



Siyaya[®]
SKILLS INSTITUTE



Helping you grow



Employee Tax Incentive

Section 19 A of the Income Tax Act

(The Employee Tax Incentive / Youth Employment subsidy)

The purpose of the Employment Tax Incentive is to encourage employers to hire young people by reducing the amount of PAYE payable to SARS, thereby reducing the cost of employment to the employer, while leaving the employee's earnings unaffected.

The Act encourages private employers to employ young workers between the ages of 18-29 by providing a tax incentive to employers, with government sharing the costs of such employment for a maximum of two years under certain conditions. This program can also be used to cross fund learnership interventions for unemployed learners (18.2 learners) on proviso that the participants meet the requirement of the incentive.

How does it work?

Employer will calculate and claim the incentive on a monthly basis. The employer must follow these steps:

- Identify all qualifying employees in respect of that month
- Determine the applicable employment period for each qualifying employee
- Determine each employee's "monthly remuneration"
- The EMP201 form was amended to include a field for claiming ETI

Calculate the amount of the incentive per qualifying employee as per the table below:

| Monthly Remuneration | Employment Tax Incentive per month during the first 12 months of employment of the qualifying employee | Employment Tax Incentive per month during the next 12 months of employment of the qualifying employee |
|----------------------|--|---|
| R 0 - R2 000 | 50% of Monthly Remuneration | 25% of Monthly Remuneration |
| R 2 001 - R4 000 | R1 000 | R500 |
| R 4 001 - R6 000 | Formula: $R1\ 000 - (0.5 \times (\text{Monthly Remuneration} - R4\ 000))$ | Formula: $R500 - (0.25 \times (\text{Monthly Remuneration} - R4\ 000))$ |

The ETI, if correctly administered, can offset the cost of legislative conformity. Siyaya assists with the administration, claim and integration of the ETI as part of the holistic approach to compliance ensuring compliance at the lowest average cost.

Visit www.siyayaskills.co.za for any further information
or contact us directly on 0861 00 99 04.

Level 1 B-BBEE Company