



SKILLS DEVELOPMENT

**THE SKILLS DEVELOPMENT LEVIES ACT
(THE BENEFITS OF MANDATORY GRANT, PIVOTAL
GRANT & DISCRETIONARY GRANT FUNDING)**

Employers who fall within the ambit of the Skills Development Levies Act pay 1% levy of their total salary and wage bill, payable to SARS, for the training and development of people. More than half of the contribution is available for the reimbursement of training expenses incurred by that employer in the form of mandatory, pivotal and discretionary grant funding, provided they are compliant with the requirements as detailed by Seta.

WHO PAYS SKILLS DEVELOPMENT LEVIES (SDL)?

The Skills Development Levies Act applies to all employers except the public sector, religious or charity organizations and public entities that get more than 80% of their money from Parliament. Also excluded are employers whose total pay to all workers is less than R 500 000 per annum.

WHERE DOES THE MONEY GO?

SARS collects all SDLs of which 20% goes to the National Skills Fund and 80% to the SETAs. SETAs retain 10.5% for their own administration, 0.5% the Quality Council for Trades and Occupation (QCTO) for quality assurance, 20% is dispersed back to compliant and participating employers (Mandatory Grant) and allocate 49% to their Pivotal pool of funds. 80% of this Pivotal pool of funds is available to employers in the form of a Pivotal Grant (subject to application and successful submission of a Pivotal Grant Plan) and 20% is reserved for Directional funding of compliant employers (subject to application /allocation).

Non-compliant or non-participating employers' Mandatory Grant is swept into the discretionary pool. SETAs may also apply for additional funding from the National Skills Fund for special projects. Should the SETA not use the funds at their disposal they are swept back to the National Skills Fund (NSF).

WHAT IS A MANDATORY GRANT AND HOW DO I ACCESS IT?

The Mandatory Grant facilitates a reimbursement of training expenses incurred (both internal and external) by a compliant employer of up to 20% of their Skills Development Levy contribution, subject to:

- The employer being up to date with the payments of Skills Development Levies due
- The compliant compilation and submission by the 30th of June of a Workplace Skills Plan (a plan of the training to be carried out within the next reporting period April to March)
- An Annual Training Report (a report of the training undertaken in the previous reporting period explaining any variances)

For employers: Of more than 50 people they are in addition required to create a representative Skills Development committee whose collaboration on identifying skills requirements are evidenced through the provision of minutes

- Of less than 50 people there is no requirement for a committee and there is a simplified WSP & ATR submission required
- The historical achievement of the previous Workplace Skills Plan (as from the 1st of April 2013) to an extent that satisfies the criteria for implementation outlined by the SETA
- Unionized workplaces consulting and approving WSP & ATR submissions including its sign-off by a appropriately empowered Employee Representative

WHAT IS DISCRETIONARY FUNDING?

Companies who don't participate forfeit their Mandatory Grant each year. Their unclaimed money, plus the SETA's discretionary allocation and any special funding receive by the SETA from the National Skills Fund (NSF), provides funding to participating employers in excess of what is available as their Mandatory Grant (20% of their 1% Skills Development Levy) and Pivotal Grant (up to 49% of their 1% Skill Development Levy). This funding is applied for, and allocated by the employers SETA, at their sole discretion.

WHAT ARE THE BENEFITS OF PARTICIPATING?

Employers can benefit from financial incentives (Section 12H(a) a SARS incentive) and participants may access funding from respective SETAs. Organizations will also optimize their B-BBEE compliance by aligning training objectives and will address skills shortages through participation.

SIYAYA SERVICES:

The primary responsibility of Siyaya's SDF Department is to ensure that clients record training expenses (both internal and external) correctly and submit the necessary documentation in order to be reimbursed their Mandatory and Pivotal Grant by their SETA.

Siyaya services offers clients an obligation free turnkey solution whereby we manage the entire process at a rate which is linked to the Gross Salary and Wage bill of the business concerned.

Siyaya assists clients in qualifying for grant payments by doing the following:

- Compliance, determining job profiles and categories of employees
- Conducting a skills audit and highlighting skills gaps
- Researching and aligning training requirements of positions with registered Unit Standards and qualifications
- Completing Workplace Skills Plan (WSP) and integrating financial, strategic and individual requirements through an elected Workplace Training Committee
- Submitting a Workplace Skills Plan (WSP) to Relevant SETA
- Advising the employer on the implementation of the WSP
- Researching and determining training budget and funding opportunities
- Implementing planned activities through accredited training providers
- Assisting the employer with the drafting of an Annual Training Report/Implementation Report against the approved WSP
- Submitting an Annual Training Report (ATR), reporting progress and claiming applicable training grants
- The formulation and submission of a compliant Pivotal Grant plan
- Formulating a training practice to comply with Discretionary Grant requirements
- Submitting applications for Discretionary Grants
- Serving as a contact person between the employer and SETA

As a value-added Siyaya assists SDF clients with preferential Employment Equity Act consultancy rates and Broad-based Black Economic Empowerment advice & scenario planning at no charge, thus delivery compliance at the lowest average cost.

WHAT HAPPENS IF I DON'T PAY SKILLS DEVELOPMENT LEVIES?

Qualifying employers who do not pay Skills Development Levies will be issued with a fine, penalties and interest.

Forms of funding can be distributed in the following ways:
(Funding ranges from R 1 600 to in excess of R 50 000 per person)

Bursaries (Full qualification)

Can be for currently employed or unemployed learners/employees. Funding covers training cost. In the case of unemployed learners, it provides a learner allowance and an employer incentive.

Skills Programs (Short Course)

Funding covers training cost.

Internships (Work site experience for unemployed learners)

Funding covers training cost. It provides a learner allowance and an employer incentive.

HOW IS THE SKILLS DEVELOPMENT LEVY SPLIT UP?

