

Employment Tax Bill is signed into law



The long-awaited Employment Tax Incentive Bill, to create jobs and provide relevant skills for young, unemployed South Africans has been signed into law.

Employers will receive a tax incentive to employ young workers in special economic zones for a maximum of two years, under certain conditions. The law takes effect on January 1.

Employers will be able to claim the incentive on a sliding scale for any employee between 18 and 29 who was hired on or after October 1 this year and is receiving a monthly salary that is above the relevant minimum wage and less than R6000 a month.

“If there is no legal minimum wage applicable in a particular sector, the monthly salary must be more than R2000.

“Domestic workers and employees connected or related to the employer are not eligible,” the Treasury said yesterday.

The South African Chamber of Commerce and Industry CEO, Neran Rau, said the chamber supported the law.

About 80% of its members indicated they would participate.

“But the government needs to make sure it addresses the issue of administration and red tape so it is done in a manner which will be positive to business.”

Business Unity South Africa has said it supports the skills training opportunities which would stimulate economic growth and reduce unemployment.

The Treasury said the incentive could provide jobs to many

matriculants and school leavers who would soon enter the labour market for the first time.

“There will be no change in the wages that the employee receives, but the effective cost of hiring the employee will be lower, making it more attractive for firms to increase employment.”

The Treasury said checks and balances were in place to ensure the incentive did not lead to discrimination against older workers.

Trade unions have opposed the law, with Cosatu saying it would encourage employers to fire experienced workers to employ younger ones to receive the tax concession.