

MCLU

Monthly Compliance & Legislation Update

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

24 MAY 2022



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

This webinar covers changes during the month of April 2022

Presenter

Lettie Janse van Vuuren CA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Qualified Auditor, Assessor and Moderator.
- 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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Accounting Update	:	6 items
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Taxation Update	:	13 items + 0 court cases
Regulator News	:	19 items
General Announcements	:	1 item



Quotes

*If the world is cold,
make it your business
to build fires.*

- Horace Traubel



ACCOUNTING UPDATE



Accounting Update

The following items are dealt with here:

1. IFRS Monthly News Summary

- *nothing really new or important*

2. SAICA: Educational material on the application of IAS 12 – Income Taxes

- What is the impact of the company income tax rate changes announced during February 2022 on the current tax and deferred tax balances?
- This document summarises the requirements of IAS 12 Income Taxes and Financial Reporting Pronouncement 1 (FRP 1) with regards to when changes in tax rates are regarded as being substantively enacted.
- It highlights that the announcement by the Minister on 23 February 2022 is substantively enacted and explains the requirements for the change in the tax rate from 28% to 27%.
 - *Refer to Source Document*

Accounting Update *(continued)*

National Treasury (Office of the Accountant General) published the following:

1. Modified Cash Standards FAQs
 - + New FAQ published on the application of the MCS on the disclosure of additional information in the AFS by departments (on 5 May 2022).
2. Accounting Guideline on GRAP 1: Presentation of Financial Statements (updated March 2022)
3. GRAP Accounting and Disclosure checklist 2022
 - For Standards of GRAP effective from 1 April 2021.
 - This document serves as a checklist to assist in determining that the minimum requirements of the effective Standards of GRAP have been complied with
4. Update to GRAP 19 accounting manual published
 - Updates made to the accounting manual on GRAP 19 include additional guidance on executory contracts and disclosures on commitments as well as "right of returns" in grant agreements.
5. GRAP Tool on GRAP 13: Leases

➤ *Refer to Source Documents for each of the above*

AUDITING UPDATE



Auditing Update

The following items are dealt with here:

Standards:

1. IAASB: Revised standard for group audits

- Effective for audits of group financial statements for periods beginning on or after 15 December 2023
- + Basis for Conclusions
- *Refer to Source Documents*

2. IAASB: ISA 600 Fact sheet

- It highlights significant changes in the standard, intended outcome of those changes, and how scalability is addressed in the revised standard.
- The key changes focus on: 1) encouraging proactive quality management at the engagement level; 2) keeping the group audit standard fit for purpose; and 3) emphasizing the importance of professional skepticism throughout the audit
- *Refer to Source Document*

Auditing Update *(continued)*

Legal/Ethics:

3. IESBA: Final Pronouncement: Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in the Code

➤ *Refer to Source Document*

- The revised provisions specify a broader list of categories of entities as PIEs whose audits should be subject to additional independence requirements to meet stakeholders' heightened expectations concerning auditor independence when an entity is a PIE.
- The revised PIE definition and related provisions become effective for audits of financial statements for periods beginning on or after 15 December 2024. Early adoption is permitted and encouraged.

Other:

4. IFAC releases new implementation tool for auditors on ISA 540 (Revised)

➤ *Refer to Source Document*

- It will help auditors implement ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures by providing an overview of steps practitioners could take and related considerations

Auditing Update *(continued)*

5. IRBA: Issue of Illustrative Regulatory Reports in terms of the Insurance Act

- *Refer to <https://www.irba.co.za/guidance-to-ras/industry-specific-guides-and-regulatory-reports/long-term-and-short-term-insurance-reports>*
- For use by registered auditors (auditors):
 - Insurers (solo insurers);
 - Insurance groups;
 - Branches of foreign reinsurers; and
 - Microinsurers
- Effective for financial years ending on or after 1 January 2022

Auditing Update *(continued)*

6. IRBA: Revised Illustrative Section 15 Retirement Fund AUP Reports

- Refer to <https://www.irba.co.za/guidance-to-ras/industry-specific-guides-and-regulatory-reports/retirement-fund-reports>
- For use by registered auditors (auditors):
 - Ordinary Funds;
 - Umbrella Funds; and
 - Retirement annuity and preservation Funds.
- Effective for engagements for which the terms of engagement are agreed on or after 1 January 2022, and this is consistent with the effective date of ISRS 4400 (Revised). Accordingly, engagement teams should consider updating previously signed engagement letters.

Auditing Update *(continued)*

7. IAASB_New IFAC Fact Sheet addresses engagement team definition

➤ *Refer to Source Document*

- Clarifies the definition and its possible impacts, including recognition that engagement teams may be organized in a variety of ways, including across different locations or by the activity they are performing.
- The fact sheet also includes a diagram that walks users through who specifically is included and excluded

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. Practice Note 2 of 2022: Trade Mark Certificates

- As from Tuesday, 3 May 2022, all trade mark related certificates issued in accordance with the above provisions, will be issued electronically via automated e-mail, to the e-mail address as provided in the CIPC customer profile of the customer code of the address for service as reflected in the electronic Trade Marks Register at the date on which the certificate/s were issued.
- In addition, copy/ies of the certificate/s may be accessed electronically and printed via the IP Online portal available from the CIPC website, at no additional costs, and will be available from the 2 links provided in the Practice Note.
- A 3-page annexure is provided with information on the operational requirements

CIPC Update *(continued)*

2. **Notice 9 of 2022:** Status update on file transition project

- The Notice (Notice 62 of 2021) issued by CIPC of file transition project has reference. The contract handover project of moving 7.2 million Companies, Close Corporation, Trade Marks, Design, Copyright and Co-operative files to the new storage facility was completed on 26 November 2021.
- Files are now being labelled and captured onto the service provider's system to enable sorting and retrieval.
- **Delays will therefore still be experienced until the end of May 2022**

EMPLOYMENT LAW UPDATE



Employment Law Update

No important items identified



OTHER LAWS & REGULATIONS



Other Laws & Regulations

The following items are dealt with here:

1. SAICA Legal Update **Volume 17 Issues 7 & 8** – *up to 22 April 2022*

➤ *Refer to 2 Source Documents for detail*

○ **The Big 5 (x 2):**

- 1) The Disaster Management Act: Transitional COVID-19 measures;
- 2) The Electronic Communications Act: End-users and subscribers;
- 3) The Electronic Communications Act: Equipment authorisation;
- 4) The Hazardous Substances Act: Industrial substances and pesticides; and
- 5) The National Environmental Management Waste Act: Extended producer responsibility
- 6) The Compensation for Occupational Injuries and Diseases Act: Assessment of employer;
- 7) The Critical Infrastructure Protection Act: Draft interim critical infrastructure protection regulations;
- 8) The Electronic Communications Act: Limiting control and ownership;
- 9) The Electronic Communications and Transactions Act: ZA registry and registrar; and
- 10) The South African Post Office Soc Ltd Act: Draft Amendment Bill 2022

Other Laws & Regulations

(continued)

2. SAICA: FAQs on Legal compliance considerations in a virtual environment

➤ *Refer to Source Document*

- SAICA has prepared FAQs aimed at providing guidance on how the changed virtual environment impacts compliance with certain legislative requirements
- particularly as it relates to:
 - remote working,
 - the signing of documents, or
 - attending meetings virtually.

Other Laws & Regulations

(continued)

COIDA Update:

1. Notice of the Maximum Earnings and Minimum Assessment (OID limit) for 2023

➤ *Refer to Source Document*

- The Compensation Fund has published a new annual earnings threshold of R529 264 per annum for the 2022/2023 ROE.
- The following notices have been gazetted:
 - ❑ A Maximum Earnings on Actual Earning is R506 473 (1 March 2021 to 28 February 2022)
 - ❑ A Maximum Earnings on Provisional Assessment is R529 264 (1 March 2022 to 28 February 2023)
 - ❑ A Minimum Assessment for commercial employers is R1342
 - ❑ A Minimum Assessment for private domestic employers is R463

Other Laws & Regulations

(continued)

COIDA Update (continued):

2. Deregistration from Compensation Fund

➤ *Refer to Source Document*

- CF released Form CF-1C Application for employer deregistration form and prescribed information re

3. **REMINDER: ROE 2021 Open from 1 April 2022 to 31 May 2022**

➤ *Refer to Source Document*

- All Employers registered with the Compensation Fund, please note that the submission date for the 2021 Return of Earnings has been extended.
- Refer to documents to download:
 - CF-2A Return of Earnings Form 2021 Period
 - Notice of the Maximum Earnings and Minimum Assessment 2021
 - ROE Submission 2021 Season

TAXATION UPDATE



Taxation Update

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

The following items are dealt with here:

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

1. How to view submitted third party data returns or data files via eFiling

- Updated 25 April 2022

- 20 Pages

2. Guide to complete Tax Directive application forms

- Updated 25 April 2022

- 92 Pages

- Updated with the legislation changes:

- The amount used to purchase more than one annuity may not be less than R165 000 if the remaining value of the benefit is more than R165 000.

- The paragraph 2(1)(c) transfers from one Preservation fund to another Preservation fund or Retirement Annuity fund

Taxation Update *(continued)*

- **Interpretation Notes issued:**
 - None
- **Binding Rulings (Private/Class/General) issued:**
 - None
- **Notices and other publications issued:**
 1. Anti-fraud leaflet
 - ***Protect Your Tax Profile***
 - SARS has robust security systems protecting taxpayer's information. Your information held by SARS can only be accessed using proven authentication methods, such as access using unique usernames and passwords and access confirmation using one-time passwords (OTPs).
 - You have to be vigilant at all times and protect your personal information from falling into the hands of fraudsters

Taxation Update *(continued)*

- **Notices and other publications issued (continued):**
 2. Notice to employer_Changes on the PAYE Admin penalties and disputes process:
 - SARS have, as of 23 April 2022, allowed for taxpayers to request remission and dispute their PAYE administrative and late payment penalties on the existing dispute process on eFiling.
 - THUS: SARS will no longer accept manually filed PAYE disputes and remission requests as from 23 April 2022.
 3. PAYE_BRS PAYE Employer Reconciliation_V21_1:
 - This document specifies the requirements for the generation of an import tax file for the yearly as well as the interim submission.
 - The requirements as defined in this version of the BRS will become effective from 1 March 2022 for Payroll Suppliers until replaced by an updated version.
 - The changes will be implemented on the SARS systems in September 2022
 4. Reminder to Tax Practitioners of SARS online channel functionality:
 - make use of our online/ self-help functions, where available

Taxation Update *(continued)*

- **Notices and other publications issued (continued):**
 5. Implementation of Tax Directives Enhancements:
 - On 22 April 2022, the South African Revenue Service (SARS) implemented the legislative changes in respect of Tax Directives.
 - This is a summary of these changes which pertain to Fund Administrators, Insurers, Tax Practitioners, Advisors and taxpayers.
 6. 2022 Draft Rates Bill released for public comment:
 - *2022 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill*
 - The 2022 Draft Rates Bill includes the tax rate and threshold adjustments that were announced in the 2022 Budget, and includes changes to the personal income tax brackets and rebates, the employment tax and excise duties on alcohol and tobacco, amongst others.
 - Includes the temporary reduction in the general fuel levy and consequential amendments to the levy on biodiesel, which will temporarily decrease to R1.10 per litre over the two-month period between 6 April 2022 and 31 May 2022, alongside similar reductions in the value of diesel refunds for farming, mining and other eligible activities. It also contains the postponement of the date of the increase of the health promotion levy to 1 April 2023.
- *Refer to Media Statement (available as a Source Document)*

Taxation Update *(continued)*

- **Notices and other publications issued (continued):**

- 7. Transfer Duty applications:

- A message to all Conveyancers in connection with Transfer Duty applications.
 - Did you know you only have seven days to upload your supporting documents after the final request letter was issued?

- 8. Distribution of funds to non-resident trusts by resident trusts:

- It has been the practice of SARS not to approve the release of funds when resident Trusts make distributions to non-resident Trusts. Following numerous queries in this regard, SARS herewith re-iterates its stance on the matter and herewith confirms that it will not approve the release of funds vested and distributed to non-resident Trusts.
 - SARS is currently investigating other options related to the distribution of funds/amounts to non-residents and is in discussions in this regard. SARS takes note of the fact that the SARB has relaxed certain exchange control requirements but has decided, based on the risks involved, not to approve the release of funds to non-resident Trusts.
 - This does, however, not preclude a resident Trust from vesting amounts in non-resident individuals and to apply for the relevant approvals, as per the current approved practice.

Taxation Update *(continued)*

- **SARS Scams**

<https://www.sars.gov.za/targeting-tax-crime/scams-and-phishing/>

1. SARS-SCAM-311 – SARS eFiling notification – 14 April 2022
2. SARS-SCAM-310 – Letter of Demand email – 13 April 2022
3. SARS-SCAM-309 – Customer PO Order – 6 April 2022

Court cases:

❖ None

REGULATOR NEWS



Regulator News

The following items are dealt with here:

- **SAICA press releases & other publications:**

1. Retention of records guide updated

- This guide refers to the legislation and identifies the timeframe in which certain documents have to be kept. Owing to various legislative requirements, documents must be retained for a certain number of years, depending on the legislation

2. 2022 Tax Debt Management Guide

- This includes the various provisions in terms of which SARS may raise a tax debt by assessment, including special circumstances allowing SARS to take steps to collect tax debt without informing the taxpayer

➤ *Refer to Source Documents for each the above Guides*

- **IRBA press releases & other publications:**

- IRBA News #57 – *January to March 2022*

➤ *Refer to Source Document*

Regulator News *(continued)*

- **SAIBA Newsletters:**

1. CFO Talks (CFO Talks™ is devoted to sharing ideas and conversations between CFOs. It is a platform which facilitates insightful and powerful talks relevant to CFOs)

<https://cfotalks.com/>

2. Accounting Weekly (weekly newsletter)

<https://accountingweekly.com/>

- **Companies Tribunal:**

- 13 Decisions reached on cases heard

(5 Name disputes, 5 Exemptions, 1 AGM, 1 Directorship disputes, 1 Review)

➤ *Refer to Source Document*

Regulator News *(continued)*

- **Information Regulator:**

1. Information Regulator monitors the Department of Health on POPIA compliance

- The Information Regulator will now monitor compliance by the National Department of Health (NDoH) with POPIA in general and the Guidance Note (on the processing of personal information in the management and containment of Covid-19 pandemic) in particular.
- Furthermore, the Regulator undertook to ensure that personal information on the COVID -19 Tracing Database is de-identified, which means the any information that can be used to identify a person is deleted.
- By this action, the Regulator wanted to ensure that the de-identified personal information is used strictly for research, study and teaching purposes only.
- Lastly, the Regulator undertook to monitor processes in place for destroying all personal information on the COVID -19 Tracing Database which had not been de-identified

Regulator News *(continued)*

- **FSCA publications & press releases:**

1. FSCA fines Viva Cover (Pty) Ltd and Comit Technologies (Pty) Ltd both R110 000 for contravening financial sector laws_28 April 2022
 - [28 April 2022](#)
2. FSCA fines Tempest Trading (Pty) Ltd R200 000 and Storm Elisio R200 000 for contravention of financial sector laws
 - [7 April 2022](#)
3. FSCA fines Mr Renault Otto Kay R500 000 and debar him for a period of 5 years & FSCA fines Mr Melusi Christian Ntumba R10million and debar him for a period of 10 years. Both contravened financial sector laws.
 - [6 April 2022](#)

➤ Refer to Source Documents for each of the above

☐ **13** Warnings issued to the public against fraudulent FSPs

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

Regulator News *(continued)*

- **CGSO:**

1. CPA Guidelines: Did you know? Direct Marketing: info and tips for suppliers and consumers

- ✓ A person can be approached electronically by means of a telephone, sms, wireless computer access, email or other form of technology for the purpose of advertising goods for sale.
- ✓ A person has a cooling off right of 5 business days from the date of concluding an agreement or delivery of the goods.
- ✓ A cooling off right means that a person may cancel an agreement entered into with a supplier that resulted from direct marketing - without a penalty fee.
- ✓ The notice of cancellation must be in writing and delivered to the supplier by hand, e-mail or registered mail

Regulator News *(continued)*

- **CGSO (continued):**

- 2. CPA Guidelines: Did you know? CPA tips for consumers & suppliers

- ✓ If you are marketing, distributing, manufacturing or selling goods and services in South Africa, you must comply with the Consumer Protection Act (CPA) irrespective of the size of your business or whether your business is formal or informal.
 - ✓ You are required to display a price if you are advertising any goods or service to the public.
 - ✓ If you directly market any goods or services to consumers, they can cancel their contracts within 5 days (cooling off period).
 - ✓ Consumers have the right to receive a refund, replacement, or repair at their own choice if the goods bought from you are defective within 6 months from the date of purchase.
 - ✓ An agreement between a consumer and supplier must be in plain language that is easy to understand.
 - ✓ A supplier may not accept money from a consumer if s/he is not able to supply goods or services as a result of insufficient stock or incapacity to render a service.

Regulator News *(continued)*

- **CGSO (continued):**

3. Consumers warned against online supplier: Sassy Heels

- Sassy Heels = an online shop selling shoes on social media platforms
- CGSO only issues a consumer alert if suppliers don't co-operate with their office and continue to rack up complaints of a similar nature.
- Sassy Heels has numerous complaints against them - including not delivering on orders and not responding to enquiries.
- The CGSO is therefore alerting consumers to exercise extreme caution when ordering from this site.

4. Quarterly Newsletter

- Covers the period 1 January 2022 to 31 March 2021

➤ Refer to Source Documents for each of the above

Regulator News *(continued)*

- **CGSO (continued) PUBLISHED IN MARCH 2022:**
 5. CPA Guidelines: Lay-bys – what you should know
 - ✓ Lay-by allows you to pay off an item every month with no interest added, but it remains the property of the store until the customer pays for the item in full.
 - ✓ Ask to see the store's lay-by terms and conditions before you enter the deal.
 - ✓ Ensure everything is documented and that you have a copy of what you put your signature to.
 - ✓ You can cancel a lay-by at any time within the contract agreement period.
 - ✓ You can request to be refunded all payments made; and
 - ✓ A cancellation penalty of 1% will be charged

Regulator News *(continued)*

- **Anti-Fraud Collaboration:**

1. Anti-fraud collaboration webpage

- <https://antifraudcollaboration.org/>

- Audit committees can find resources on deterring and detecting fraud by visiting this site.

- **PPRA (Property Practitioners Regulatory Authority):**

1. Draft Guidelines on Audit and Trust Accounts Requirements for Business Property Practitioners

- Inputs, comments and feedback on these guidelines were due by 15 April 2022

➤ Refer to Source Document

📍 **Lettie is presenting an ad-hoc webinar on this topic on 14 June 2022**

Regulator News *(continued)*

- **IFAC:**

1. New installment in the Anti-Money Laundering: The Basics educational series:
Installment 9: Tools to fight back

- The publication is part of a series helping accountants enhance their understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest.
- Installment 9 examines the tools professional accountants have at their disposal to address money laundering once it's suspected

- **SARS:**

- ❖ *No Newsletters issued during April 2022*

GENERAL ANNOUNCEMENTS & NEWSY ARTICLES



Media articles

IFAC:

Mindset and Enabling Skills of Professional Accountants – A Competence Paradigm Shift explores how the accountancy profession can stay relevant in a time of unprecedented change

<https://ifac.us7.list-manage.com/track/click?u=9e7d9671563ff754a328b2833&id=5b3ce4257b&e=ca73287098>

- CPA Canada, ICAS, IESBA and IFAC release **4th and final** publication in **series exploring Ethics in an era of complexity and digital change**
- The publication highlights the need for the profession to redefine its value proposition, build new skills for the future and complete a competence paradigm shift in order to remain relevant.
- It follows 3 earlier publications:
 1. Complexity and the Professional Accountant: Practical Guidance for Ethical Decision-Making
 2. Technology is a Double-Edged Sword: Opportunities and Challenges for the Accountancy Profession, and
 3. Identifying and Mitigating Bias and Mis- and Disinformation

QUESTIONS





for your participation!