1. **Title of the Act**

Skills Development Levies Act No 9 of 1999

2. **Last amendment date**

The Skills Development Levies Act has been amended by the following Acts:

- The Revenue Laws Amendment Act (No 45 of 2003)
- The Revenue Laws Amendment Act (No 74 of 2002)
- The Taxation Laws Amendment Act (No 30 of 2002)
- The Revenue Laws Amendment Act (No 19 of 2001)

3. **Date of summary**

4th March 2005.

4. **Purpose**

To provide for the imposition of a skills development levy and for matters connected therewith.

5. **Overview**

5.1. Act

Every employer must register with South African Revenue Services to pay a skills development levy of one percent of payroll. The payment is made with the PAYE contributions, but is paid from the funds of the employer. Standard Industry Classification Codes (SIC codes) are used to identify the SETA to which the employer pays the levy. There is limited flexibility to choose a SETA other than the one most obviously suitable.

In his budget speech the Minister of Finance announced a R500000 threshold for SMMEs. There is currently a conditional threshold of R250000. It is not clear whether this conditional threshold is being increased or that the threshold announced by the Minister is a blanket exemption.

Two percent of the levy is retained by SARS as a collection cost. Eighteen percent is retained in the National Skills Fund (NSF). The remaining eighty percent of the levy is paid to the relevant SETA. Interest and penalties are payable for non-payment or late payment of levies.

5.2. Regulations

Regulations have been published to amend dates and exemption conditions. None of these are material and remain of an administrative nature.

6.   Implications for Affected Parties

Employers are required to pay the Skills Development Levy to the Revenue Service with PAYE before the fifteenth of each month. We await clarification of the Minister of Finance's announcement of a R500000 threshold for SMMEs.

Liability and Cost

Employers who fail to play levies when due are liable for interest and penalties.