

# Disaster Planning and Recovery Guide for SMME's

2021

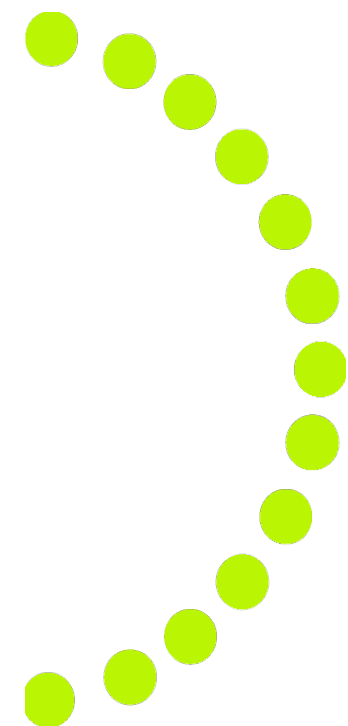
**PRESENTED BY**

JOHAN HEYDENRYCH CA(SA) M Com (Tax)  
Director: Tax Services (Kreston South Africa)



EST 1856

**DURBAN CHAMBER  
OF COMMERCE AND  
INDUSTRY NPC**

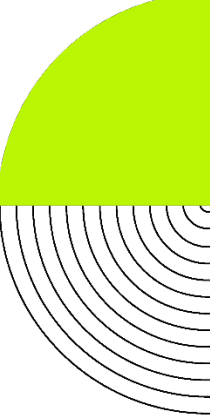


# Disclaimer

Whilst every effort has been made to ensure the accuracy of this presentation and handouts, the presenters / authors, the organisers do not accept any responsibility for any opinions expressed by the presenters / author, contributors or correspondents, nor for the accuracy of any information contained in the handouts.

# Copyright

Copyright of this material rests with the provider and the documentation or any part thereof, may not be reproduced either electronically or in any other means whatsoever without the prior written permission of the provider.





# TABLE OF CONTENTS



**1**

**Introduction to Disaster Planning and Recovery Guide**

**2**

**The Disaster Management Plan**

**3**

**Important Considerations**

**4**

**Annexures to the Guide**

# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

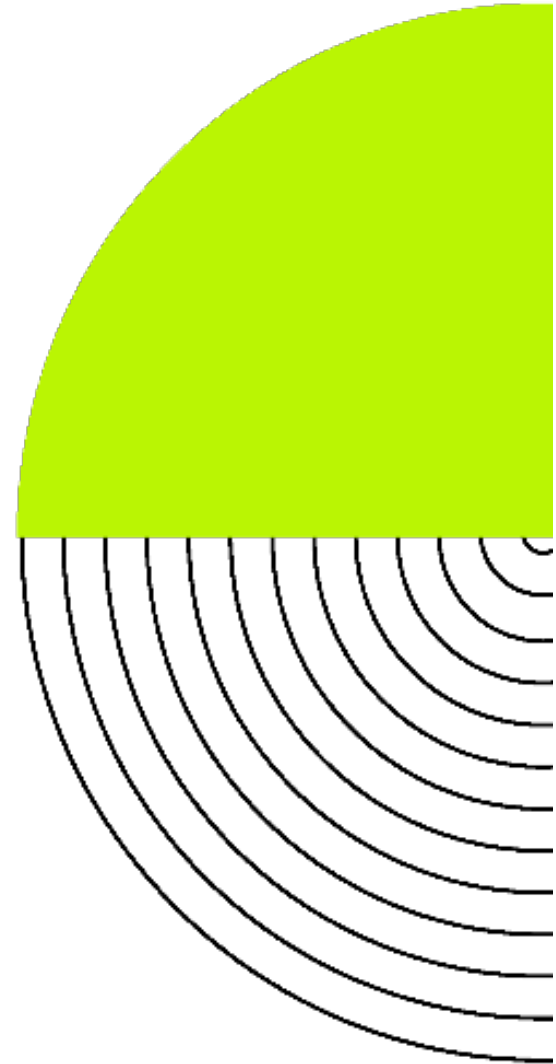


INTRODUCTION

# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

“Prior Preparation Prevents Poor Performance, as they say in the army - and I always, always want to be ready.”

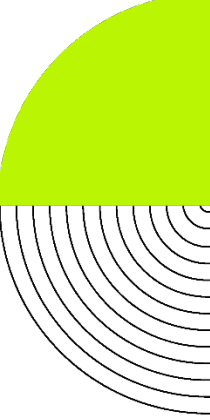
Anthony Bourdain



# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

## Why now?

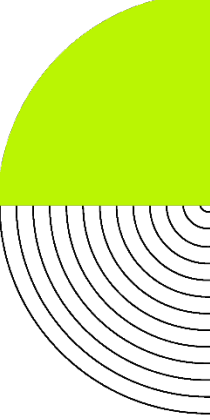
- SMMEs face numerous challenges in South Africa to survive and to prosper. The widespread riots across Gauteng and KZN during July 2021 illustrated how many SMMEs are exposed to business failures when the unforeseen occurs. At the same time, three provinces were declared National Disaster Areas following the worst drought in 100 years. All of this must be dealt with during a Global Covid-19 pandemic that has changed the way we do business forever.
- The events of 2020 and 2021 has again illustrated to each SMME owner how unforeseen events may influence the continuity of the business. In this Guide, we do not only deal with external highly publicised disasters such as the Covid-19 pandemic and large-scale political unrest. We also deal with unforeseen events such as the death or divorce of an SMME owner. If not planned for adequately, these events may have a similar impact on the SMME business as a natural disaster.



# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

## Purpose of the Guide

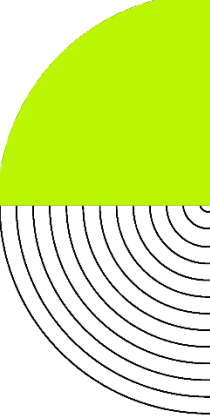
- To advocate for improved disaster management and risk reduction policies and practices of businesses.
- To empower the SAIBA member to guide his/her client through the Disaster Management process.
- To serve as a checklist (albeit not comprehensive) for an SMME to improve preparedness for unforeseen events.



# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

## What the Guide is not:

- Not a comprehensive checklist that will cover every eventuality that the SMME may face.
- Written from a business perspective and not from a private personal perspective.
- Not intended to replace detailed specialist advice (e.g. legal, tax and insurance). The SAIBA member and SMME member is advised to apply their professional judgement and involve specialists where required.

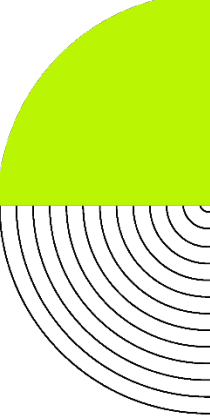




# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

## How SAIBA members should use the Guide

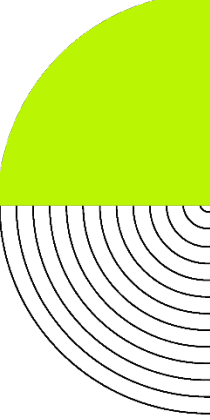
- The Guide is designed to serve as a “mind-jogger” and foundation for applying the professional judgement of the SAIBA member and the SMME business owner.
- This Guide should be used as a starting point in discussions with your client on the topic of disaster management and business continuity matters. As the conversation grows, members should consider involving specialists including but not limited to:
  - Attorneys
  - Tax Specialists
  - Insurance advisors and brokers
  - Medical advisors
  - Engineers
  - Computer specialists



# 1. INTRODUCTION TO DISASTER PLANNING AND RECOVERY

## How SAIBA members should use the Guide

- We advise the SAIBA member to consider the contents of the Guide and augment it with his/her own experiences and own professional judgements. Our members are advised to engage with their clients on a structured basis around this very important topic.
- SAIBA members should take note that there is no one-size-fits-all Disaster Management Plan. There is simply no replacement for the professional judgement applied.

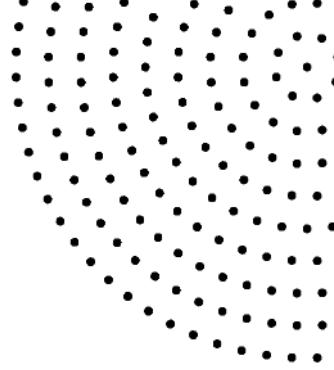


## 2. THE DISASTER MANAGEMENT PLAN



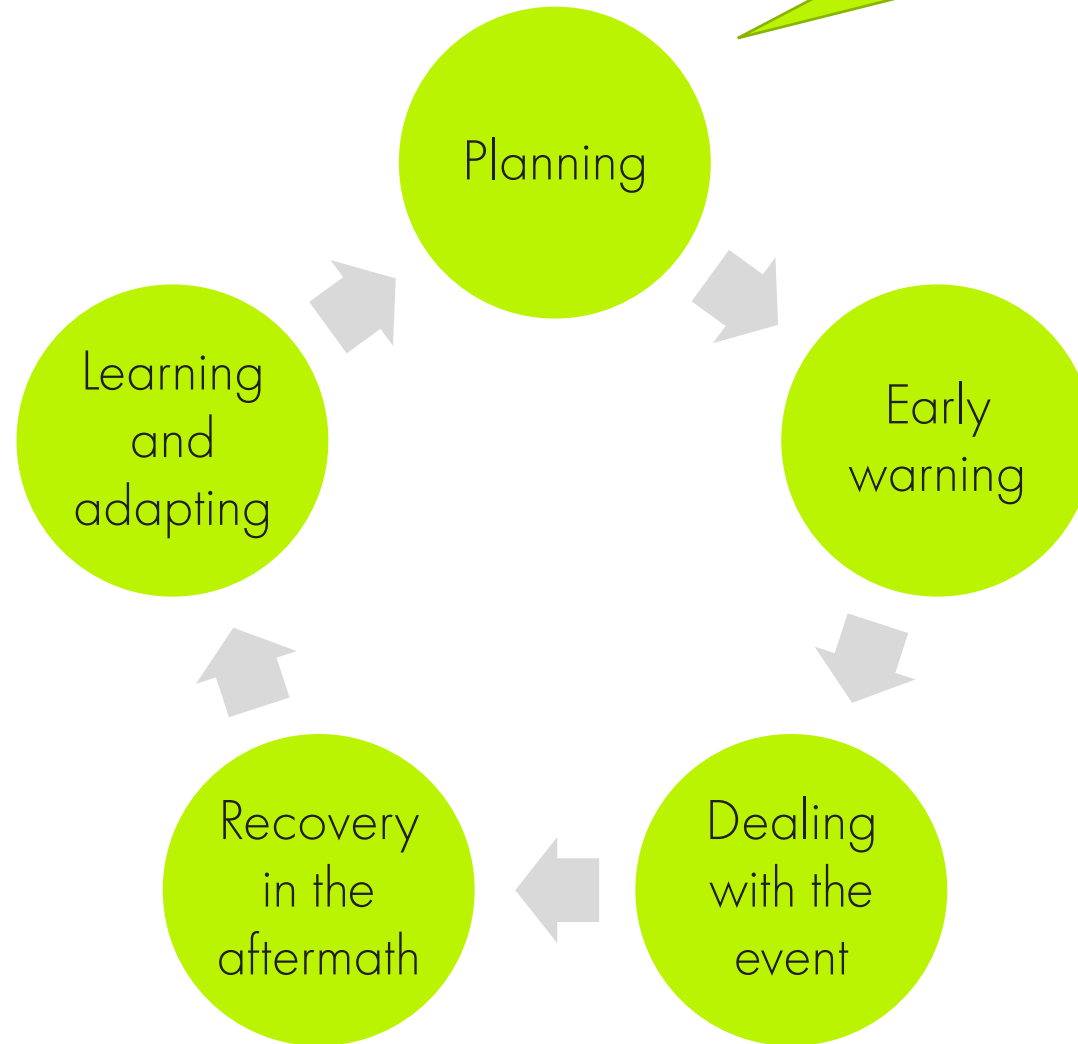
## 2. DISASTER MANAGEMENT PLAN

Stages:

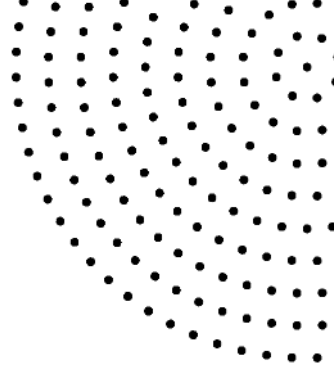


## 2. DISASTER MANAGEMENT PLAN

### Stages:

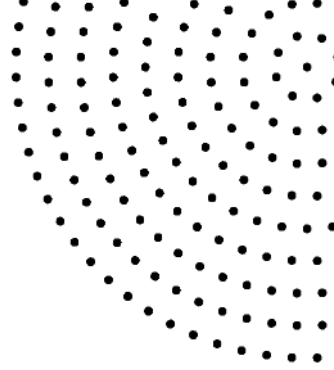
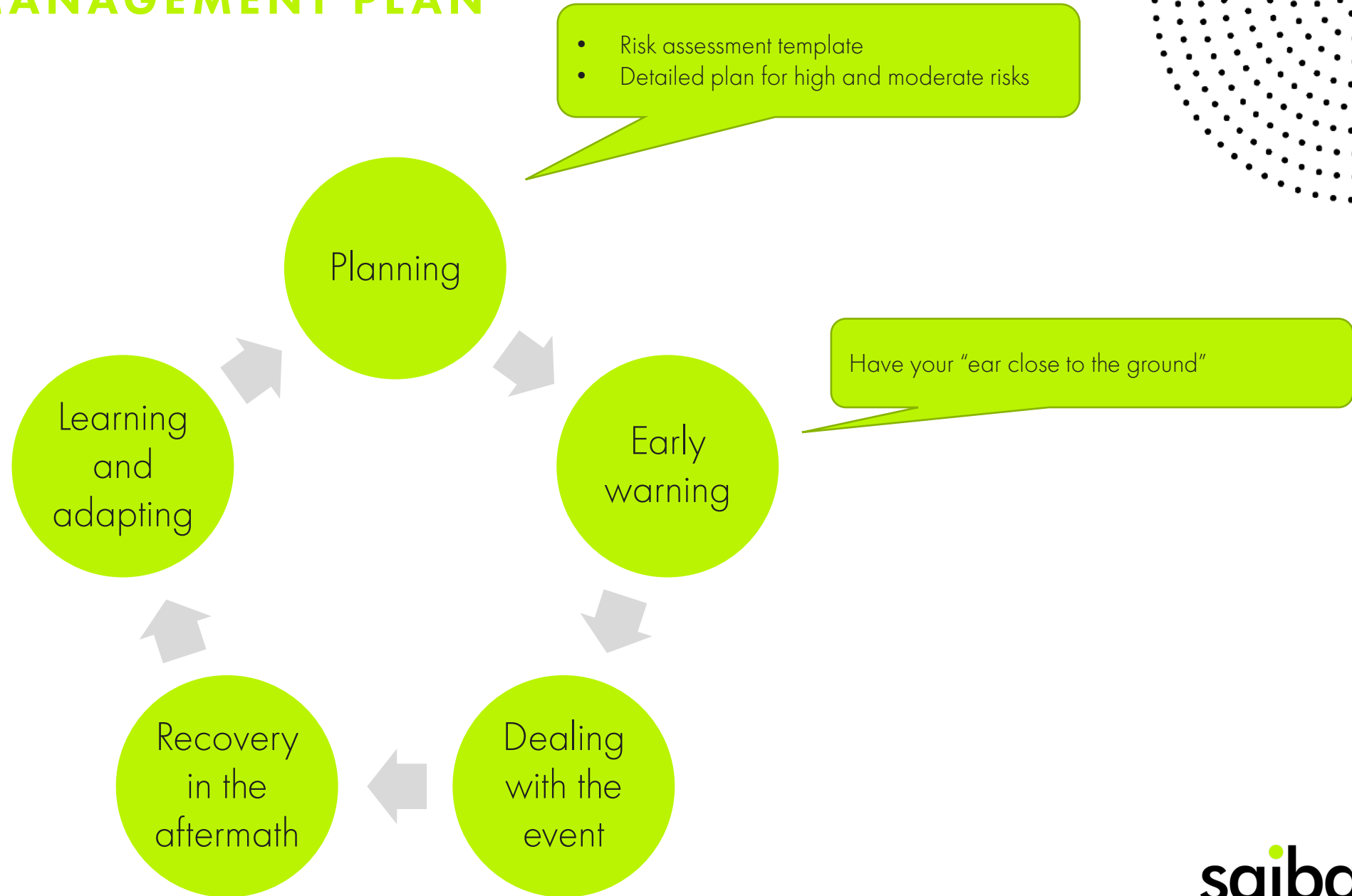


- Risk assessment template
- Detailed plan for high and moderate risks



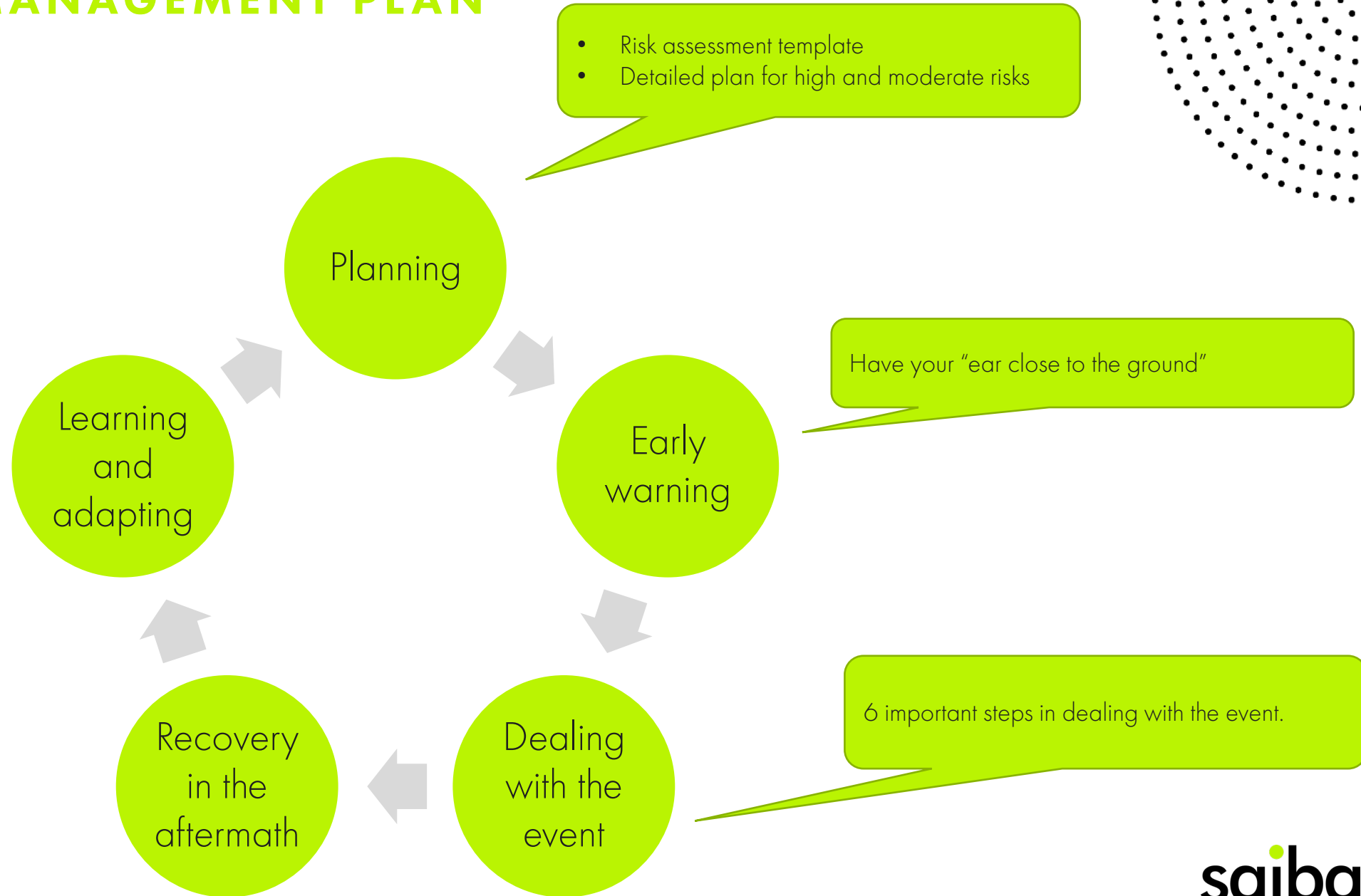
## 2. DISASTER MANAGEMENT PLAN

### Stages:



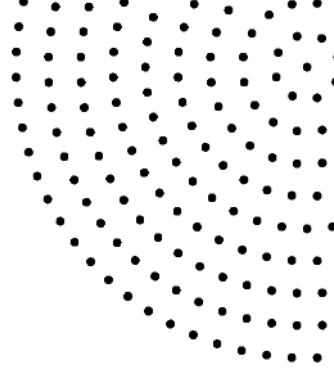
## 2. DISASTER MANAGEMENT PLAN

### Stages:



## 2. DISASTER MANAGEMENT PLAN

### Stages:





## 2. DISASTER MANAGEMENT PLAN

### Stages:

Learning from things that "went well" as well as things that "went wrong" to improve capability to deal with future events.

Learning  
and  
adapting

Planning

- Risk assessment template
- Detailed plan for high and moderate risks

Early  
warning

Have your "ear close to the ground"

Financial, physical and emotional recovery.

Recovery  
in the  
aftermath

Dealing  
with the  
event

6 important steps in dealing with the event.

# 2. DISASTER MANAGEMENT PLAN – Planning Phase

## Risks Assessment Template

- Uncontrollable
- Controllable



UNCONTROLLABLE RISKS (Being risks that the SMME Owner has little or no control over)			IMPACT ON STAKEHOLDERS				
#	Risk description	Likelihood of risk occurring	Employees	Customers/ Public	Fixed Property	Stock/debtors/ cash	Business continuity
1	Global/National health disaster	High/Moderate/Low					
2	Widespread drought, floods or other natural disasters	High/Moderate/Low					
3	Widescale riots, looting, political unrest/war	High/Moderate/Low					
4	Collapse of government and governmental instability	High/Moderate/Low					
5	Economic risk (hyperinflation, collapse of currency)	High/Moderate/Low					
6	Collapse of infrastructure (electricity, roads, water supply)	High/Moderate/Low					

## 2. DISASTER MANAGEMENT PLAN – Planning Phase

CONTROLLABLE RISKS (Risks that the SMME owner has control over)			IMPACT ON STAKEHOLDERS				
#	Risk description	Likelihood of risk occurring	Employees	Customers/ Public	Fixed Property	Stock/debtors/ cash	Business continuity
1	Death or disability of the business owner/partner	High/Moderate/Low					
2	Conflict between SMME business owners (e.g. family disputes, divorce, emigration)	High/Moderate/Low					
3	Reliance/dependency on key personnel (management, owners, skills) (risk of death/departure)	High/Moderate/Low					
4	Disputes with suppliers of capital (banks, investors)	High/Moderate/Low					
5	Non-compliance with laws (e.g. Consumer Protection Act, health and safety, professional standards, ethical, Competition Law, Tax Laws)	High/Moderate/Low					



## 2. DISASTER MANAGEMENT PLAN – Planning Phase

CONTROLLABLE RISKS (Risks that the SMME owner has control over)			IMPACT ON STAKEHOLDERS				
#	Risk description	Likelihood of risk occurring	Employees	Customers/ Public	Fixed Property	Stock/debtors/ cash	Business continuity
7	Poor or sub-standard goods or services delivered resulting in claims for damages and reworks	High/Moderate/Low					
8	Disputes with local and foreign tax authorities <ul style="list-style-type: none"> <li>Income Tax and CGT</li> <li>VAT and PAYE</li> </ul>	High/Moderate/Low					
9	Reputational risk impacting the goodwill of the SMME.	High/Moderate/Low					
	Technology risk (cybercrime/loss of data, ERP system failures)	High/Moderate/Low					



# 2. DISASTER MANAGEMENT PLAN – Preventative Actions



#	Risk description	Action Plan	Estimated cost to implement	Estimated time to implement	Efficiency and effectiveness	Person responsible
1	[Describe the risk that should be addressed]	<p>[Be as detailed as possible. This may include taking out key person insurance for key personnel, include appointing a tax advisor to do a tax health check, agree on a valuation methodology to buy out key personnel, may include increased physical security over property.</p> <p>This will become the official Disaster Management Plan of a business.</p> <p>On completion of the plan the document should:</p> <ol style="list-style-type: none"> <li>1. Be communicated and shared with the responsible parties</li> <li>2. Filed and listed in the companies document register</li> <li>3. Be easily accessible when disaster strikes</li> </ol> <p>Refer to 2.1.3 and section 3 for further considerations.]</p>	[The cost to implement the plan is critical. Due to cost constraints, a phased approach may need to be adopted.]	[The time to implement a plan is important. Often one will settle for a preliminary plan that can be implemented quickly even though it may be less effective.]	[The efficiency of the plan must be considered, i.e. will the plan run smoothly. The effectiveness, i.e. will it achieve the desired outcome must also be addressed.]	[It is important to peg responsibilities on a specific person. Without allocating responsibilities with a timeline, the risk will never be addressed.]



## 2. DISASTER MANAGEMENT PLAN – Early Warning

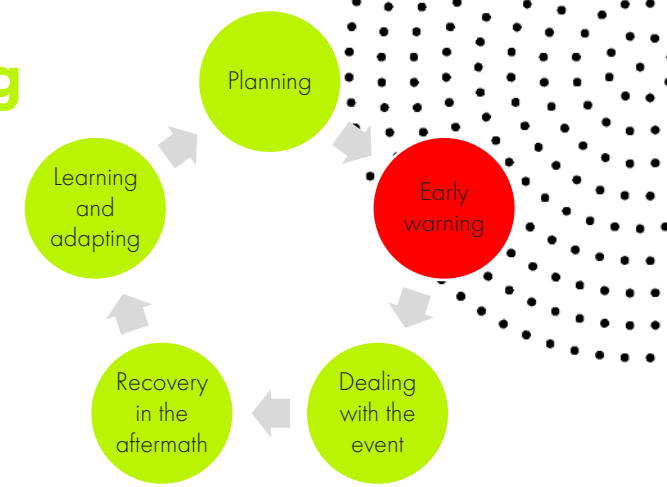
Have you “Ear close to the ground”...

**BE INFORMED.  
BE PREPARED.**

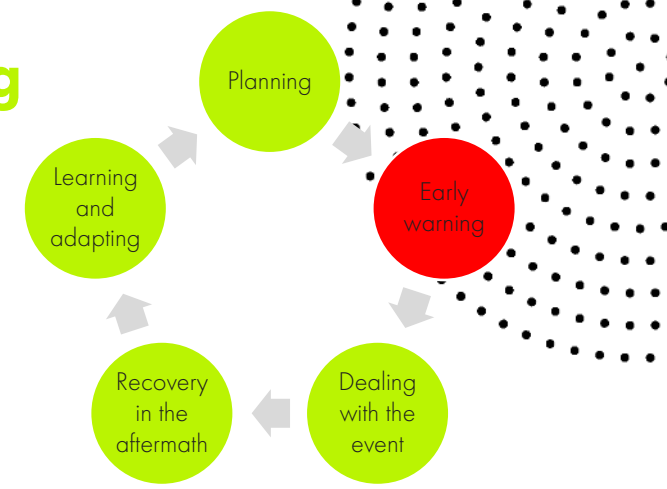


## 2. DISASTER MANAGEMENT PLAN – Early Warning

- Be active in the community.
- Create positive relationships with law enforcement (private and public).
- Create positive relationships with emergency response units (private and public).
- Create good professional relationships with other SMME owners in the area where operations are carried on.
- Foster and protect an open and honest relationship with key investors, financiers and providers of long term infrastructure. (e.g. banks, private equity houses and landlord.)



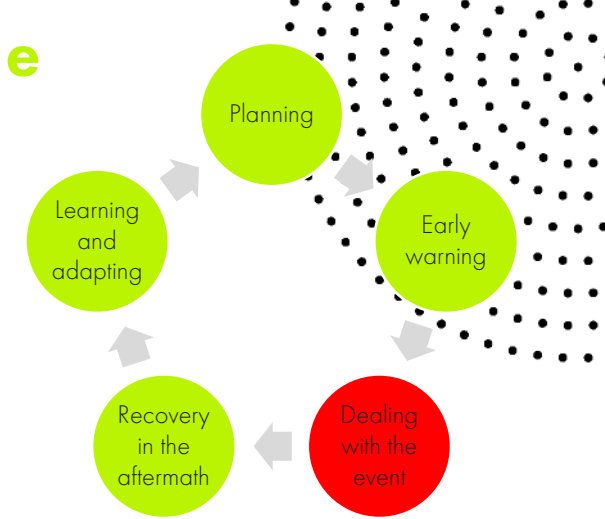
## 2. DISASTER MANAGEMENT PLAN – Early Warning



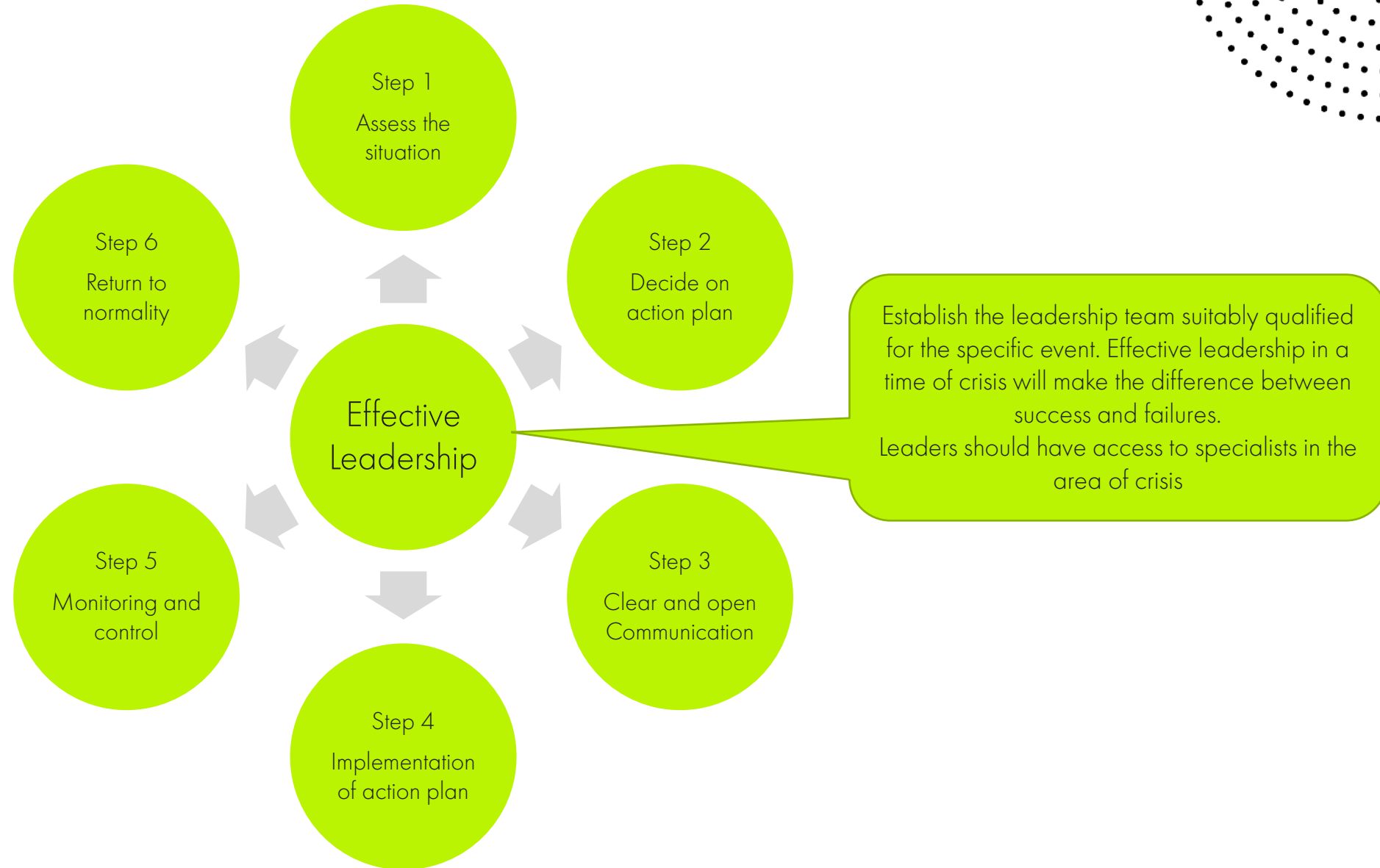
- Listen to reputable news channels and read reputable newspapers.
- Create a network of trusted professional advisors.
- Create an open-door policy with employees.
- Deal timeously and pro-actively with all tax queries with SARS and ensure that tax clearance is “green” at any given point in time.



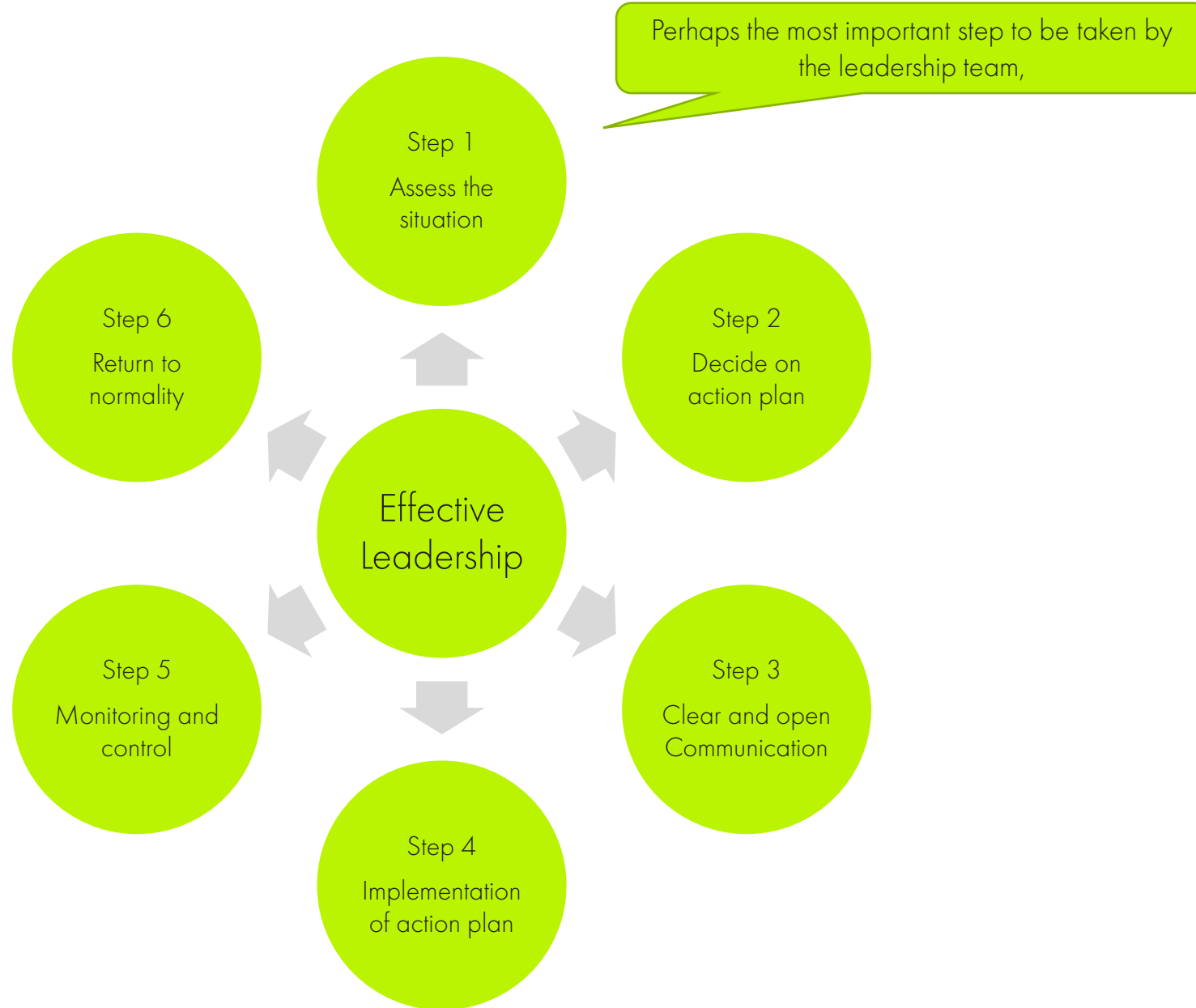
## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



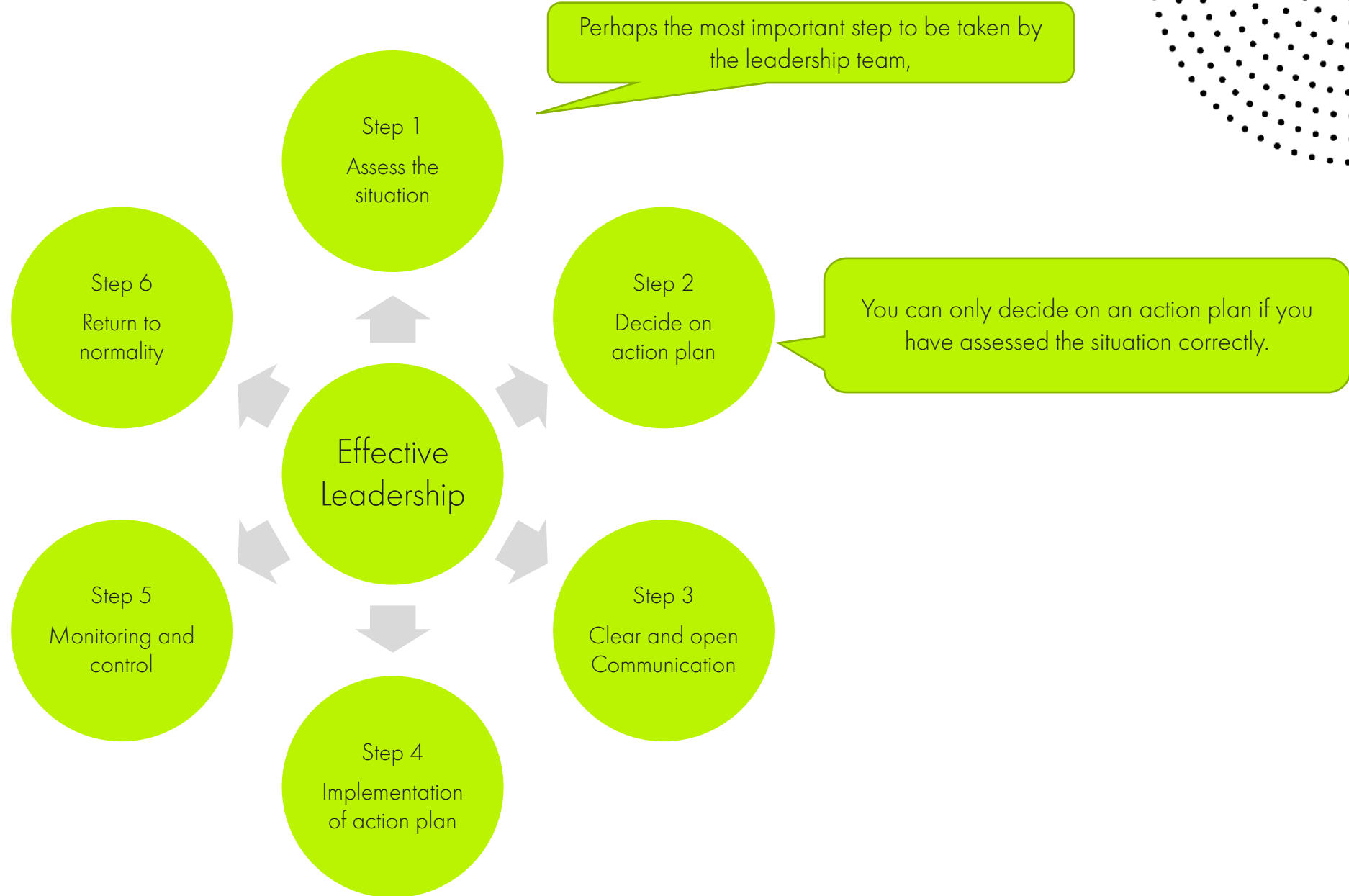
## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



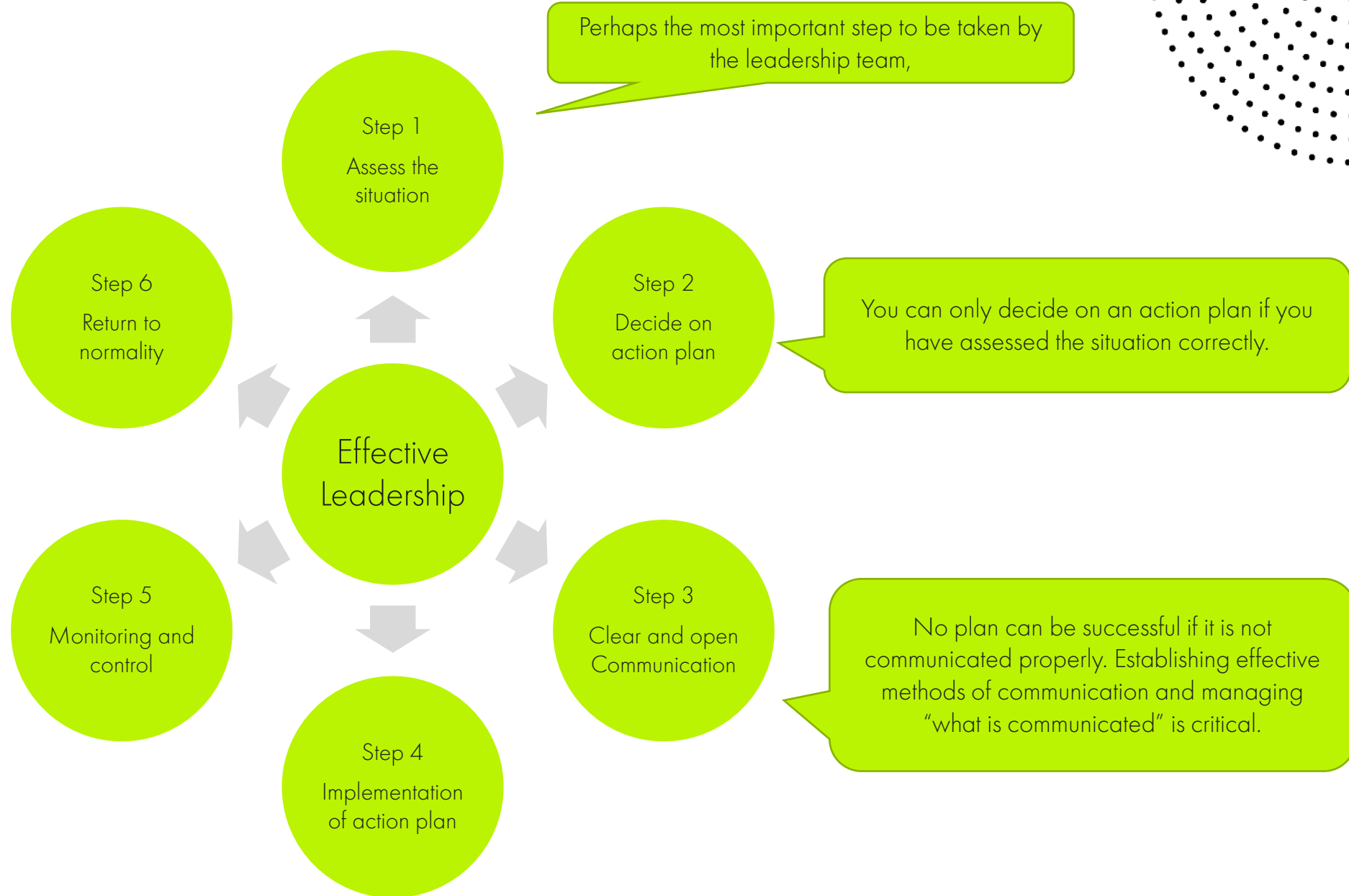
## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



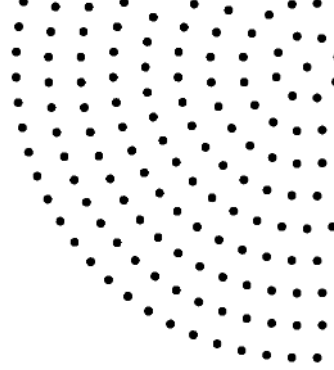
## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



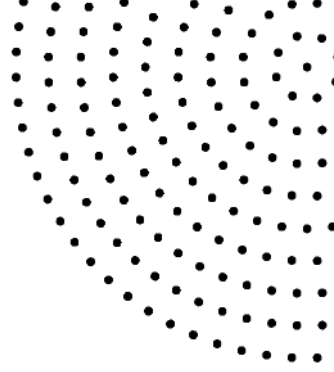
Perhaps the most important step to be taken by the leadership team,

You can only decide on an action plan if you have assessed the situation correctly.

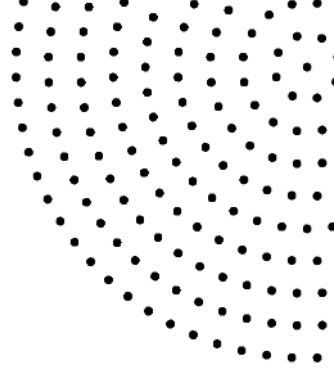
No plan can be successful if it is not communicated properly. Establishing effective methods of communication and managing "what is communicated" is critical.

This is only step 4. Many organisations start with this plan which then failed since the previous 3 steps were not done properly. Execution of the plan must be effective and efficient and confident

## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



## 2. DISASTER MANAGEMENT PLAN – Dealing with the event



All other steps are designed so that business can return to normality as soon as possible

Perhaps the most important step to be taken by the leadership team,

Step 6  
Return to normality

Step 1  
Assess the situation

Step 2  
Decide on action plan

You can only decide on an action plan if you have assessed the situation correctly.

Monitor the situation and adapt the plan if required. Stay on top of developments

Effective Leadership

Step 3  
Clear and open Communication

No plan can be successful if it is not communicated properly. Establishing effective methods of communication and managing "what is communicated" is critical.

Step 5  
Monitoring and control

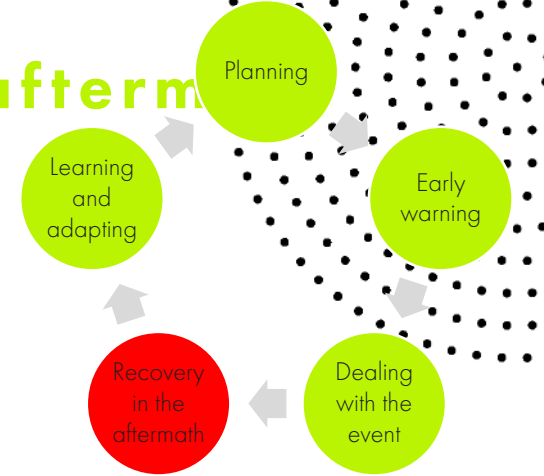
Step 4  
Implementation of action plan

This is only step 4. Many organisations start with this plan which then failed since the previous 3 steps were not done properly. Execution of the plan must be effective and efficient and confident



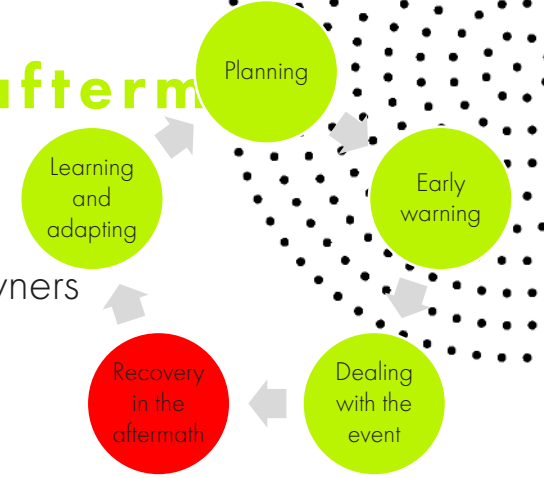
## 2. DISASTER MANAGEMENT PLAN – Recovery in the aftermath

- Worst case scenario, the existence of the business is threatened.
  - Cash flow pressures
  - Solvency concerns
  - Security in supplies/customers
  - Lack of leadership
- Manage this process by considering legislative environment and personal liabilities of directors and management.
  - Trading under insolvent circumstances – section 22 of Companies Act
  - Business Rescue
  - Section 180 of the Tax Administration Act

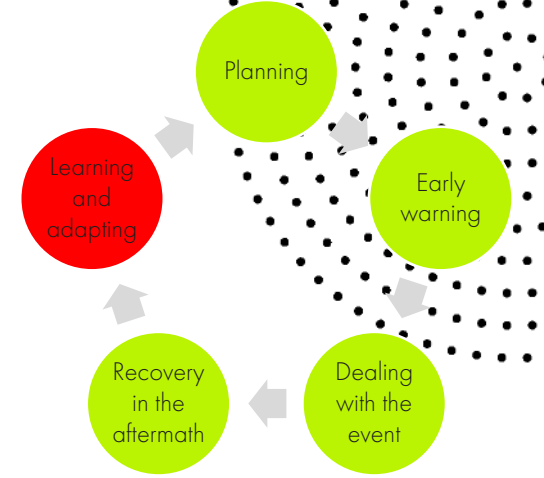


## 2. DISASTER MANAGEMENT PLAN – Recovery in the aftermath

- In all instances, management should act in the best interest of employees, customers, creditors and the owners
- The impact on liquidity and solvency may be addressed by any or a combination of the following:
  - Make use of available Government relief
  - Review service provider agreements (e.g. cancel or reduce monthly subscriptions, water delivery, flower deliveries to offices, the number of security guards)
  - Renegotiate terms with suppliers of finance, goods and services.
  - Engage with customers regarding their ability to pay debtors.

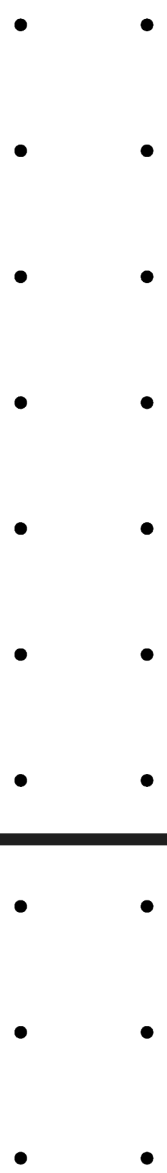
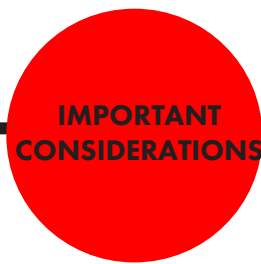


## 2. DISASTER MANAGEMENT PLAN – Learning and adapting



- Once the business returns to normality, the SMME owner with his/her leadership team should perform a “post-mortem” and critically analyse the ability of the SMME to deal with the situation.
- The leadership team should take this time to adapt the Disaster Management Plan, learn from mistakes made and leverage from the strengths identified.
- This process will then form the foundation for re-assessing the risks as described under phase 1.

# 3. IMPORTANT CONSIDERATIONS



# 3. IMPORTANT CONSIDERATIONS

- Health and Safety precautions
- Protecting the SMMEs property
- Protecting the SMMEs records
- Protecting family wealth
- Managing business continuity during times of business interruption
- Managing employees during times of business interruption
- Managing the personal wellbeing of the SMME owner

# 4. ANNEXURES

INTRODUCTION

STAGES OF  
DISASTER  
MANAGEMENT  
PLAN

IMPORTANT  
CONSIDERATIONS

ANNEXURES

# 4. ANNEXURES

---

Annexure A - Document checklist for estate planning

---

Annexure B - About force majeure

---

Annexure C - Insurance

---

Annexure D - Section 22 of the Companies Act

---

Annexure E - Disaster Management and Crisis Communications

---

Annexure F - Emergency Communication Plan

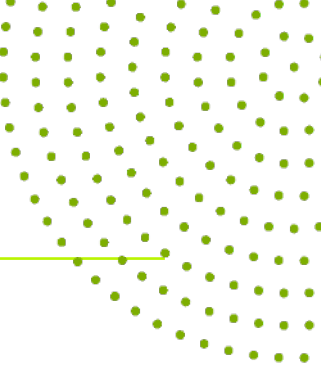
---

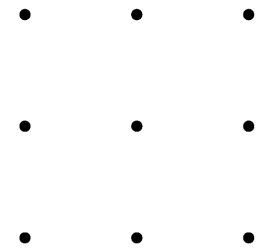
Annexure G - Sample Crisis Communication Email

---

Annexure H - Post-Crisis Self-Rating Template

---





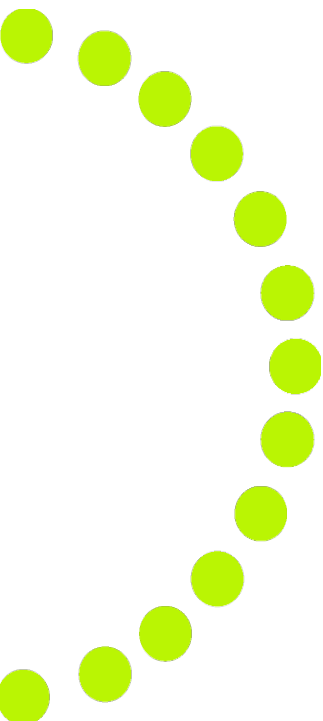
# Emergency Tax Relief Measures

2021

**PRESENTED BY**

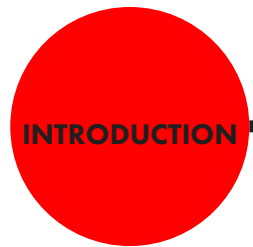
MARINA PRETORIUS

Associate Director: Tax Services (Kreston South Africa)





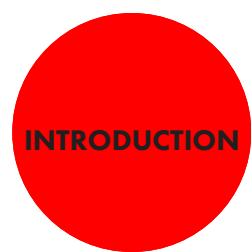
# 1. INTRODUCTION



# 1. INTRODUCTION

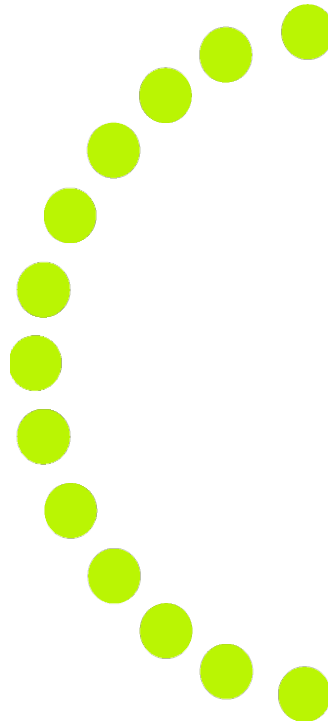
- President Ramaphosa announced additional relief measures on 25 July 2021
- Following unrest and ongoing Covid 19 pandemic
- **Need to be tax compliant**
- Therefore:
  - Be registered for all required taxes
  - No outstanding returns
  - No outstanding debt for any tax

## 2. R750 TAX SUBSIDY UNDER ETI

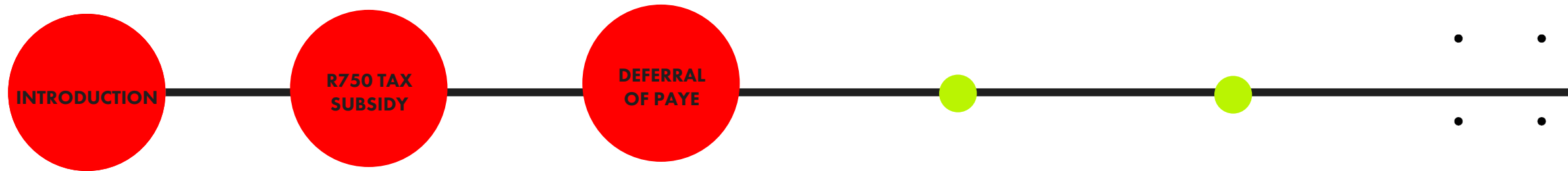


## 2. TAX SUBSIDY UNDER ETI

- 1 August – 30 November 2021 (4 months)
- First claim in August 2021 EMP 201
- R750 per month increased tax subsidy:
  - R1 000 to R1 750 for first 12 months
  - R500 to R1 250 for second 12 months
- R750 subsidy for each employee 18-29 years on which ETI already fully claimed in prior periods
- R750 subsidy for each employee 18-29 years employed before 1 October 2013
- R750 subsidy for each employee 30 - 65 years who will not normally qualify for ETI due to age
- Only on employees earning less than R6 500 per month
- ETI refunds to be paid MONTHLY and not bi-annually for this 4-month period
- Starting on 13 September 2021



# 3. DEFERRAL OF PAYE LIABILITY



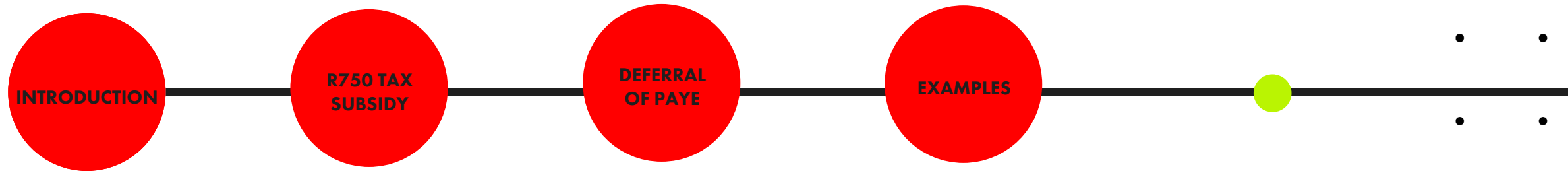
### 3. DEFERRAL OF PAYE LIABILITY

- 1 August – 31 October 2021 (3 months)
- First deferral in August 2021 EMP 201 (payment by 7 September 2021)
- Who qualify:
  - Has to be tax compliant
  - Gross income of up to R100 million per annum
  - For year ending on or after 1 April 2021, but before 1 April 2022
  - Gross income not to include more than 20% income derived from:
    - Interest
    - Dividends and foreign dividends
    - Royalties
    - Rental from letting fixed properties (except if primary trading activity)
    - Annuities
    - Remuneration from employer

### 3. DEFERRAL OF PAYE LIABILITY

- 35% of total PAYE liability for those 3 months to be deferred
- No penalties and interest
- Deferred payment amounts to be repaid in 4 equal payments:
  - November 2021 to February 2022
  - Actual payment dates therefore 7 December 2021 to 7 March 2022
  - SARS will determine and include these amounts payable on Statements of Account
- If payment is made late:
  - Taxpayer forfeit deferral benefit
  - Penalties and interest will be imposed on total amount payable

## 4. EXAMPLE OF CALCULATION – R750 subsidy and deferral amount





## 4. EXAMPLE OF CALCULATION – ETI and deferral amount

### Examples

Monthly PAYE  
Monthly ETI

100 000
0

Detail	2021/08/31	2021/09/30	2021/10/31	2021/11/30	2021/12/31	2022/01/31	2022/02/28
PAYE for the month	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Deferred amount	-35 000	-35 000	-35 000				
Claw-back amount				26 250	26 250	26 250	26 250
<b>PAYE due for the month</b>	<b>65 000</b>	<b>65 000</b>	<b>65 000</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>
<b>ETI claim for the month</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
ETI brought forward from prior month		0	0	0	0	0	0
ETI for the month	0	0	0	0	0	0	0
ETI non-claimable and carried forward	0	0	0	0	0	0	0
<b>Net amount payable to SARS</b>	<b>65 000</b>	<b>65 000</b>	<b>65 000</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>

## 4. EXAMPLE OF CALCULATION – ETI and deferral amount

### Examples

Monthly PAYE  
Monthly ETI

100 000
15 000

Detail	2021/08/31	2021/09/30	2021/10/31	2021/11/30	2021/12/31	2022/01/31	2022/02/28
PAYE for the month	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Deferred amount	-35 000	-35 000	-35 000				
Claw-back amount				26 250	26 250	26 250	26 250
<b>PAYE due for the month</b>	<b>65 000</b>	<b>65 000</b>	<b>65 000</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>	<b>126 250</b>
ETI claim for the month	15 000	15 000	15 000	15 000	15 000	15 000	15 000
ETI brought forward from prior month		0	0	0	0	0	0
ETI for the month	15 000	15 000	15 000	15 000	15 000	15 000	15 000
ETI non-claimable and carried forward	0	0	0	0	0	0	0
<b>Net amount payable to SARS</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>	<b>111 250</b>	<b>111 250</b>	<b>111 250</b>	<b>111 250</b>

## 4. EXAMPLE OF CALCULATION – ETI and deferral amount

### Examples

Monthly PAYE  
Monthly ETI

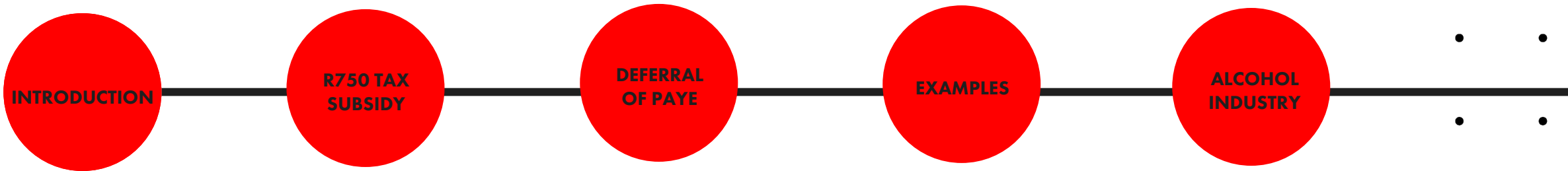
20 000

15 000

### Detail

	2021/08/31	2021/09/30	2021/10/31	2021/11/30	2021/12/31	2022/01/31	2022/02/28
PAYE for the month	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Deferred amount	-7 000	-7 000	-7 000				
Claw-back amount				5 250	5 250	5 250	5 250
<b>PAYE due for the month</b>	<b>13 000</b>	<b>13 000</b>	<b>13 000</b>	<b>25 250</b>	<b>25 250</b>	<b>25 250</b>	<b>25 250</b>
<b>ETI claim for the month</b>	<b>13 000</b>	<b>13 000</b>	<b>13 000</b>	<b>21 000</b>	<b>15 000</b>	<b>15 000</b>	<b>15 000</b>
ETI brought forward from prior month		2 000	4 000	6 000	0	0	0
ETI for the month	15 000	15 000	15 000	15 000	15 000	15 000	15 000
ETI non-claimable and carried forward	-2 000	-4 000	-6 000	0	0	0	0
<b>Net amount payable to SARS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 250</b>	<b>10 250</b>	<b>10 250</b>	<b>10 250</b>

# 5. ALCOHOL INDUSTRY: EXCISE DUTY PAYMENT DEFERRAL



## 5. ALCOHOL INDUSTRY: EXCISE DUTY PAYMENT DEFERRAL

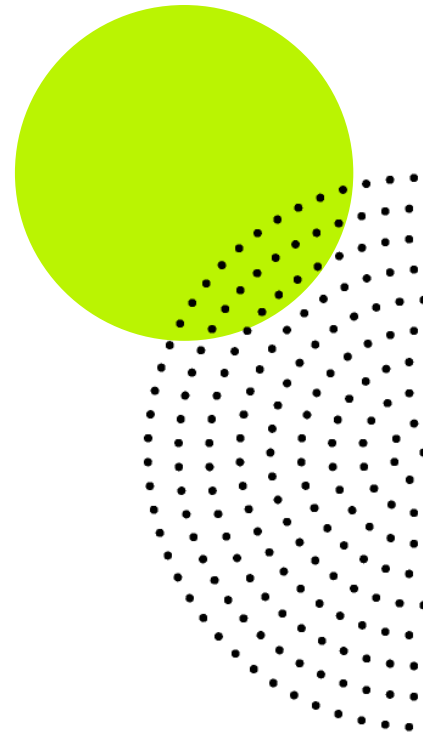
- Three months
- Need to be tax compliant
- Deferral of excise duty payments
- Application to be made to SARS in terms of rules 105.01 and 105.04 of the Customs and Excise Act, 1964
- Need to provide reasons and specific circumstances why deferral is applied for
- Each case to be evaluated on its own merits
- No specific repayment provisions – will be agreed on case-by-case basis with SARS

# QUESTIONS & ANSWERS

Email questions to:

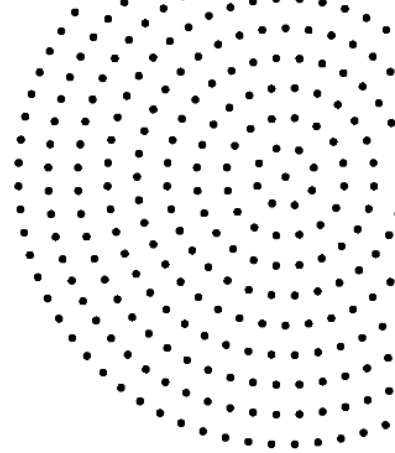
[technical@saiba.org.za](mailto:technical@saiba.org.za)

**saiba**academy   
Learn more. Earn more.



# THANK YOU

For joining us.  
Stay In touch.



## Browse

[www.saiba.org.za](http://www.saiba.org.za)

## Visit

The Workspace, Cnr Pinaster Avenue  
and, 18th St, Hazelwood, Pretoria

## Say Hello

+27 12 643 1800

