

KPMG Learnership Incentive Tax Tool (KPMG LITT)



Why have a Learnership Incentive?

The Learnership Tax incentive provides an **additional** tax deduction for registered learnerships.

The objectives of this tax incentive are to encourage the creation of jobs by reducing the cost of hiring new employees, offering learnerships and to encourage skills development in the workplace.

How does the additional tax deduction work?

The incentive is regulated by section 12H of the Income Tax Act No. 58 of 1962 (the "Act"), and is available to employers who have entered into registered learnership agreements **on or after 1 October 2001 but before 1 April 2022**.

The additional tax deduction comprises of both an **annual** allowance and a **completion** allowance.

There are certain requirements that an employer will have to meet in order to qualify for the **annual allowance** and they are as follows:

- During any year of assessment the learner must have been a party to a registered learnership agreement with the employer; and
- The agreement must have been entered into pursuant to a trade carried on by that employer; and
- The employer must have derived "income" as defined in section 1 of the Act from that trade.

For the **completion allowance**, an additional requirement is that the learner must have successfully completed the learnership during the year of assessment.

What is important to keep in mind is that the learnership agreement that is entered into must meet the definition of "*registered learnership agreement*", as defined. An increased tax deduction is also afforded to learners who have a disability (as defined).

See definitions in the technical guide.

What amount can you claim?

The value of the additional deduction you can claim depends on whether the learnership agreement(s) were entered into before or after 1 October 2016, and the NQF level applicable post 1 October 2016. The tables below set out the amount of additional deductions available, per learner:

Learnerships entered into before 1 October 2016			
Annual Allowance (R)*		Completion Allowance (R)**	
Learner with no disability	Learner with a disability	Learner with no disability	Learner with a disability
R30 000	R50 000	R30 000	R50 000

Learnerships entered into on or after 1 October 2016				
	Annual Allowance (R)*		Completion Allowance (R)**	
NQF level	Learner with no disability	Learner with a disability	Learner with no disability	Learner with a disability
1-6	R40 000	R60 000	R40 000	R60 000
7-10	R20 000	R50 000	R20 000	R50 000

- *The annual allowance must be apportioned according to the period that the learner is a party to the agreement, taking into account the year of assessment of the employer, as well as the NQF level of the learner (for registered learnership agreements entered into on or after 1 October 2016).
- **The completion allowance works as follows:
 - If the learnership period is less than 24 full months, the completion allowance is awarded as a once off amount upon completion of the learnership, taking into account the NQF level of the learner; and
 - If the learnership period is equal to or more than 24 full months, a completion allowance is awarded upon completion of the learnership for each consecutive full 12 month period, that the learner is a party to the learnership, taking into account the NQF level of the learner. This is a cumulative allowance and therefore upon completion of the learnership, you will receive a sum of all the completion allowances that you are entitled to in respect of that learnership.

When can you not claim the allowance?

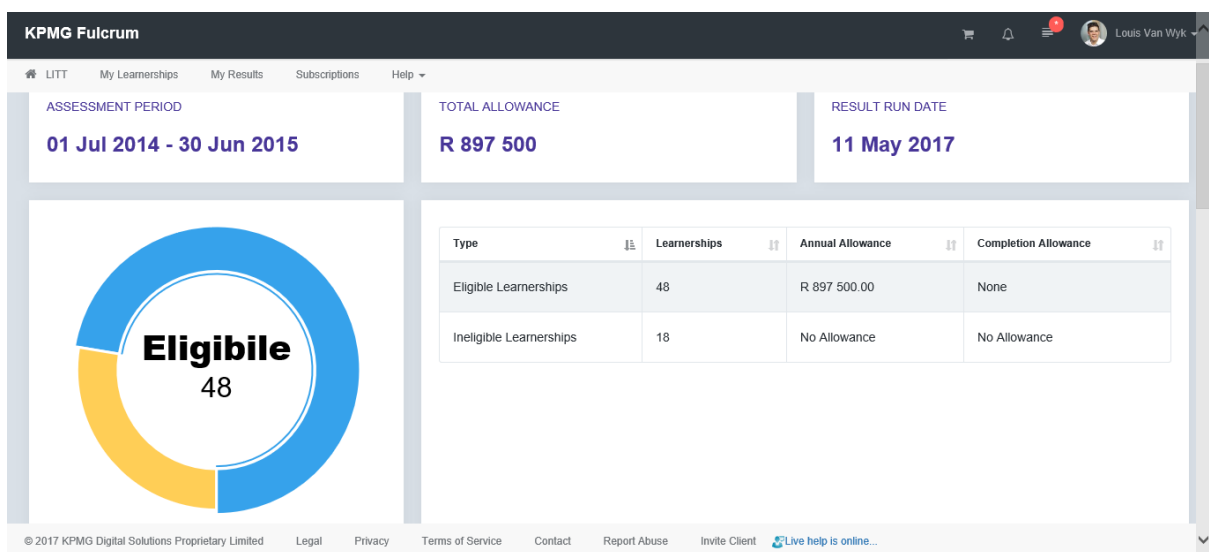
Unfortunately you cannot claim the additional Section 12H deduction if:

- The learner has previously failed to complete any other registered learnership agreement to which the employer or an associated institution was a party to; and
- The registered learnership agreement contains the same education and training component as the other failed registered learnership agreement.

Why use KPMG LITT?

The learnership incentive is an important development tool for encouraging greater employment and up skilling of the South African workforce. Not only are you empowering the human capital of South Africa, you will also be lowering your effective tax rate.

KPMG LITT is a web-based solution that empowers you to take control of all the necessary pieces of data required for the additional tax deduction, and provides an automated and efficient processing facility to generate the IT180 tax return data required for tax return purposes.



Functionality provided by KPMG's Leadership Tool:

- Uploads necessary learnership data; and
- Accurately calculates annual allowance and completion allowance for the relevant year of assessment, taking into account legislative changes; and
- Runs an exception report which identifies where data may be missing; and
- Provides generation of inter-divisional reports; and
- Populates and electronically completes the compliance for the learnership allowance (the IT 180's) thereby significantly minimising management time; and
- Allows you to upload and store learnership contracts.

By utilising a web based solution, we are able to substantially reduce the costs involved to as little as R95 per employee, thus doing away with the onerous manual processing of required data and freeing up valuable management time and resources.

Full names and identity number of the learner contemplated in the registered learnership agreement
 Volle name en identiteitsnommer van die leerling in die geregistreerde leerlingooreenkoms bedoel

Abbigail Engels

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Date of entering into the registered learnership agreement
 Datum waarop die geregistreerde leerlingooreenkoms aangegaan is 2 0 1 4 - 0 6 - 3 0

Date of completion of the registered learnership agreement, if completed during the year of assessment
 Indien die geregistreerde leerlingooreenkoms ten opsigte waarvan 'n aftrekking geëis word gedurende die jaar van aanslag voltooi is, datum van voltooiing 2 0 1 5 - 0 7 - 0 1

Was the learner at the time of entering into the learnership agreement employed by the above mentioned employer, associated institution or any company which forms part of the same group of companies as the employer?
 Was die leerder op die tydstip waarop die ooreenkoms aangegaan is, in diens by die werkgever of enige verwante inrigting of enige maatskappy wat deel van dieselfde groep van maatskappye as die werkgever vorm? YES JA

Was the learner at the time of entering into the learnership agreement, a disabled person?
 Was die leerder op die tydstip waarop die leerlingooreenkoms aangegaan is 'n gestremde persoon? YES JA

Was the learnership agreement entered into between the employer and the learner in the course of any trade carried on by that employer?
 Was die leerlingooreenkoms met die leerling aangegaan in die loop van 'n bedryf deur die werkgever beoefen? YES JA

Period of the learnership agreement
 Tydperk van die leerlingooreenkoms 1 2 months maande

The annual equivalent or the total remuneration, as stipulated in the employment agreement between the learner and the employer, on entering into or on completion of the learnership agreement, whichever is applicable.
 Die jaarlikse ekwivalent of die totale besoldiging van die leerder soos in die diensooreenkoms tussen die leerder en werkgever aangedui, wat ookal van toepassing is. R 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 (Rands only) (Slegs Rande)

The amount of the deduction claimed
 Die bedrag van die aftrekking geëis R 0 0 0 0 0 0 0 0 3 0 0 0 0 0 0 0 (Rands only) (Slegs Rande)

The limitation on the deduction claimed
 Die beperking op die aftrekking geëis R 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 (Rands only) (Slegs Rande)

Using KPMG LITT will maximise your additional learnership tax deductions, with minimum costs of compliance and providing you with the comfort of knowing that all required documentation to substantiate the tax deduction is stored and collated in one easy to access location.
