



Government and institution measures in response to COVID-19

Last update: 01 April 2020

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For any questions please contact: covid19@kpmg.com

Recent updates

Changes in select geographies

- No changes in these countries

Countries added to this document

New countries in this document:

- No new countries added in this iteration

Updated information

Updated information regarding:

- No updates

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Restructuring:

As of 01 April 2020**General Information**

Algeria has introduced a number of tax-related measures, and reduced the reserve ratio for banks.

Tax measures — Direct and Indirect*(e.g. payment deferrals, rate reductions...)*

- Extension of the deadline for the subscription of declarations and the payment of duties and taxes
- Taxpayers under the real estate regime:
 - Postponement of the subscription of the monthly declaration series G n° 50 of February and of the payment of the duties and taxes relating thereto until April 20, 2020.
 - Deferral of payment of tax instalments IRG/IBS until 20 April 2020.
 - Taxpayers, falling under the GD, subject to the obligation of tele-declaration and tele-payment are not concerned by these measures.
- Taxpayers exercising liberal professions: Postponement of the subscription of the monthly declaration series G n° 50 of February (concerning IRG/salaries), until 20 April 2020.

Economic stimulus measures*(e.g. loans, moratorium on debt repayments...)*

- The Monetary Policy Operations Committee decided to reduce the required reserve ratio from 10 percent to 8 percent and to lower the reserve ratio by 25 basis points (0.25 percent). The key rate of the Bank of Algeria set at 3.25 percent as from 15 March 2020.

Other measures and sources**Main sources of information:**

- Government of Algeria: <https://www.mfdgi.gov.dz/index.php/8-contenu-en-francais/actualites/1625-test>
- Bank of Algeria: <https://www.bank-of-algeria.dz/pdf/communiqu15032020.pdf>

Employment-related measures*(e.g. state compensation schemes, training...)*

No measures have been announced at this time.

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Restructuring:

As of 01 April 2020**General Information**

Egypt has announced a USD 6.4 billion stimulus package, extending credit repayments for SMEs and increasing the daily withdrawal limits for debit and credit cards. The Central Bank has also announced a rate cut of 3 percent.

Tax measures — Direct and Indirect*(e.g. payment deferrals, rate reductions...)***No measures have been announced at this time.****Economic stimulus measures***(e.g. loans, moratorium on debt repayments...)***On 14 March, the government announced a USD 6.4 billion stimulus package.****Key measures taken**

- The reduction of natural gas and electricity prices to industries;
- The postponement of repayment of loans for small and medium-sized companies by 6 months and the cancellation of ATM withdrawal fees for the same period;
- The central bank's allocation of 20 billion Egyptian pounds (\$1.2bn) to support the country's stock exchange;
- A 3 percent cut in interest rates;
- The increase of the daily withdrawal limits for credit and debit cards by the central bank;
- The grant of an "immediate" financing for the import of key commodities.

Other measures and sources**No measures have been announced at this time.****Employment-related measures***(e.g. state compensation schemes, training...)***No measures have been announced at this time.**

Contacts:**Tax:** Emmanuel Asiedu — easiedu@kpmg.com**Restructuring:** Daniel Adoteye — dadoteye@kpmg.com**As of 01 April 2020****General Information**

The Central Bank of Ghana has taken measures to mitigate the negative impact of the outbreak, including cutting interest rates and reserve requirements, and decreasing banks' conservation buffers.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

- The Revenue Administration Act (Act 915) provides for taxpayers to apply for extension of time to file and pay tax: an opportunity for extension could be sought for at most two months. No further extension can be granted at this stage and failure to file the tax return will result into penal charges. A lock down will generally not impact the payment of any tax due (as payment can be made through wire transfer). Nevertheless, a lock down might affect the filing of tax returns, which still requires the physical presence at the tax Office.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

Monetary policy

- Cut of key interest rate to 8-year low from 16 percent to 14.5 percent;
- Lowering reserve requirements for lenders from 10 percent to 8 percent in order to provide liquidity support to critical sectors;
- Decrease in the banks' conservation buffer from 3 percent to 1.5 percent, which cuts the capital-adequacy ratio from 13 percent to 11.5 percent.
- Asked the IMF for a rapid disbursement of a credit facility to help the country face the negative economic impact caused by the Covid-19 outbreak.
- The Bank of Ghana has decided to decrease the cost of fund transfers through mobile money, in order to avoid a low in transactions. Besides, no mobile money transactions below GH100 (USD18) will be charged by service suppliers for the next three months.

Other measures and sources**Main sources of information:**

- Ghana: COVID-19 — Tax Implications: <https://home.kpmg/gh/en/home/insights/2020/03/gh-covid-19-tax-implications.html>

Employment-related measures

(e.g. state compensation schemes, training...)

- Workers have been asked to work from home whenever possible.

Contacts:

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Restructuring:

As of 01 April 2020

General Information

The CBWAS has taken several measures to mitigate the impact of Covid-19, including granted financial aid to commercial banks, decreasing the cost of fund transfers through mobile money, delaying financial debt reimbursements and granting loans to companies.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

No measures have been announced at this time.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- On 21 March 2020, the CBWAS took major measures, in order to mitigate the negative impact of the sanitary crisis:
 - A FCFA340bn financial help has been granted to commercial banks, so they can sustain the economy;
 - 1,700 companies have been granted loans, while they were not eligible so far, so that they can benefit from further resources;
 - The West African Development Bank (WADB) will receive FCFA25bn from the CBWAS, in order to lower its interest rate and increase the amount of loans granted to WAMU members, so as to be able to fund the domestic economy;
 - To accept to delay financial debt reimbursements, especially for SMEs;
 - To decrease the cost of fund transfers through mobile money, in order to avoid a low in transactions;
 - To fund commercial banks with enough cash to guarantee a good working of cash machines;
 - If necessary, to reorganise the schedule of Treasury bills issuance.

Other measures and sources

Main sources of information:

- Government of Ivory Coast: <http://www.gouv.ci/Main2.php>

Employment-related measures

(e.g. state compensation schemes, training...)

No measures have been announced at this time.

General Information

Kenya has predominantly focused on economic stimulus measures thus far, cutting the MPC policy rate and reducing cash reserve ratios. There are also industry specific packages (such as the \$5 million available to the tourism industry), and bank fees for money transfers between bank accounts and mobile wallets have been waived.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

Fiscal policy

- Several tax measures have been decided by the Kenyan government in order to cushion the affected individuals and businesses from the negative impact of the COVID-19 outbreak:
 - 100 percent tax relief for low income earners (namely, persons earning gross monthly income of up to KES 24,000 [USD226]);
 - Decrease of the top Pay-As-You-Earn (PAYE) rate from 30 percent to 25 percent;
 - Decrease of the value-added tax rate from 16 percent to 14 percent;
 - Decrease of the resident corporate income tax from 30 percent to 25 percent. At this stage, it has not been stated whether this measure is sustained for a number of years after the end of the current crisis in order to assist businesses that have lost their key markets and/or been forced to shut down operations (notably for the tourism industry).
- Please note that most of these measures will come into force by April 2020.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

Monetary policy

- On 17 March, a central bank order for banks to waive bank fees for individuals who move money between their bank account and mobile wallet came into effect. It has also increased the upper limit for mobile money transfers by SMEs. Both are in a bid to limit contact with physical notes. On 18 March authorities reached a deal with commercial banks to restructure nonperforming loans caused by Covid-19 layoffs etc.
- On 23 March, the MPC cut its policy rate from 8.25 percent to 7.25 percent and reduced the cash reserve ratio from 5.25 to 4.25. The central bank states that it "will ensure that the interbank market and liquidity management across the sector continue to function smoothly".
- The Treasury has announced a \$5 million package to support the tourism industry.
- Bank debt restructurings also apply to businesses facing financial instability due to Covid-19. This is not necessarily directly aimed at keeping businesses up and running, but it may contribute to assisting them. SMEs can now make larger mobile money transfers.

Other measures and sources

Main sources of information:

- Kenya: Tax and Regulatory Services: https://home.kpmg/ke/en/home/insights/2020/03/government_interventions_to_cushion_kenyans_against_covi19.html

Employment-related measures

(e.g. state compensation schemes, training...)

- Government workers have been asked to work from home where possible.

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Restructuring:

As of 01 April 2020

General Information

Mauritius has focused on tax measures (such as removing penalties for those taxpayers unable to submit returns due to the lockdown) and employment-related measures, such as announcing a Wage Scheme Assistance. While they have taken many measures to limit travel in an effort to quarantine the coronavirus, customs are operational in two locations to enable the clearance of goods and outgoing passengers.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

Mauritius Revenue Authority (MRA) – No penalty and interest for late filing

- The MRA has issued a communique on 20 March 2020 stating that taxpayers who are unable to submit returns or effect payment of tax due to the lockdown will not be charged any penalty or interest for late submission or payment. No cut-off date has as of yet been communicated on this grace period.
- The head-office of the MRA is closed to the public. However, queries may still be emailed to the MRA as a team of MRA officers are working from home to maintain their services.
- Facilities for the electronic submission of tax returns and electronic payment of tax remain available on the MRA website.

Promoting work-from-home policy & tax credits for companies affected by the COVID-19

- With a view to promote working from home, the Government introduced a tax reduction scheme in 2020 which gives employers a double tax deduction in respect of emoluments payable to its staff who work from home and a 5 percent tax credit on the acquisition of information technology system. These measures are transitional and apply only for the period 1 July 2018 to 30 June 2020.
- Companies affected by the COVID-19 will also be eligible for certain tax deductions when acquiring plant and machinery during the period 1 March 2020 to 30 June 2020.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

Mauritius Revenue Authority – Customs

- The core services of MRA Customs are operational in Mauritius and Rodrigues, with a skeleton staff, in order to enable the clearance of goods and outgoing passengers;
- Facilities for the electronic submission of Customs Declarations, including electronic payment of duties and taxes, remain available on the Customs Management System.

Other measures and sources

Quarantine Regulations 2020 (the Quarantine Regulations)

- The Mauritius' minister immediately passed the Quarantine Regulations 2020 with effect on 19 March 2020, which restrict “the arrival of a conveyance” and “the prohibition of the boarding on, or dis-embarkment from, the conveyance of a person” to, among other things, prevent “the spread of quarantinable disease in Mauritius”.

Key measures taken (under the PHA 1975 and the Infectious Disease Regulations)

- The isolation and screening of (i) an infected person, (ii) a person reasonably believed of being infected, (iii) a person arriving on an aircraft or ship from a high-risk country or (iv) a person reasonably believed of having had contact with another infected person;
- The imposition of restrictions and conditions on any person mentioned above;
- The powers of the MPF to enforce compliance including the power to keep the person in detention;
- The imposition of a curfew from 20 hours on 23 March to 20 hours on 2 April 2020;
- Regarding restrictions on foreign travel, the Government Notice prescribes a 15-day ban on passenger travels from 10 a.m. on 19 March 2020. Thus, all foreign travel through the port and the airport of Mauritius is banned from 19 March to 2 April 2020;
- National containment protocol provides that the population restrict their travels to the supermarket, corner shops (boutiques) or pharmacies;
- Regarding public transport, a minimum service will be offered. Buses will be on roads from 7 a.m. to 7 p.m. at a reduced frequency and the Metro Express will operate from 6 am to 6 pm;
- The imposition of price control on hand sanitizers, N95 respirators and PPF2 masks.

Particular considerations for employers

- The closure of trade premises and restrictions of activities — implicitly this means that all businesses remain closed except for “essential services” and “economic operators”. “Essential Services” include the Police Force, Medical Services, Fire Rescue Services and “economic operators” were listed on 20 March 2020 through a communiqué, titled “Communiqué for Economic Operator”, as follows:
 - Supply of food (including Bakeries, take away and home deliveries)
 - Food production, farming (fruits, vegetables & livestock), food processing and beverages
 - Supermarkets and associated supply chains (including online purchase and home delivery)
 - Freight Forwarding and other Logistic Activities
 - Licensed Telecom Operators
 - Petrol Stations and Cooking Gas distribution
 - Banks, Insurance and other Financial Services
 - Tourism and Press, Media and associated services
 - Airlines, Transport Industry including Taxis, Port and Airport related activities

Employment-related measures

(e.g. state compensation schemes, training...)

Particular considerations for employees (under the Workers' Rights Act 2019)

- The employers who are “economic operators” can request their employees to leave their homes and come to work, subject to obtaining a COVID-19 Work Access Permit for their employees. For the remaining employers, employees can be requested to work from home;
- For the majority of employers who are unable to provide work to their employees, the employer shall still have to pay a full day's remuneration;
- An employer may fix the 11 paid annual leaves of an employee earning up to MUR 50,000 as basic monthly salary, if the employer and employee are unable to agree when the statutory 22 annual leaves are to be taken. However, if the employee does not want to exhaust those paid annual leaves, the parties may agree that unpaid leaves be taken but the express consent of the employee is required;
- For employees earning more than MUR 50,000 as basic monthly salary, there is no minimum annual leaves' entitlement, and it will therefore depend on the terms and conditions of the employment agreement;
- An employer may require an employee (irrespective of his salary threshold) to work for a shorter time than that specified in his agreement and at a reduced remuneration, subject to the approval of the supervising officer of the Ministry of Labor, Human Resource Development and Training.

Mauritius Revenue Authority — Wage Assistance Scheme

- The Government of Mauritius announced a Wage Scheme Assistance on 23 March 2020. Where companies in the private sector are adversely affected by COVID-19, an application can be made to the Mauritius Revenue Authority (“MRA”) for financial support.
- Under this scheme:
 - companies will be entitled to receive, in respect to its wage bill for the month of March 2020, an amount equivalent to 15 days basic wage bill for all of its employees drawing a monthly basic wage of up to MUR 50,000 subject to a cap of MUR 12,500 of assistance per employee;
 - companies will be able to provide financial support to employees in the travel and tourism sector, export-oriented enterprises, ICT/BPO sector, SMEs and other sectors of the economy, who become technically unemployed on a temporary basis due to the impact of the Coronavirus.

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Restructuring:

As of 01 April 2020

General Information

Morocco has reduced its key interest rate to 2 percent and released 1 billion dollars to fight against coronavirus. The Kingdom has also put in place a Business Intelligence Committee (Comité de Veille Economique or CVE) to look at Morocco's economical situation under the Coronavirus crisis and to take appropriate measures. The CVE includes Morocco's relevant Ministries, banking professionals' federation, private sector association, Chambers of commerce, industry and services federation and chambers of crafts federation. The CVE has already taken some measures related to tax, employment and economy stimulus.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

- Suspension of tax charges as at 31 March and of payroll charges for all sectors, except those not suffering from the crisis.
- Tax inspection and third-party notification (ATD) suspended until 30 June.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- The Council decided to reduce the key interest rate by 25 basis points to 2 percent and to continue to monitor all developments very closely.
- Morocco released one billion dollars for the fight against coronavirus.
- The CVE has taken a series of measures including:
 - Suspension of payment of social expenses
 - Implementation of a moratorium for companies' bank credit repayments, which should be operational from 23 March
 - Liquidity support to SMEs and micro-enterprises continuing to operate and facing difficulties during this period
 - Postponement by a quarter of declaration and payment of corporate taxes initially planned on 31 March for companies recording a revenue below 20 million dirhams (1.9 million euros)
 - Grant of additional lines of bank credits thanks to a warranty to be soon issued by the Caisse Centrale de Garantie
 - Deferment of leasing and credit payments until end of June

Other measures and sources

Main sources of information:

- Government of Morocco: <https://www.cg.gov.ma/ar>

Employment-related measures

(e.g. state compensation schemes, training...)

- The CVE suspended the payment of social security charges. These measures should be operational from Monday 23 March.
- To prevent a social crisis due to businesses closing and temporary lay-offs, employees affiliated with the CNSS (social security) will also:
 - Be granted a 2000 dirhams net (190€) monthly allowance disbursed from the Fund for Management of Coronavirus Effects
 - Benefit from a 3 months delay for the payment of bank commitments linked to consumer and mortgage loans
 - Continue benefiting from family allowances and compulsory health Insurance

Nigeria (1/2)

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Restructuring:

As of 01 April 2020

General Information

The Central Bank of Nigeria has set out a number of measures to tackle the impact of the coronavirus, including establishing a fund to support the country's economy (of 50 billion naira; i.e. EUR 121 million), targeted at households and micro and small enterprises. The interest rate has also been cut, a moratorium has been announced on principal repayments for CBN intervention facilities and tax measures are being taken.

Tax measures — Direct and Indirect

(e.g. payment deferrals, rate reductions...)

Fiscal policy

- On March 23, the Federal Inland Revenue Service announced the following tax relief measures to address the impact of the coronavirus (COVID-19) pandemic on taxpayers:
 - Extension of the due date for filing of value added tax (VAT) and withholding tax returns from the 21st day of the month to the last business day of the month, following the month of deduction
 - Extension of the due date for filing of the companies income tax return by one month
 - Use of electronic platforms for paying taxes and processing tax clearance certificates
 - Electronic filing of tax returns by taxpayers

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- Provision of credit assistance for the health industry to meet the potential increase in demand for health services and products "by facilitating borrowing conditions for pharmaceutical companies, hospitals and practitioners".

Monetary Policy

- On 16 March, the Central Bank of Nigeria announced six new measures:
 - A 1 year extension of a moratorium on principal repayments for CBN intervention facilities;
 - The reduction of the interest rate on intervention loans from 9 percent to 5 percent;
 - Credit support for the healthcare industry;
 - Urging Deposit Money Banks to consider temporary and time limited restructuring of the tenor and loan terms for affected businesses and households;
 - Strengthening of the Loan to Deposit ratio policy (i.e. stepped up enforcement of directive to extend more credit to the private sector)

Fiscal Policy

- The crude oil benchmark price was also reduced from USD 57 to USD 30.
- The Central Bank pledged to pump NGN 1.1 trillion (USD 3 billion) into critical sectors of the economy.

Nigeria (2/2)

As of 01 April 2020

Other measures and sources

Fiscal Policy

- The Federal Government cut planned spending in the 2020 budget by about NGN 1.5 trillion (USD 4 billion), including a 20 percent cut to capital expenditure and a 25 percent cut to recurrent expenditure.

Main sources of information:

- Nigeria: Tax relief, responding to coronavirus (COVID-19): <https://home.kpmg/us/en/home/insights/2020/03/tnf-nigeria-tax-relief-responding-to-coronavirus.html>

Employment-related measures

(e.g. state compensation schemes, training...)

Monetary Policy

- On 16 March, the Central Bank of Nigeria announced six new measures:
 - The creation of a NGN 50 billion (USD 140 million) targeted credit facility for households and SMEs that have been hard-hit by the virus.

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As of 01 April 2020

General Information

In addition to a fund initially created with an envelope of 1.4 billion FCFA (2.1 million), Senegal has taken 3 new measures to mitigate the effects of the coronavirus on its economy. These are the establishment of a Response and Solidarity Fund against the effects of COVID-19 called "FORCE-COVID-19". Then the creation of a COVID-19 growth and economic watch committee. And finally, the development of a contingency plan following the evolution of the pandemic for an amount of 64 billion FCFA (97.6 million euros).

Tax measures — Direct and Indirect*(e.g. payment deferrals, rate reductions...)***No measures have been announced at this time.****Economic stimulus measures***(e.g. loans, moratorium on debt repayments...)*

- Creation of a fund with an envelope of 1.4 billion FCFA (2.1 million),
- Development of a contingency plan following the evolution of the pandemic for an amount of 64 billion FCFA (97.6 million euros).
- Referring to the private sector, Amadou Hott, Minister of the Economy, suggested that banks will provide facilities to the most affected companies and operators

Other measures and sources

- Establishment of a Response and Solidarity Fund against the effects of COVID-19 called "FORCE-COVID-19".
- Creation of a COVID-19 growth and economic watch committee.
- President Macky Sall announced the creation of a "national crisis cell and a fund for response and solidarity against the effects of Covid-19". He asked his ministers to "each contribute one million CFA francs" (1,500 euros).

Main sources of information:

- Government of Senegal: Covid-19 official Portal: <https://covid19.sec.gouv.sn/>

Employment-related measures*(e.g. state compensation schemes, training...)***No measures have been announced at this time.**

South Africa (1/4)

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Restructuring:

As of 01 April 2020

General Information

On Monday 23 March 2020, the President of South Africa announced unprecedented measures to assist South Africa in its fight against COVID-19. Included within these is a nationwide lockdown effective for 21 days from midnight on Thursday 26th March 2020. The lockdown will be lifted at midnight on Thursday 16th April 2020.

Tax measures — Direct and Indirect (e.g. payment deferrals, rate reductions...)

VAT:

- Deposits: Whether an amount received is indeed a deposit and, if so, the VAT treatment when such deposit is forfeited or applied as consideration for the supply of goods or services
- Vouchers issued or credits granted for cancellations: Whether the voucher is taxable or not, the implications when tendered or forfeited and different forms of credits received for future use
- Cancellation fees: The rate of VAT to be applied to these charges to customers together with documentary requirements, where relevant, i.e. a local standard rated flight for a non-resident will potentially have a zero rated cancellation fee
- Unpaid creditors: The implications of creditors unpaid for a period of more than 12 months (subject to the exceptions, e.g. certain inter-group transactions)
- Bad debts: The requirements for the relief available for bad debts written off, considering the exceptions to
- certain inter-group transactions and the potential VAT liability on bad debts subsequently recovered
- Dealings with SARS: The potential impact which new measures introduced by SARS will have on VAT registrations, disputes, account queries, ruling applications, delayed refunds, verifications etc.
- VAT refunds: In the unlikely event of the closure of SARS branches or a significant reduction in staff members, the potential impact on cash flow due to delayed payment of VAT refunds
- VAT due which cannot be paid timeously: Arranging extended payment terms with SARS due to cash flow restrictions.

South Africa: Carbon tax registrations 23 March

- The carbon tax is administered as an environmental levy on carbon emissions, which requires that every person operating emissions-generation facilities at a combined capacity equal to or above the legislated carbon tax threshold, must register with the South African Revenue Service and obtain a consolidated license for the combination of emissions facilities that generate emissions subject to the carbon tax. The emission facilities will be licensed as a “customs and excise manufacturing warehouse”.

COVID-19 — The Benefits of Tax Compliance in Unprecedented Times

- The implementation of this safeguard will have an impact on the economy and on people's livelihoods. The President mentioned several mechanisms that he feels could assist in dampening the negative economic impacts the safeguard could have, including the setup of a SOLIDARITY Response Fund which may afford organizations and individuals tax deductible donations in assisting with the fight against the COVID- 19 epidemic. The President also mentioned certain tax related mechanisms which may assist businesses.

Overview of measures proposed

- Tax compliant businesses with a turnover of less than ZAR 50 million will be allowed to delay 20 percent of their Pay-As-You-Earn (PAYE) liabilities over the next four months and to delay a portion of their provisional corporate income tax payments without penalties or interest over the next six months.
- The South African tax system will provide a tax subsidy of up to ZAR 500 per month for the next four months for those private sector employees earning below ZAR 6 500 under the Employment Tax Incentive (ETI). The South African Revenue Service (SARS) will also work towards accelerating the payment of ETI reimbursements from twice a year to monthly, to get cash into the hands of compliant employers as soon as possible.
- The South African government is exploring the temporary reduction of employer and employee contributions to the Unemployment Insurance Fund (UIF) and employer contributions to the Skill Development Levy Fund (SDL contributions) and to the Commissioner for Compensation for Occupational Injuries and Disease Fund (COIDA contributions).

South Africa (2/4)

As of 01 April 2020

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- On 18 March, the government announced works on a package to support SMEs. The Debt Relief Fund aims to provide relief on existing debts and repayments, to assist SMEs during the Covid-19 outbreak. For SMEs to be eligible for assistance under the Debt Relief Fund, the applicant must demonstrate a direct link between the impact or potential impact of Covid-19 on the business operations. The Ministry has set up a centralised registration system (www.smmesa.gov.za) where all those in need of financial aid will register and be screened.
- The Business Growth or Resilience Facility seeks to enable continued participation by SMEs in supply value-chains, in particular those who manufacture (locally) or supply various products that are in demand due to current shortages arising from Covid-19. This facility will offer working capital, stock, bridging finance, order finance and equipment finance and the amount required will be based on the funding needs of the business.
- On 19 March, the Reserve Bank cut the repo rate by 100 basis points from 6.25 percent to 5.25 percent.

Other measures and sources

Main sources of information:

- South Africa: Carbon tax registrations and possible effect of coronavirus (COVID-19) <https://home.kpmg/us/en/home/insights/2020/03/tnf-south-africa-carbon-tax-registrations-possible-effect-coronavirus.html>
- South Africa: VAT considerations in light of coronavirus (COVID-19): <https://home.kpmg/us/en/home/insights/2020/03/tnf-south-africa-vat-considerations-in-light-of-coronavirus.html>
- South Africa: Tax relief measures in response to “lockdown” (COVID-19): <https://home.kpmg/us/en/home/insights/2020/03/tnf-south-africa-tax-relief-measures-in-response-to-lockdown-covid-19.html>

Employment-related measures

(e.g. state compensation schemes, training...)

- The details of the actual temporary Employer Relief measures are not known at this time. Any changes to the legislation require swift changes to the SARS electronic platforms and payroll software used by employers to run their payrolls.
- The President proposed relief measures in relation to employment taxes. Employment taxes include:
 - PAYE
 - UIF
 - SDL obligations
 - Remittances by employers to the COIDA Fund.
- Every resident employer must withhold employees' tax on remuneration paid to employees by no later than the 7th day of the month following the month in which such tax amount was withheld. Where the 7th of the month falls on a public holiday, Saturday or Sunday, the payment must be received by the SARS by the preceding business day. The same payment date applies for the remittances of the UIF and SDL obligations to SARS. The payments to SARS must be accompanied by a monthly form (EMP 201). The payment of COIDA is an annual employer liability payable to the Compensation Commissioner.
- Currently, when PAYE, UIF and SDL payments are not received timeously by SARS, a 10 percent penalty in relation to the late payment and interest at prevailing rates apply. The Speech Proposals provide that employers with a turnover of ZAR50 million or less, may delay 20 percent of the PAYE obligations over the next four months without incurring penalties and interest.

What is currently reported on the EMP201 and what changes are recommended?

- Currently the EMP201 form only requires the following information to be provided by the employer:
 - PAYE payable
 - SDL payable
 - UIF payable
 - ETI[brought forward
 - ETI calculated
 - ETI utilized
 - ETI carried forward
 - Penalty and Interest (if paid late)

UIF and SDL temporary relief measures

- UIF is required to be withheld by employers in relation to a monthly remuneration value capped to ZAR 14 872.
- 1 percent of the UIF contribution is withheld from the employee's compensation and the employer makes a matching 1 percent contribution. It is speculated that UIF obligations will be set aside for at least four months.

Employment-related measures

(e.g. state compensation schemes, training...)

The Employment Tax Incentive (ETI)

- The ETI is an incentive aimed at reducing youth unemployment by encouraging employers to hire young work seekers.
- Employers are incentivized to employ young persons (between 18–29 years of age) in terms of a cost-sharing arrangement with the government, by allowing the employer to reduce the amount of PAYE it is required to pay to SARS by the amount of the ETI. This provides an immediate cash benefit to the employer.

What are the proposals?

- The President stated that this proposal is intended to assist businesses which may be in distress, by using the tax system to provide a tax subsidy of “up to ZAR 500 per month” for the next four months for those private sector employees earning below ZAR 6,500 under the ETI regime.
- It is not clear whether the employer will be entitled to claim an additional ZAR 500 of the ETI, per qualifying employee per month. Presently the value of the ETI which an employer may claim in relation to a “qualifying employee” varies depending on the quantum of the compensation paid by the employer to that employee. It may be that the additional ZAR 500 saving will apply for all employees earning less than ZAR 6,500 per month.
- An employer is not eligible to claim the ETI if the employer is not compliant in respect of its tax obligations i.e. if the employer has any outstanding tax returns or an outstanding tax debt.
- Currently, qualifying employees who earn ZAR 6,500 per month or less do not pay personal income tax since their income is below the personal income tax threshold (2021 tax year threshold is ZAR 83,100).
- In addition to the above, SARS will also work towards accelerating the payment of ETI reimbursements from twice a year to monthly to increase the availability of cash for compliant employers as soon as possible.
- Currently, if the ETI amounts claimed on the EMP201s exceeds the employees’ tax payable at the end of every six-month employer reconciliation period, the employer can claim a cash refund from SARS. However, if the taxpayer is not tax compliant across all taxes, the employer may not set off the ETI against the employees’ tax liability nor can the employer claim the refund.
- In practice, ETI refunds take a long time and refunds will not be paid by SARS until SARS has completed an audit of the ETI claims.
- Given the current timing delay in relation to the payment of ETI refunds, SARS may need to remove ETI system blocks and delay ETI audits to improve chances that refunds will be paid out on time.

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Restructuring:

As of 01 April 2020

General Information

The Government has announced a set of financial and fiscal measures to address the impact of closures and to reduce their impact on the economy. The total amount announced is \$2,500 million. The stated objective of these measures is to avoid bankruptcies or permanent cessation of business activities, to maintain employment and to financially support the most profitable businesses.

Tax measures — Direct and Indirect (e.g. payment deferrals, rate reductions...)

— All companies, whatever their size and sector of activity, have systematically benefited from the following measures:

- The extension of SI declarations until the end of May 2020, with the exception of companies subject to the SI rate of 35 percent.
- The suspension of all control operations and all deadlines related to tax audit procedures and deadlines for objections until the end of May 2020.
- The reduction of the time limits for the removal of the tax credit is to be achieved by increasing the frequency of meetings of the Commission (for the consideration of requests for removal) from a fortnightly to weekly basis. Payment shall be made within a period of no more than one month.
- The revaluation of built and unbuilt property on the basis of its actual value and the exemption from capital gains tax on the revaluation of property held for sale.
- The cancellation of penalties for companies with public procurement contracts for a maximum period of 6 months.

Tax measures for the most affected companies

- The phrase "undertakings affected by the impact of the virus" will be defined by government decree after consultation with representatives of the Government's 'President's Office'.
- The most successful companies are allowed to take advantage of the following opportunities:
 - The staggering of their tax and customs debts for a maximum period of 7 years.
 - The suspension of penalties and delays in the payment of tax for a period of three months from 1 April to 30 June 2020.
 - The deferral of payment of NSSO contributions (for the second and third quarters) lasts for three months (excluding the first quarter due on 15 or 25 April).
 - Simplification of the procedures for refunding the VAT credit from the farm by removing the condition of continuity for a period of 6 months. Payment will be made within a maximum of one month.
 - With the exception of the certificate of purchase and the certificate of suspension of tax and other tax certificates, which may be obtained at any time without the presentation of the necessary documents, provided that they are submitted at a later date.

The tax measures for companies are entirely export-oriented

- As an exception and only once in the 2020 financial year, companies that are all exporters can benefit from the authorization to sell their goods on the local market within the following new limits:
 - For companies that are entirely exporters operating in the agri-food and health sectors: the percentage of 30 percent is increased to 100 percent.
 - For the other companies, which are all exporters, the percentage of sales on the local market increased from 30 percent to 50 percent.

Economic stimulus measures

(e.g. loans, moratorium on debt repayments...)

- There is a 500 MD envelope to increase the stock of basic products for the public sector drug, food and oil companies, and a 500 MD guarantee line to allow private companies that are unable to obtain bank credit to maintain their business (credits granted up to the end of December 2020, over a period of 7 years with 2 years of grace). The tourism sector (hotels, travel agencies, restaurants, craftsmen, transport, culture) is particularly targeted by this MF measure.
- Three new investment funds, funded by the CDC under the MF, (700MD):
 - The first of 500 MD (of which 100 MD will be released as a first tranche) for large companies, including strategic companies, to strengthen their capital and maintain employment;
 - The second of the 100 MD is a bridging fund for the takeover of existing investment funds in companies facing difficulties in strategic sectors, so that these funds can be used to finance other projects;
 - The third part of a 100 MD fund to finance the acquisition of equipment for hospitals and public health institutions.
- This contribution from the CDC will be dependent on the financing of the Treasury, which is the main source of funds from the CSF and would oblige the State to have recourse to the financial system.

Exemptions and financial support

- This measure relates to limited amounts because the source credit of the population represents a small portion of the total credit to individuals, which is 24 billion dinars. This does not pose any problems for the banks, as other individuals continue to pay back the loans.
- Deferral of bank credit repayments over 6 months for companies affected by the crisis. This measure, however, can be applied to higher amounts if it covers more than one sector.
 - For example, the central risk center has identified 67 billion Dinars in credit to companies, of which 39 billion Dinars is short term, and the carry-over must be limited to the most affected companies so as not to choke the banking system. The average liquidity requirement of the banks has fallen from 16 billion Dinars at the beginning of 2019 to 11 billion Dinars at present, and this fall over 12 months has helped to reduce inflation (from 7.3 percent to 5.8 percent in one year).
- A resumption of financing may allow banks to extend the maturities of affected customers, but this would be limited to 5 billion Dinars over one year, with the aim of not exceeding the level at the end of 2018. This represents 13 percent of all short-term loans to companies, so the balance of the loans must be targeted at the companies most affected by the crisis.

Other measures and sources

Main sources of information:

- Government of Tunisia: <http://fr.tunisie.gov.tn/>

Employment-related measures

(e.g. state compensation schemes, training...)

- There is a 300 million envelope for the benefit of technically unemployed workers, the first of which, according to the Finance Department's proposal, would be of interest to SMEs, with a view to strengthening the SME support fund, in addition to the implementation of the previous decision to provide a bonus of 3 points of interest.
- There is also a 150 million envelope for the benefit of poor and special-needs families that supports family programs that require direct assistance to individuals directly affected under the supervision of the Ministry of Social Affairs.



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