

Nxusa Human Resources Management

Reg 2018/371/465/07

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FAQS RELATED TO THE SKILLS DEVELOPMENT ACT AND THE LEVIES ACT

1. What is the purpose of the Skills Development Act?

- The short supply of skilled staff is a serious obstacle to the competitiveness of industries in South Africa. The Skills Development Act of 1998 aims to:
 - Develop skills for the South African work force,
 - Increase investment in education and training, and improve return on investments in those areas,
 - Encourage employers to promote skills development by using the workplace as an active learning environment,
 - Encourage workers to participate in learnership and other training programs,
 - Improve employment prospects by redressing previous disadvantages through training and education,
 - Ensure the quality of education and training in and for the workplace, and
 - Assist with the placement of first-time work-seekers .

2. What is the aim of the skills development levy?

The levy grant scheme, legislated through the Skills Development Levies Act, 1999, serves to fund the skills development initiative in the country. The intention is to encourage a planned and structured approach to learning, and to increase employment prospects for work seekers. Participating fully in the scheme will allow you benefit from incentives and to reap the benefits of a better skilled and more productive workforce.

3. Who must pay the levy?

The levy is calculated as 1% of your wage bill, payable monthly. All employers who are registered with the South African Revenue Service (SARS) for PAYE and have an annual payroll in excess of R500 000 must register with SARS to pay for the skills development levy.

4. How does an employer register for the levy?

- Every employer who is liable to pay the levy must register with SARS by completing the registration form, Form SDL 101, which is available from all SARS offices. In order to register the employer must:

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- Obtain a registration form (SDL 101) from any SARS office, if not received by mail;
- Choose from a list of registered Sector Education and Training Authorities (SETAs) as indicated in the SETA classification guide provided with the registration form, the one SETA most representative of your activities, and
- Choose a standard industry code (SIC) from the SETA classification guide which most accurately describes the nature of your business.

5. How do I determine which SETA I belong to?

Primary focus of the business is determined by analysing what approximately 60% of your employees do. Remember that you need to register as a levy payer with SARS.

6. How will I know what to do in order to comply with the requirements?

The relevant SETA will send you all the information you need, including the requirements and timetable for action by you. You will be supplied with contact details of employees of the SETA who are available to help you maximize the benefits of your participation.

7. What if I have not heard from the SETA?

Contact the relevant SETA directly at the telephone number or email addresses on the Contacts page of their web-site.

8. Are any employers exempt from paying the levy?

Yes. The exemptions are applicable if certain provisions are met. You will be able to apply for such exemptions, which you will find in the SDL 101 form, issued by the Commissioner of SARS. SARS will ultimately determine whether you qualify for an exemption or not.

9. To whom are levies payable?

Levies are payable to the South African Revenue Service, which acts as a collecting agency for the applicable SETA.

10. Are levies payable?

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Each month SARS will provide all registered employers with a "Return for Remittance" form (SDL 201), which enables you to calculate the amount payable and effect payment.

11. By when is the levy payable?

The levy must be paid to SARS not later than SEVEN days after the end of the month in respect of which the levy is payable, under cover of a SDL 201 return form.

12. Is there any interest and penalty incurred for late or non-payment?

SARS will impose both interest and penalties for late or non-payment of levies.

13. How do I register as a Skills Development Facilitator with the SETA?

You can use the online Skills Development Facilitator registration form available under the Facilitators (SDF) section of the SETA's web-site or contact your regional co-ordinator. Your registration will be acknowledged as soon as it is processed.

14. What is proof of expenditure?

Proof of expenditure is very important when completing and submitting your Annual Training Report. Proof of expenditure relates to all training costs that the organization has spent on the employees of the company. If the training was done internally then the organization needs to submit all attendance registers but if the training was done by a training provider than all invoices are required.

15. What is the purpose of a Workplace Skills Plan (WSP)?

The Workplace Skills Plan serves to structure the type and amount of training for the year ahead and is based on the skills needs of the organisation. A good WSP should consider current and future needs, taking into account gaps identified through a skills audit, the performance management system, succession planning initiatives, and any new process or technology changes planned for the year.

Management discusses the company's goals with employees who in turn commit to the process of achieving these goals. Management gets the opportunity to discover talent as well as skills that they did know that they had.

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16. What is an Annual Training Report (ATR)?

Basically this report consists of all attendance registers, proof of expenditure, training provider used in this report the SETA can establish whether training was done or is in the process of being done.

17. Why is it important to use an accredited training provider?

It is important to use an accredited training provider because it enables the SETA to establish that the training provider used is not a "FLY BY NIGHT" training provider but instead it is a recognized training provider, with recognized standards.

18. As an employer paying the 1% skills development levy, do we automatically receive the mandatory grant from the SETA?

No. Mandatory grants are paid to the employer subject to the timeous receipt of a correct WSP/ATR by the Services SETA. WSP/ATRs must be submitted to the Services SETA on the 30 June of every year.

19. Does one get a percentage of monies spent on training?

NO. Mandatory grants are a refund against all monies contributed towards the skills development levy and not on monies spent on training.

20. How long does it take for a company to be transferred from one SETA to another?

The transfer can take place between 2 weeks and 2 months, but as this is a complex exercise, the organisation is asked to drive the transfer by liaising closely with the SETA and SARS.

21. What are the requirements for claiming back Discretionary Grants?

Each funding window has a different set of rules, which will be communicated to companies and included in the SETA updates. For further details, please contact your chamber manager.

22. Must internal training departments also be accredited by the ETQA?

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Yes, if the company intends to claim back for the training provided.

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1. For which different kinds of registered providers can the organization make a claim for training completed?

- There are four kinds of recognized providers for which claims will be recognized:
 - Internal education and training providers, such as human resources or training and development departments.
 - External education and training providers, such as training companies and consultancies.
 - Education Training Quality Assurance providers, who will be responsible for assessing the quality of training, as well as the moderation of learnerships and qualifications.
 - RPL (Recognition of Prior Learning) providers, who will be responsible for assessing and moderating applications for qualifications based on prior learning.

2. What is the difference between an external provider and a vendor?

- A vendor is contracted by a provider to provide training and can be considered as a member of the provider organisation's non-permanent staff. The provider organisation is responsible and accountable for all aspects of training and quality management.
- A vendor is therefore is accountable to the ETQA and does not have to register as a provider, whereas an external provider has to fulfil the stipulated requirements in the same way as internal providers.

3. Why is it important for a company to use ETQA accredited providers?

- Where companies use discretionary funding for learning interventions, it is essential to use accredited providers. This is a requirement of the Skills Development Act and its regulations.

4. Does this mean that employers will not be able to claim for employees sent overseas for training?

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Any training towards unit standards and qualifications will be eligible for claims. Training not associated with credits for unit standards and towards qualifications will not be eligible for grant funds.

FREQUENTLY ASKED QUESTIONS RELATED TO LEARNERSHIPS

1. What is a learnership?

A learnership is a work-based learning program that leads to a nationally recognized qualification. Thus, learners in learnership programs have to attend classes at a college or training centre to complete classroom-based learning, and they also have to complete on-the-job training in a workplace. This means that unemployed people can only participate in a learnership program, if there is an employer that is willing to provide the required work experience.

2. How long does it take to complete a learnership program?

It usually takes a year but some learnership programs can take two or more years. It is possible for learners to complete a learnership program in a shorter time through Recognition of Prior Learning (RPL). This is a process through which learners will get recognition for parts of the program for learning done previously or for work experience.

3. What are the benefits of a Learnership?

You will receive a nationally recognized qualification upon successful completion of the learnership. You will gain work experience that will improve your chances of getting work.

4. What are the entry requirements?

Most entry requirements require a Grade 12 certificate.

5. What will the training cost?

You do not have to pay anything to participate on a learnership program. The SETA subsidizes both the employer and training provider to cover the cost.

6. How much will a learner earn?

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All learners must be paid a learner allowance by the employer. An employer must pay a learner a set allowance calculated in terms of Clause 3 of Sectorial Determination No 5. No learner may be paid less than the allowance as determined.

6. What is required from learners enrolled on a Learnership program?

You need to sign both Learnership Agreement and employment contract, thus two legal documents. The Learnership Agreement is signed by you the learner, the employer and training provider and sets out the responsibilities of all three parties.

7. How can you apply?

One of the conditions of a learnership is that unemployed people must be employed by the employer for the duration of the learnership. Unemployed people can therefore only enter a learnership if there is an employer who is willing to take unemployed people into a learnership program.

Source: <https://www.labourguide.co.za/general/1586-skills-development-act-and-the-levies-act>