Dear Sir/Madam

CALL FOR COMMENT: INFORMATION REQUIREMENTS AND POSSIBLE SIMPLIFICATION OF THE LEARNERSHIP ALLOWANCE - SECTION 12H OF THE INCOME TAX ACT

We refer to the call for comment on the above-mentioned document. Set out below please find the SAICA National Tax Committee’s submission.

1. **Additional reporting requirements**

   The additional reporting requirements and completion of the IT180 is too onerous and time consuming. In order to qualify for a deduction in terms of section 12H, the learnership agreement has to be registered with either a SETA or in terms of the Manpower Training Act (section 12H(1) read with the definition of the term “registered learnership agreement” in subsection (6)).

   In an endeavour to simplify the filing process, it is proposed that employers only be required to keep a record of the relevant information and where required, submit the necessary schedule with its IT14.

2. **Simplification**

   We understand that the Retail Motor Industry (“RMI”), amongst others, has proposed that the calculation of the deductions envisaged in subsections (2) and (2A) be simplified by replacing the percentages (based on remuneration) with fixed amounts.

   In an endeavour to simplify the application of section 12H for small and medium enterprises, one could consider including fixed categories of remuneration thresholds linked to predetermined deductions, as proposed by the RMI.

3. **SAICA contracts**
The term “registered learnership agreement” includes, *inter alia*, a learnership agreement which has been registered with a SETA, as contemplated in section 17(3) of the Skills Development Act. Learnerships granted towards studying to become a chartered accountant (both audit and commercial specialisation) are acknowledged in terms of FASSET, the financial sector’s SETA. It is therefore submitted that paragraph (a) of the term “registered learnership agreements” should cater for SAICA contracts. It is proposed that section 12H(2A)(b)(i)(aa)(B) be deleted and section 12H(2A)(b)(ii) be amended to make reference to and include contracts exceeding 12 months in terms of both paragraph (a) and (b) of the definition of “registered learnership agreements”.

Please do not hesitate to contact me should you wish to discuss the above.

Yours faithfully

M Hassan CA(SA)

PROJECT DIRECTOR: TAX

*The South African Institute of Chartered Accountants*