

NEWSLETTER

JUNE 2022

EDITION 8



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**Head of Statutory
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Payroll

by Engela Mills

What is the minimum salary in South Africa – March 2022 till February 2023?

Minimum wages have been revised in South Africa from 01 March 2022. The National minimum wage has increased from R21. 69 to R23. 19 per hour.

Is lunch hour paid in South Africa?

Lunch break is unpaid time and is the employee's own time - he/she can read a book, go shopping, do exercise etc. because they are not paid for lunch breaks.

Can I refuse to work overtime?

All overtime is voluntary and can only be worked under an agreement between employer and employee, however, according to the Fair Labor Standards Act (29 U.S.C.), if you refuse to work overtime at your employer, then you can be fired. Senior management employees do not receive overtime pay, nor do employees who work less than 24 hours a month for their employer, or employees who regulate their own hours (travelling salesmen, for example).

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STATUTORY DEPARTMENT

by Jodene Mills

Share Certificates

- Shares are the owners of companies that is why they are needed.
- This is decided when company is registered who it will be by the director of company
- You get issued shares and authorised shares
- Issued shares are the number of shares given to shareholders
- Authorised shares is the number of shares company has to give away
- Amount is decided by shareholder and director when company is registered and this is done by Sales Agreement

Labour Relations Act

Legal and Compliance

by Ilonka van der Merwe

Herewith follows a brief explanation and the object of the acts mentioned in our previous newsletter:

The remaining of the acts will be explained in the following newsletter.

Labour Relations Act; 1995

Objects of the Act:

The Labour Relations Act aims to promote economic development, social justice, labour peace and democracy in the workplace.

It sets out to achieve this by fulfilling the primary objectives of the Act, which are:

To give effect to and regulate the fundamental rights conferred by section 27 of the Constitution, including the right to fair labour practices, to form and join trade unions and employer's organisations, to organise and bargain collectively, and to strike and lock out.

To provide a framework for regulating the relationship between employees and their unions on the one hand, and employers and their organisations on the other hand. At the same time, it also encourages employers and employees to regulate relations between themselves.

To promote orderly collective bargaining, collective bargaining at sectoral level, employee participation in decision-making in the workplace and the effective resolution of labour disputes.

Basic Conditions of Employment Act; 1997

Object of the Act:

The Basic Conditions of Employment Act 75 of 1997 regulates labour practices and sets out the rights and duties of employees and employers. The aim of the Act is to ensure social justice by establishing the basic standards for employment with regard to working hours, leave, payment, dismissal and dispute resolution.

Employment Equity Act; 1998

Object of the Act:

The purpose of this Act is to achieve equity in the workplace by-

- (a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

Unemployment Insurance Contributions; 2002

Object of the Act:

The Unemployment Insurance Contributions Act 4 of 2002 intends:

- to provide for the imposition and collection of contributions for the benefit of the Unemployment Insurance Fund; and
- to provide for matters connected therewith.

SMEs and Accountants : Collaborating for growth and sustainability

by Antony Tom

SMEs : Significance and challenges

In South Africa, like many other developing countries, a significant number of businesses operate in the small and medium enterprises (SME) sector and make considerable contributions to the economy. It's estimated that SMEs contribute over 30% towards the country's GDP and employ 50% to 60% of the country's workforce. The value added to society in terms of poverty reduction, employment creation and skills development, among other things, therefore makes SMEs a vital component in any economic development efforts without which economic growth and sustainability would not be possible. With such a significant role to play in the economy, SMEs need to have access to all the support necessary to ensure, not only their survival, but also growth and sustainability. However, efforts to achieve this are often hampered by unique challenges faced by SMEs as highlighted in a research conducted by Worku¹ and Ndege². The study revealed that the majority of SMEs fail to survive beyond their first three years due to a set of unique challenges which are mostly in the form of:

- Lack of access to funding
- Poor entrepreneurial skills and
- Lack of monitoring, mentorship and evaluation programmes

Lack of funding is a common problem among SMEs that kill most of them prematurely or in early stages of their development. However, even if financial capital is made available, poor entrepreneurship and business management skills will result in inefficient and ineffective use of such capital, resulting in failure. SMEs therefore need to be guided and advised on effective use of capital to avoid such failure. In addition to these challenges, SMEs also have to deal with constantly evolving operating environments brought on by the rise of technology innovations and the prevalence of the COVID-19 pandemic. All of these challenges put together threaten the viability of SMEs and ultimately overall economic development. So, what can be done to avoid this? Should SMEs be left to navigate through these challenges by themselves knowing the potential consequences? SMEs that fail to respond effectively to challenges and adapt to changing environments especially those brought on by technological changes will not survive in the future.

Potential solution

The challenges faced by SMEs, in particular where a lack of business and entrepreneurial skills and lack of monitoring, mentorship and evaluation programmes are concerned clearly suggest that SMEs need hand-holding structures to guide them through these challenges and ensure their progress. SMEs therefore require interventions that provide them with access to services where they are advised, coached and mentored on entrepreneurship, business strategy, financial planning and management. Most businesses, including SMEs already turn to accountants for assistance with general compliance requirements such as tax filing and drafting of financial statements. However, the skills and expertise of accountants go beyond just number crunching but also cover areas such as management consulting, business planning and development and other specialty services such as information systems services for preparation and security of databases, among other things. The wide array of services provided by accountants places them as the perfect hand-holding partners for SMEs.

The rise of technological innovations such as Artificial Intelligence, Robotic Process Automation, Internet of Things and Cloud Computing have made it possible for accountants to offload traditional compliance tasks such as bookkeeping, tax computations and financial statements preparation onto automated computer processes. Furthermore, improved internet access over the past few years continues to facilitate more effective and on demand virtual collaborations between SMEs and their accountants. All these developments have resulted in accountants being able to free up time and other resources from traditional accounting services and often ineffective physical collaborations to more value adding management consulting and business strategy services desperately needed by SMEs. The advantages brought on by technological innovations also makes access to such high value services by SMEs available at lower costs than before.

SMEs that desire survival, growth and sustainability should therefore engage their accounting service providers more for guidance on business strategy to navigate through potentially crippling challenges they face every day.

SMEs : Significance and challenges - cont.

The IE International Group difference

The IE international group has evolved over the years and continuously adapts to changing business and economic environments in order to best serve our clients. Whatever your needs are as an SME, you'll find within the IE International Group ecosystem services that can be tailored to suit those needs wherever you may be in South Africa.



We've developed an ecosystem designed to respond to needs ranging from accounting services to business linkages and connections, including mergers and acquisitions, to capital requirements to business coaching and mentoring and more.

Speak to us and let us guide you through the challenges faced by your SME. Visit our website @ www.ieint.com for more information or call our office at **057 352 8645**

1. Ndege, M. 2015. *Factors That Affect the Growth and Development of Small, Micro and Medium-Sized Business Enterprises in the Vaal Triangle Region of Gauteng Province in South Africa*. 3(3):73–100. Available from: www.idpublications.org.
2. Worku, Z. 2016. *Barriers to the growth of small, micro and medium-sized business enterprises in the Vaal Triangle region of South Africa*. *African Journal of Science, Technology, Innovation and Development*. 8(2):134–141. doi.org/10.1080/20421338.2015.1128135.

Tax Department

by Michael Dubase

New ETI Values effective from 1 March 2022:

The Minister of Finance announced an increase in the ETI values which will become effective from 1 March 2022.

This information was published in the draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill of 23 February 2022.

The ETI Calculation Formulae that are in Operation **up to 28 February 2022:**

Monthly Remuneration	Formula First 12 Months	Formula Second 12 Months
R0 to R1 999,99	50% of Monthly Remuneration	25,0% of Monthly Remuneration
R2 000 to R4 499,99	R1 000,00	R500
R4 500 to R6 499,99	$R1\ 000 - (50\% \times (\text{monthly remuneration} - R4500))$	$R500 - (25\% \times (\text{monthly remuneration} - R4\ 500))$

The ETI Calculation Formulae that are Effective **from 1 March 2022.**

Monthly Remuneration	Formula First 12 Months	Formula Second 12 Months
R0 to R1 999,99	75% of Monthly Remuneration	37,5% of Monthly Remuneration
R2 000 to R4 499,99	R1 500,00	R750
R4 500 to R6 499,99	$R1\ 500 - (75\% \times (\text{monthly remuneration} - R4500))$	$R750 - (37.5\% \times (\text{monthly remuneration} - R4\ 500))$

The Taxation Laws Amendment Act of 19 January 2022 has amended the calculation of **ETI monthly remuneration** from 1 March 2022.



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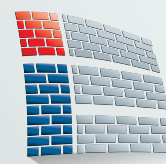
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