

Monthly Compliance and Legislation

Presenter: Caryn Maitland

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

This webinar covers changes during the month of March 2021

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Presenter

Caryn Maitland

Caryn is a qualified CA(SA and RA, who has lectured extensively at UKZN (and other institutes) where she lectured Advanced Financial Accounting up until 2011 as well as co-ordinating the module on the Pietermaritzburg campus and was appointed Section Head of Financial Accounting and Deputy Head of the School of Accounting (managing the Pietermaritzburg campus) prior to leaving UKZN.

She has conducted independent workshops and seminars for professional accountants since 2006 on various topics and has consulted on a number of technical issues. Since January 2011, she has focused on her own business as technical freelance consultant and trainer to those working within the accounting profession. Caryn is a technical advisor to the SAICA Eastern Region Midlands District, Northern District and Southern District Associations, as well as the Small Practice Interest Group in Durban – specialising in financial reporting (IFRS, IFRS for SME's and general accounting), assurance, legislation and ethics. Caryn has a passion for Corporate Governance, which together with her Companies Act specialism and Financial Management for Non Financial Management lecturing background, has served her well in consulting and advising various Boards of Directors in recent years.

Caryn is also a platform presenter for various institutes as well as many small to medium accounting practices across the country and into Southern Africa. Maitland was appointed as a visiting Associate Professor to the University of Limpopo tasked with mentoring their Financial Accounting staff (Aug 2011 to Dec 2013).

Maitland's passion is IFRS and IFRS for SME's and was delighted at the opportunity granted in 2013 to serve on the APC subcommittee constituted to investigate the need for Micro GAAP and the role of IFRS for SME's for small and medium sized practitioners. Caryn, also serves on the Joint Accountants, Auditors and Attorneys Committee of SAICA, and is part of the School Governing Body project initiated by SAICA in KwaZulu-Natal, and has been appointed as an alternative member to the APC in June 2020

Caryn was elected as the first woman Chairperson for the Midlands District Association for SAICA in 2018 and also serves on the Eastern Region SMP Committee as well as the Local Subvention Committee for SAICA. In 2019 Caryn was appointed to the SAICA Eastern Region Council. As someone who is committed to environmental affairs, Caryn serves as a non-executive director for the Institute of Natural Resources, a Non Profit Company focusing on research. Since 2018 Caryn has worked extensively with commerce and industry, assisting analysts, directors and other users of financials to interpret, prepare, analyse and forecast based on the results of financial statements.



Course Outline

Table of Content

Accounting Update

Auditing Update

Company Secretarial Update

COVID-19 Update

Employment Law Update

Other Laws & Regulations Update

Taxation Update

Regulator News

General Announcements

Quote

*If Ethics are poor at the top,
that behaviour is copied
down throughout the
organisation*

- Robert Noyce

Accounting Update

Accounting Update:

IFRS Monthly news summary

IFRS for SME Comprehensive Review Update

- Alignment (2024)

Budget Speech – Corporate tax rate change

- Tax rate substantially enacted (deferred tax)

Assurance Update

Auditing Update:

Standards:

Newsletter number 53

Legal/Ethics:

[IAASB Publishes Non-Authoritative Guidance on Applying ISAE 3000 \(Revised\) to Extended External Reporting \(EER\) Assurance Engagements](#)

Proposed PIE Definition

Other:

Quality Management Project (ISQM I)

2021 Annual Renewal

Quality Management Project:

ISQMI

Firm level – applicable to all firms

System of quality control management

Made up of 8 components

Risk assessment process (req'd by the standard and firm specific)

- Quality objectives
- Quality risks
- Response to quality risks (policies and procedures)

Evaluate the system of quality management

Quality Management Project:

ISQMI - Objective

Responsibility to comply with laws, regulations, professional standards and conduct engagements accordingly

Engagement reports must be appropriate

Public interest is served by consistent performance of quality management

Service Providers role

Quality Management Project:

ISQMI - Framework

1. Firm risk assessment process
2. Governance and leadership
3. Relevant ethical requirements
4. Acceptance and continuance of client relationships and specific relationships
5. Engagement performance
6. Resources
7. Information and communication
8. Monitoring and remediation process

Quality Management Project:

ISQM 2

Firm level

Relationship to ISA220 and ISQM I

Engagement quality review

- Eligibility
- Appointment
- Firm and reviewer requirements

Scope of engagements subject to EQ

Performance requirements of EQR

Quality Management Project: SAA | ACCOUNTING ACADEMY Connect. Partner. Succeed

ISA 220 (Revised) Quality Management for the Audit of AFS

Engagement level

More proactive management of quality

Alignment to ISQMs

Company Secretarial Update

CIPC Notices

Notices and Practice Notes issued (enforcement and to customers):

- **Notice 15: Requirement to voluntarily disclose solvency and liquidity test performed in the annual financial statements**

CIPC:

Notice gazetted of the mandatory submission of annual financial statements using iXBRL by entities using generally recognized accounting principles, as from 1 October 2021.

COVID-19 Update

COVID-19 Update

- None noted other than stage 2 roll out of vaccines and J&J issues

Other Laws and Regulations Update

The Big 5

Issue 6 covers new relevant National laws up to 9 April 2021:

The Electronic Communications Act (Regulations);

The Occupational Health and Safety Act (Hazardous chemical agents regulations);

The Promotion of Equality and Prevention of Unfair Discrimination Act (Draft Amendment Bill);

The Protection of Personal Information Act (Prior authorisation); and

The Special Investigating Units and Special Tribunals Act (Investigations).

Legal Practice Act (Accounting rules)

Accounting rules amended to require that electronic accounting records or files hosted offsite must

- always be kept confidential;
- must be reasonably secure; and
- must remain immediately accessible to authorised person from the office of the firm, the Council, and all persons entitled to access thereto by law.

Note: Where a firm engages a service provider to provide offsite storage facilities for the records and files of the firm, the firm must procure that the contractual arrangements with the service provider shall bind the service provider to ensure compliance with rule 54.9.2.1

Protection of Personal Information Act (Prior authorisation)

The Information Regulator determined 1 July 2021 as the date that section 58(2) (aspect of duty of responsible parties to notify Regulator if processing is subject to prior authorisation) applies to processing in terms of section 57 (processing subject to prior authorisation).

Note: Section 58(2) does not apply to processing referred to in section 57, which is taking place on the date of commencement of this Act, until the Regulator determines otherwise by notice in Gazette.

Further note: Section 58(2) states that responsible parties may not carry out information processing notified to the Regulator under section 57(1) until the Regulator has completed its investigation or until they have received notice that a more detailed investigation will not be conducted

Public Finance Management Act (Accounting officers)

National and provincial departments; and government components which apply the modified cash standard, exempted for 5 years from 8 April 2021 from the requirement that the accounting officer must prepare financial statements for each financial year as per generally recognized accounting practice.

Special Investigating Units and Special Tribunals Act (Unemployment Insurance Fund)

Investigation launched into the activities of the Unemployment Insurance Fund relating to payment of Covid-19 temporary employee/employer relief scheme benefits.

Electronic Communications Act (Data and cloud control)

The draft national data and cloud policy intends applying to government entities, the private sector, the public and individuals; and is available from ICASA.

Comment deadline 30 working days from 1 April 2021.

Page 4 Note: Lists various policy interventions, such as, positioning SITA to drive the adoption of digital government services; declaring digital infrastructure of critical scale and data centre hosting critical cloud computing national strategic assets; framework of shared data under data for good principles; policy on sharing and using IP relating to data generated from intellectual activities; ethical guidelines; and reducing market concentration.

Further note: The policy references related laws (such as the Electronic Communications and Transactions Act; Minimum information security standards 1996; National Archives and Record Service of South Africa Act; National e-strategy 2017; National integrated ICT policy white paper 2016; Promotion of Access to Information Act; Protection of Information Act; Protection of Personal Information Act; Public Administration Management Act; South African cybersecurity framework 2012; and Spatial Data Infrastructure Act), to a certain extent, as well as their application, to a certain extent.

Final note: Also see, amongst many others, special investigations into SITA one, two, three, and four; the ICASA inquiry into cybersecurity; and the Cybercrimes Bill.

Electronic Communications Act (Ownership)

Limitations on control and equity ownership gazetted.

Note: Compliance by existing licensees is required for class licensees and SMMEs 48 months from 31 March 2021, and is required for large individual licensees 36 months from 31 March 2021.

Further note: Compliance is subject to regulation 7(5), which states that regulation 4(1), (2) and (3) is suspended until a date to be published by ICASA.

Final note: During the transitional periods, licensees must achieve and comply with the appendix 2 progressive reporting, and submit annual progress reports indicating compliance with the set targets together with the annual reporting in terms of the compliance procedure manual regulations.

Compensation for Occupational Injuries and Diseases Act (Forms)

A revised return of earnings prescribed form, and an application for the revision of the assessment form, is available from the Department

Compensation for Occupational Injuries and Diseases Act

Registration of domestic worker employers gazetted. Note: In the case of an employee who was employed by more than one employer at the time of the accident, the earnings received from all the employers should be submitted to the Compensation Fund

Independent Communications Authority of South Africa
(Advertising, infomercial and sponsorship)

The discussion document on the review of the Independent Broadcasting Authority (Advertising, infomercial and programme sponsorship) regulations is available from ICASA.

Comment deadline 7 June 2021.

Note: The document explains the difference in ASASA content regulation and ICASA scheduling regulation; acknowledges the rapid evolution of the broadcasting sector; and the need to distinguish sponsorships from normal programming to protect against excessive and surreptitious advertising

National Environmental Management Waste Act (Extended producer responsibility)

Amendments proposed to the extended producer responsibility read with the schemes for the electrical and electronic equipment sector; for the lighting sector; and for the paper and packaging sector (and some single products), all set to commence 5 May 2021.

Comment deadline 30 days from 19 March 2021.

Note: Existing producers of identified products will be required to register within 6 months from 5 May 2021, while producers of identified products established after 5 May 2021 have 3 months to register from establishment.

Further note: Producers of identified products will be required to take numerous measures, such as paying the extended producer responsibility fee to fund the scheme, conduct a life cycle assessment, collaborate on a transformation charter, and reporting to the SA waste information system.

Final note: Failure to comply is generally an offence punishable by a fine, imprisonment of up to 15 years, registration revocation and/or forced scheme participation - in some instances one may have to rely on the court to consider the principle that the punishment should be proportionate to the transgression

Political Party Funding Act (Commencement)

Reminder that the Act (including prohibited donations, disclosure of donations and information, accounting, payment suspension, recovery of irregular amounts, and schedule 2 regulations) and regulations (including request not to disclose, accounting officer duties and offence amounts) commence 1 April 2021.

Note: Prohibited donations provisions will spell out that a political party may not accept a donation that it knows or ought reasonably to have known, or suspected, originates from the proceeds of crime and must report that Page 13 knowledge or suspicion to the Commission, even though the prohibition is already an expectation in terms of several common law and statutory laws.

Rental Housing Act (Draft rental housing regulations)

The draft rental housing regulations propose regulating matters relating to serving and filing of complaints; mediation; dispute hearings (including orders regarding disclosure of relevant documents); rulings; appeals; Page 14 conduct of members of tribunal and of appeal adjudicators; and norms and standards.

Comment deadline 60 days from 26 March 2021.

Note: The norms and standards (terms and conditions, safety, and basic living conditions) are based on amendments to be made by the Amendment Act 2014, which Act amendments also reference overcrowding, affordability, amount escalation, and maximum rate of deposits methods - the latter four proposed norms and standards are listed in the draft regulation index but do not appear in the draft regulation text.

Further note: The draft regulations propose, amongst others, that a lease agreement must exclude any provision which imposes a penalty for late payment of rent whether or not the penalty takes the form of an administrative charge or any other form other than interest.

Final note: The draft regulations propose, amongst others, that a tenant must comply with the House Rules (rules in relation to the control, management, administration, use and enjoyment of the rental housing property), which will be enforceable pursuant to these regulations

Customary Initiation Bill (Version D)

The Bill proposes regulating customary initiation practices by, inter alia, considering interacting Constitutional Rights; avoiding one-size-fits-all rigidity (e.g. section 37 Provincial peculiarities); and requiring consents and stating prohibitions (as age limited voluntary practice).

Note: Considers (see e.g. sections 2, 3, 15, and 33) related laws, eg Children's Act section 111, 118 and 140; Criminal Law (S Offences and Related Matters) Amendment Act section 42 ; Criminal Procedure Act; Health Professions Act; Liquor Act; Promotion of Administrative Justice Act; Traditional Health Practitioners Act; and the Children's Act prohibitions relating to mutilations, circumcisions or testing.

Further note: Related laws not specifically referred to by name in the Bill (e.g. the Promotion of Access to Information Act, the Occupational Health and Safety Act, common law kidnapping, or common law culpable homicide etc), may still apply additionally.

Further note: Considers parents and guardians accountability (initiation school or male circumcision decisions to be made with child, child fitness certification and disclosures, confirming a school is registered and persons within it screened, choosing a care-giver, and ensuring academic education not impeded).

Final note: Considers parents and guardians rights (to attend to initiate who falls sick; to receive qualified counselling upon death of an initiate; and to remove an initiate if e.g. subjected to abuse, there is a family emergency, or believed the surgeon, practitioner or care-giver no longer meets the fitness requirements)

National Small Enterprise Act (Draft Amendment Bill 2020)

The Draft Bill proposes, amongst others, creating unfair trade practices (see section 17T).

Comment deadline 60 days from 11 December 2020.

Note: There are similar measures and mechanisms under other laws such as the Consumer Protection Act and the Competition Act, and regulatory duplications can create unnecessary regulatory uncertainty. Further note:

The Constitutional right to access to courts may become a consideration depending on how the proposed ombud chapter proceeds.

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Draft Preservation and Development of Agricultural Land Bill

The Draft Bill proposes, amongst others, activities only allowed on agricultural land if there is an agro-ecosystem authorisation (Authorisation); agricultural areas in which listed activities will only be allowed if there is an Authorisation; and activities that do not require an Authorisation but must meet norms and standards. No comment deadline given.

Note: Norms and standards are to be informed by, amongst others, soil surveys, rangeland surveys, land use surveys, land capability assessments, land suitability assessments, agricultural potential assessments, and impact assessments.

Draft Preservation and Development of Agricultural Land Bill

Further note: The draft bill also proposes warrantless compliance inspections for any non-compliance with this proposed law, without reference to the common law right to legal privilege; contravention directives related to agro-ecosystem authorisations; and data gathering.

Final note: 10 offences are proposed including contravening the restrictions imposed on the use of agricultural land within a protected agricultural area in terms of section 11; commencing with a listed activity without an agroeco authorisation; failure to comply with an agro-eco authorisation condition; failure to comply with a request by an inspector; and unlawfully and intentionally or negligently commits an act or omission which detrimentally affects agricultural land

Animals Protection Act (Amendment Bill 2021)

The Bill proposes, as a general rule, making it an offence to test a cosmetic on an animal.

Note: The Bill also proposes that testing on an animal of an ingredient that may be included in a cosmetic, will not be an offence if that testing is for a purpose unrelated to the use of that ingredient in a cosmetic.

Further note: The Bill proposes defining cosmetic as any article, preparation or substance, except a medicine as defined in the Medicines and Related Substances Act, intended to be rubbed, poured, sprinkled, injected or sprayed on or otherwise applied to the human body...for purposes of cleansing, perfuming, correcting body odours, conditioning, beautifying, protecting, promoting attractiveness or improving or altering the appearance, and includes any part or ingredient of any such article, preparation or substance.

Final note: The Act defines animal as any equine, bovine, sheep, goat, pig, fowl, ostrich, dog, cat or other domestic animal or bird, or any wild animal, wild bird or reptile in captivity or under the control of a person.

Regulation of Interception of Communications and Provision of Communication-related Information Act

CCT 279/19 confirmed a declaration of unconstitutionality, as from 4 February 2021, to the extent that the Act fails to provide several safeguards, including safeguards to address the fact that interception directions are sought Page 10 and obtained ex parte, and procedures to ensure data obtained is managed lawfully and not used or interfered with unlawfully.

Note: The declaration is suspended for 36 months to give Parliament an opportunity to cure the defect causing the invalidity.

Further note: During the period of suspension the Act is deemed to include sections 23A (disclosure that the person in respect of whom a direction, extension of a direction or entry warrant is sought is a journalist or practising lawyer), and 25A (post-surveillance notification).

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Taxation Update

M&A Newsletters

March 2021

April 2021

Regulator Update

Regulators News

SAICA:

Release of Auditor General Report

SAIBA:

Accounting Weekly Newsletter (Judge Davis and Tax Partitioners)

CFO Talks

General Announcements

Media articles

Media articles:

[Professional accountants' responsibility to act in the public interest during COVID-19](#)

Q&A

Please use the chat sidebar to the right of the video / presentation on the screen to ask your questions.

If you would like to e-mail a question please use:

technicalquestions@accountingacademy.co.za

**Thank you for your
participation**