

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3226 [NW3827E]
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3226. Mr R A Lees (DA) to ask the Minister of Finance:

- (1) With reference to his reply to question 68 on 17 March 2015, (a)(i) how many employers and (ii) employees have claimed the Employment Tax Incentive (ETI) in each month since 1 January 2014 and (b) from which economic sectors and/or industries are the specified (i) employers and (ii) employees;
- (2) how many beneficiaries have been de-registered as eligible to claim ETI as at the latest specified date for which information is available?

NW3827E

REPLY:

(1) Total claims for the employment tax incentive amounted to R3.9 billion since the start of the programme on 1 January 2014 up until the end of July 2015, with claims by 36 616 unique employers. It must be noted that, like most tax incentives, the data I am providing on the Employment Tax Incentive is preliminary and will be significantly revised once the more accurate annual tax returns are submitted by employers to SARS, and after they have been audited by SARS. The current data I am providing is from the monthly returns to SARS from employers, which are also not audited and hence subject to significant revision. Given that the most accurate information on any tax incentive is sourced from the annual tax returns made by taxpayers, which may only be available with a lag of up to 18 months, more accurate data on any such tax incentive is only available with a lag of at least two years, as the annual returns also have to be audited by SARS.

(a) (i) According to the monthly returns from employers, over the period 1 January 2014 up until the end of July 2015, the employment tax incentive has been claimed by 36 616 unique employers.

(ii) It is not possible to provide information on how many employees were employed for which the incentive was claimed by those employers from the monthly returns. This is because although it was possible to estimate the minimum number of employees for whom such incentive is claimed for the first year of this incentive from this source of data, this is no longer possible from the second year commencing from 1 January 2015 because the maximum incentive per employee varies and may be R500 or R1 000 (as it halves for those employees that have been employed for more than a year). Hence dividing by a single maximum of R1 000 is no longer possible to determine the minimum number of claimant employees, as could be done for every month of the first year of implementing the incentive.

The table below indicates the value of claims that can be attributed to employment in each month, and you will see that we stop projecting for the number of claimant

employees for the reason outlined above. It must be noted that the updated numbers in the table will not coincide with previously reported figures as they may be based on more, or updated, returns by employers or SARS, which also takes into account any claims that may have been corrected after the normal engagements between the taxpayer and SARS.

ETI claimed by period*			
Period	ETI (R 000s)	Count of employers claiming per month	Number of claimant employees**
January-2014	53 888	5 188	53 888
February-2014	125 833	10 114	125 833
March-2014	140 116	13 823	140 116
April-2014	158 993	15 321	158 993
May-2014	171 589	16 128	171 589
June-2014	201 297	17 091	201 297
July-2014	208 741	17 826	208 741
August-2014	227 941	18 561	227 941
September-2014	213 733	19 062	213 733
October-2014	251 475	19 287	251 475
November-2014	253 126	19 317	253 126
December-2014	254 151	17 280	254 151
January-2015	222 226	18 981	
February-2015	317 121	20 045	
March-2015	213 570	17 518	
April-2015	211 336	17 852	
May-2015	216 169	18 342	
June-2015	218 697	18 680	
July-2015	226 932	18 190	
TOTAL	3 886 935		

* The updated numbers in this table will not coincide with previously reported figures as they may be based on more, or updated, returns by employers.

**The minimum number of employees is an indicative lower bound of the number of employees in respect of whom employers have claimed the incentive. It is calculated as the total ETI claims divided by R1 000 – the maximum claim for the first twelve months of claiming the ETI. This can only be applied for 2014, as in 2015 some employees may be in their second twelve months of claiming the ETI, where an employer may claim a maximum of R500 per month per employee.

The number of employees as reported in the table above are likely to be higher as some ETI employees would be qualifying for claims of less than R1 000.

(b) The available data do not yet allow for a detailed sectoral breakdown at either the employer or employee level, but it appears that the bulk of the claims come from the Wholesale and Retail, Financial and Business Services, Manufacturing and Agricultural sectors as classified by SARS. The total monthly claims vary according to income received in a particular month, the maximum allowable claim in a particular month, and the number of employees in respect of whom employers claim the incentive.

- (2) According to section 5(1)(b) of the Employment Tax Incentive Act, only the Minister of Finance may disqualify an employer from claiming the employment tax incentive. To date there are no employers that have been disqualified from claiming the incentive, as no evidence has been presented to the Minister to satisfy the conditions for disqualification. However, the South African Revenue Service monitors the eligibility of employer claims that are made and disqualifies claims that do not meet the qualifying criteria.