

**ACTS AND
LEGISLATION**

Provides an overview of the roles and responsibilities of the Skills Development Committee

SKILLS DEVELOPMENT ACT
SKILL DEVELOPMENT LEVIES ACT

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The purpose of the Skills Development Levies Act

This Act regulates a compulsory levy scheme to fund education and training in businesses within various sectors in South Africa. It aims to expand the knowledge and competencies of the labour force and in so doing increase the supply of skilled labour in South Africa, providing for greater productivity and employability.

The criteria currently used for employers to become eligible to pay Skills Levies

- 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 success submission of a Pivotal Grant Plan) and 20% is reserved for Discretionary 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 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.

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

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:

- 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.

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.

To whom are levies payable?

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

When are levies payable?

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

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.

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

ILLUSTRATION OF THE SKILLS DEVELOPMENT LEVY SPLIT

Levy Grant system Element	Allocation %	Conditions
Total levy	N/A	1% of Remuneration Costs
SARS Collection Fee	2.0%	Maximum of 2%
NSF	18%	% prescribed by Minister
SETA Administration	10.5%	Maximum of 0.5% to QCTO
Mandatory Grant	20%	Unclaimed to Discretionary Grants swept by 15 Oct each year
Discretionary Grant	49.5%	Maximum of 80% to PIVOTAL Programmes
Total	100%	