

# Skills Development Levies Act 9 of 1999 (SDLA)

Topic: Employment/Labour/Human Resources

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## IN A CALABASH

### Introduction

In order to fund the learnerships and skills programmes provided for under the Skills Development Act (SDA), the South African government introduced the Skills Development Levies Act (SDLA) to implement a skills development levy which must be paid in respect of employees.

### Objectives

The objective of Act is to develop a skills development levy which is a compulsory levy to be paid by all employers.

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### Application of the Act and its implication to Tourism

All employers with a payroll exceeding R500 000 must pay SDL tax. There are, however, certain categories of employers who have been exempted from paying SDL tax–

- any public service employer in the national or provincial sphere of government;
  - any public benefit organisation which solely carries on any public benefit activity or solely provides funds to public benefit organisations;
  - any national or provincial public entity, if 80% or more of its expenditure is defrayed directly or indirectly from funds voted by Parliament; and
  - any municipality in respect of which a certificate of exemption has been granted on such conditions and for such period as the Minister may prescribe by regulation in consultation with the Minister of Finance and the Minister for Provincial and Local Government.
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### Summary of the provisions of the Act

In terms of the SDLA, all employers in South Africa with a payroll exceeding R500 000 per annum must pay a 1% Skills Development Tax (SDL Tax) which equates to 1% of the entity's or company's total payroll.

This tax is fully contributed by the employer as part of its general statutory taxes calculated on the EMP 201 SARS form.

In terms of the SDLA, employers may claim back up to 55% of all SDL tax paid when it submits its income tax return forms. In other words, employers can claim back 55 cents out of every Rand paid in respect of all SDL tax paid per annum, provided that they have

- paid the SDL levies; and
- approved training to employees in the organisation, either internally or externally.



### **WHAT HAPPENS IF YOU DO NOT COMPLY?**

Where an employer fails to comply with the SDLA, it will be charged with a criminal offence and, if found guilty, such employer may be fined or sent to prison for a period of up to one year.

The SDLA provides for interest to be charged on late payments and for penalties on default. Where an employer fails to pay a levy or any portion thereof on the last day for payment, interest is payable on the outstanding amount at the rate determined in the Income Tax Act.

If any levy remains unpaid after the last day for payment, in addition to interest, a penalty of 10% of that unpaid amount will be due and payable.

The Commissioner or the executive officer of the SETA or approved body, as the case may be, may, after considering the circumstances of the case, repay the penalty or any portion thereof that may have been imposed.

If an employer fails to pay an amount of levy with the intention of evading its obligation to pay the levy under the SDLA, such an employer may be held liable to pay a penalty up to an amount equal to twice the amount of levy which was payable by the employer. In addition to fines and penalties, an employer may find that its reputation is tarnished.



### **RECOMMENDED ACTIONS OR CONTROLS WHICH SHOULD BE IMPLEMENTED BY THE TARGET AUDIENCE TO ENSURE COMPLIANCE WITH THE ACT**

In order to demonstrate compliance with this Act, the following needs to be shown:

- Any entity which has a payroll in excess of R500 000 per annum must register with the DOL;
- Provision of training (internal or external);
- Payment of levies ;
- Record of training retained;
- Work plan skills programme and training schedule annually submitted; and
- Rebate claimed in income tax return.

## **FURTHER INFORMATION**

### **Regulators**

Department of Labour

The Director-General must administer the Act.

The Commissioner must administer the provisions of the Act in so far as it relates to the collection of the levy payable to the Commissioner in terms of the Act.

The Director-General may delegate any part of the administration of the Act to the executive officer of a SETA.

### **Website**

[www.labour.gov.za](http://www.labour.gov.za)