certificate of Township title).

COIDA Update:

5. Minimum assessment introduced for Domestic Workers

➤ *Refer to Source Document*

- A minimum assessment of R381 specific to the Domestic sector in terms of S83 (1) Compensation for Occupational Injuries and Diseases Act has been introduced

Other Laws & Regulations

(continued)

6. New Extension of PAIA Manual exemption

➤ *Refer to Source Document*

- *PAIA = Promotion of Access to Information Act, 2000*
- *The current exemption expired on 30 June 2021*
- *The Minister of Justice and Correctional Services, Mr Ronald Lamola, has extended the current exemption by a further six (6) months*
- *effective from 1 July 2021 to 31 December 2021*
- *to afford private bodies that are currently exempted adequate time to compile their PAIA Manual*
- *On 1 January 2022, ALL public & private bodies MUST compile a manual!*
- **The current exemption:**
 - **Applies to SMMEs in certain industries**

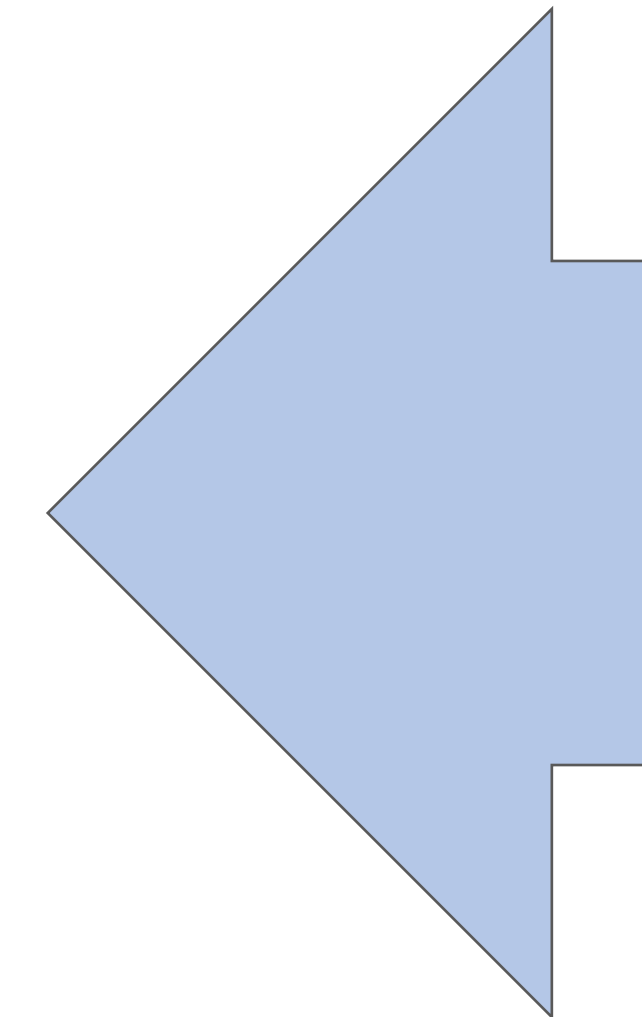
Current exemption of PAIA Manuals

- **All private bodies are exempted from compiling a Sec 51 manual until **31 December 2021**, except a company:**
 - a) is not a private company as defined in section 1 of the Companies Act, 2008 (Act No. 71 of 2008); and
 - b) is a private company as defined in section 1 of the Companies Act, 2008 (Act No. 71 of 2008) which operates within any of the sectors mentioned in Column one of the Schedule **and**
 - i. has 50 or more employees in their employment; **or**
 - ii. has a total annual turnover that is equal to or more than the applicable amount mentioned in Column 2

“Private Body” is defined in the PAIA

“company” is defined in the Companies Act

Column 1	Column 2
Agriculture	R 6 million
Mining and Quarrying	R 22.5 million
Manufacturing	R 30 million
Electricity, Gas and Water	R 30 million
Construction	R 15 million
Retail and Motor Trade and Repair Services	R 45 million
Wholesale Trade, Commercial Agents and Allied Services	R 75 million
Catering, Accommodation and other Trade	R 15 million
Transport, Storage and Communications	R 30 million
Finance and Business Services	R 30 million
Community, Special and Personal Services	R 15 million



When am I exempt?

If you can answer YES to questions 1, 2 & 3 OR 1, 2 & 4:

1. Is the private body registered as private company according to Companies Act?
2. Does the organization operate within any of the sectors listed under column 1? **AND**
3. Does the company have less than 50 employees? **OR**
4. Does the entity have an annual turnover of less than amount under column 2?

TAXATION UPDATE



Taxation Update

➤ *Each item in this Update section is available to you as a Source Document*

The following items are dealt with here:

- **Guides (new, updated & issued):**

1. New Guide to SARS Mobile Tax Services

- *8 pages issued on 28 June 2021*

The main changes are the addition of tax services via SMS namely:

- Confirmation request whether a taxpayer should submit their (PIT) tax return
- Request the issuing of the IT150 (Tax Registration Number) or taxpayers who are requesting their Tax Reference Number
- Request Account related queries (balance statements) and provision of Statement of the Account (SOA)

The taxpayers can request these tax services via SMS at 47277

- Where applicable, an email correspondence will be issued to the taxpayer where a request was made for the issuing of the SOA or the IT150

Taxation Update *(continued)*

- **Guides updated and issued (continued):**
 2. Guide on the Determination of Medical Tax Credits (Issue 12)
 - *50 pages issued on 18 June 2021*
 - *Annexure B – The prescribed list of expenditure*
 3. Updated: Guide to the Tax Compliance Status on eFiling
 - *61 pages issued on 14 June 2021*
 - *Version 18: has been updated with supporting documents required for when a family unit is emigrating*
 4. Comprehensive Guide to Dividends Tax (Issue 4)
 - *198 pages issued on 11 June 2021*

Taxation Update *(continued)*

- **Interpretation Notes issued:**
 - None
- **Binding Rulings (Private/Class/General) issued (continued):**
 1. BCR 077 – Capital gains tax consequences of in specie distribution by company to its shareholders
 2. BPR 366 – Distribution in specie of shares
 3. BPR 365 – Interpretation and application of the de-grouping provision in section 45(4)(b)
 4. Draft BGR – Purchase of different types of annuities at retirement
 5. Draft BGR – Disqualification as a qualifying company under section 12R(4)(b)

Taxation Update *(continued)*

- **Notices and other publications issued:**

1. SARS provides guidance on claiming Home Office Expenses:

- SARS has recently published an update on its website
 - to provide additional clarity for individual taxpayers who may be considering submitting claims for home office expenses in their income tax returns that that can now be filed for the 2021 tax year
 - SARS hosted a webinar on 'Home Office Tax Requirements' on 9 July 2021 and has made various support documents available for use
 - If you have missed the live streaming, [it's now available to watch here.](#)
 - The presentation discussed during the webinar is also [available here for viewing or downloading.](#)
 - What are the requirements for claiming home office expenses?
 - [Home Office Expenses webpage](#)
2. Guidance: Cease to be a Resident:
 - [Cease to be a Resident webpage](#)

Taxation Update *(continued)*

- **Notices and other publications issued (continued):**
 3. 6 SARS forms to migrate from Adobe Flash Player to HTML5
 - 1. Deferment Maintenance (DFM01)
 - 2. Voluntary Disclosure Application (VDP)
 - 3. Special Voluntary Disclosure Application (SVDP)
 - 4. Dividends Tax Transaction Information (DTR01)
 - 5. e@syFile™ PAYE (EMP201 & EMP501)
 - 6. e@syFile™ Dividends Tax (DTR02)
 4. RAV01 form converted to HTML5
 5. Verify a Tax Compliance Status
 6. Updated Average Exchange Rates Tables
 - Table A – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003
 - Table B – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months

Taxation Update *(continued)*

Court cases:

None published during the period

- **SARS Scams**

See Examples of these scams on the [Scams & Phishing webpage](#)

1. Application for learnerships by unemployed youth

- The scam is looking for unemployed youth to apply for learnerships

2. Notices of Administrative Penalty from SARS

- The scam is titled ‘Notices of Administrative Penalty from SARS’

REGULATOR NEWS



Regulator News

➤ *Each item in this Update section is available to you as a Source Document (except where links have been provided)*

The following items are dealt with here:

- **IRBA press releases & other publications:**
 - IRBA News #54 – *January to March 2021*
- **SAICA press releases & other publications:**
 1. Retention of records guide updated
 2. Educational Material: Application of IAS 12 - Income Taxes: Substantively enacted tax rates

Regulator News *(continued)*

- **SAIBA:**

- Newsletters:

- CFO Talks <https://cfotalks.com/>

- Accounting Weekly <https://accountingweekly.com/>

- Forthcoming Guide: Disasters and Financial Planning

- **Companies Tribunal:**

- 10 Decisions reached on cases heard (*4 Name disputes, 2 Exemptions, 2 AGM, 2 Directorship disputes, 0 Review*)

- <http://www.companiestribunal.org.za/decisions-orders/>

- **CIPC:**

- CIPC enforcing the Companies Act, 2008 (specifically Section 30 re AFS)

- **Competition Commission:**

- Draft guidelines on small merger notification

Regulator News *(continued)*

- **Information Regulator:**

1. **BASA Code of Conduct**

- Deals with how personal information will be processed by member banks

2. **POPIA update from Information Regulator (including their enforcement powers)**

- confirmed that there will be no deadline for registration of Information officers and Deputy Information Officers
- This means that no responsible party will be held liable for not registering by 30 June 2021
- Future registration of CEO as information officer for multiple legal entities will be allowed – registration portal is being configured
- POPIA enforcement powers = from 1 July 2021
- IR will not take any action if you are not compliant by 1 July 2021

Regulator News *(continued)*

- **Information Regulator (continued):**
 3. PAIA update from Information Regulator
 - confirmed that submissions of PAIA manuals will not have a deadline until further notice
 4. Guidance note on exemptions from the conditions of POPIA
 - This applies to Responsible Parties who:
 - Intend to apply for exemption (Sec37), or
 - Are exempt from processing personal information (sec38)
 5. Information Regulator in the PAIA driving seat
 - As of 30 June 2021 the Information Regulator took over the regulatory mandate functions relating to PAIA from the SAHRC

Regulator News *(continued)*

- **Information Regulator (continued):**
 6. Information Regulator confirms commencement date of Section 58(2) of POPIA is 1 February 2022
 - Private & Public bodies that were required to apply for Pre-Authorisation to process Special personal information, now have until 1 February 2022
 - Responsible Parties must obtain prior authorisation from the InfoReg prior to any processing of personal information in terms of Sec 57 of POPIA
 7. Guidance note on Processing of Special Personal Information
 - Application form provided
 8. Guidance note on Processing of personal information of children
 - Application form provided

Regulator News *(continued)*

- **FSCA publications & press releases:**

<https://www.fsca.co.za/Pages/Media-Releases.aspx>

1. Lists of recognised qualifications published: FAIS Notice 55
2. FSCA provides updates on ongoing investigations
3. 4 other media releases issued

➤ *8 Warnings issued to the public against fraudulent FSPs*

- **SARS:**

1. VAT Connect Newsletter: Issue 12 <https://www.sars.gov.za/businesses-and-employers/my-business-and-tax/newsletters/vat-connect-issue-12-june-2021/>

2. Latest Tax Practitioner Newslette: Issue 22
<https://www.sars.gov.za/businesses-and-employers/my-business-and-tax/newsletters/tax-practitioner-connect-issue-22-21-June-2021/>

GENERAL ANNOUNCEMENTS & NEWSY ARTICLES



Media articles

Accountants are prime targets for cyberattacks

- Because we handle financial data for multiple clients
- One way to ensure that you are adequately protected is to consult cybersecurity firms to assess your data security level and test the vulnerabilities
- It is important that your company's software protects you from cyberattacks.
- Make sure that you ask the vendor for their software security protocols
- Data back-up is another crucial consideration.
 - Software should have automatic offset storage so that you don't have to create physical backup copies yourself.

<https://accountingweekly.com/accountants-are-prime-targets-for-cyberattacks/>

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QUESTIONS





for your participation!