

How Learnerships can improve your B-BBEE score, and reduce your taxes and risk



Written by: Cathie Webb Transaction Capital Transactional Services Executive

Did you know that taking on a Payroll intern can:

- Improve your B-BBEE score?
- Allow you tax rebates?
- Reduce the risk in your payroll department?

Let's explain what is involved.

The difference between a Learnership and an Apprenticeship is that a learnership is defined in the Skills Development Act, and so has strict criteria, whereas an apprenticeship is an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.

A learnership, since it is developed by the industry, provides relevant workplace experience, a formal and nationally recognised qualification, with a stipend (for an unemployed learner). While learnerships can be created for currently employed people, maximum benefit is derived from taking on someone who is unemployed.

Taking on an unemployed learner can be hard work. You need to find a learner who is

literate, who likes computers and people, and who is committed and willing to put in the hours and learn. And when taking on a payroll learner, you need a mentor payroll administrator who is willing to give their time, who also likes people, and likes to see people grow! Put the two together, and you have the potential of a winning combination, with benefits to both the Learner and the company.

There are two registered learnerships in Payroll Administration Services registered with the Service SETA, one taking the form of a [Further Education and Training \(FET\) Certificate \(1 year programme, NQF level 4\)](#), and the other a [National Diploma \(2 years, NQF level 5\)](#). A learnership model usually spans the period of the programme with some additional "work back" period. The learnership requires that the employer:

- Registers the learner with the SETA, prior to allowing him / her to start the programme
- Pays the learner a stipend for the duration of the programme
- Allows the learner "in office" time to work on his qualification
- Provides practical workplace experience
- Provides a workplace mentor

The easiest way to ensure that the learner reaches the goal of achieving the formal qualification is to engage a training provider, certified for the learnership. The learnership may be funded (i.e. paid for by the SETA) or unfunded (i.e. paid for by the Employer). While both require a SETA application process, funded learnerships are made available by the SETA based on their records of skills shortages, and these are advertised through national newspapers, their websites, and via email to employers who submit workplace skills plans. Clearly, then, an unfunded learnership allows a business more flexibility in appointing learners in areas other than the key business activity (for example, a brick manufacturing company may take on a payroll learnership).

B-BBEE: The costs of the stipend paid to the unemployed learner should be included in your Broad-based Black Economic Empowerment (B-BBEE) submission on the Skills Development Element. As proof of the validity of the learnership, you need to be able to produce the learners SA ID document, payslips, the learnership contract, and a letter / contract from the training provider. It should be noted that B-BBEE verifiers do request personal interviews with people whose names are submitted, to ensure that the learnership agreement is real.

Of course, at the same time as assisting in improvement B-BBEE scores, taking on learners assists with Employment Equity targets. Taking on previously disadvantaged employees at junior level, and allowing them opportunities to grow through the levels of the business benefits not only the economy at large, but business equity reporting.

Tax: Section 12H of the Income Tax Act allows a business special additional tax deductions for registered learnership agreements, intended to incentivise employers to take on learners, and to contribute to South African skills development. These consist of an annual allowance, and a completion allowance. The value of the allowance is dependent on the NQF level of the learnership and, because these allowances are not linked to the Skills Development Levy, they are not dependent on the company employing the learner belonging to the same SETA as that which registered the learnership (i.e. any business can fund a Payroll Learnership, and claim the allowance!).

The tax allowance is available to the employer even if the learnership is funded by the SETA, and is applied for through submission of an [IT180](#) form for each learner.

The current values of the allowances for NQF levels 1 – 6 for a 2 year learnership are (pro-rated if applicable):

- R40 000 per learner per annum

- R20 000 per learner per annum additional, for learners with disabilities
- R40 000 per learner completion allowance
- R20 000 additional completion allowance per learner with disabilities.

It should be remembered that in addition to the tax allowance, the Employment Tax Incentive (ETI) also applies, if the learner meets the criteria for ETI (is South African, between the ages of 18 and 30, and earns under R6 000 per month).

Risk: Taking on a learner reduces company risk caused by having a key man / single person dependency in the payroll department. While this comes with training, and a medium to long term view is necessary, having another person in the department gives fresh insight into payroll matters, and running a payroll department. Additionally, having another pair of hands in the department means that a Payroll Administrator can enjoy a well earned break on occasion, leaving the department with someone who knows how things need to be done.

Accsys is an accredited Training Provider (0699), registered to manage the training requirements for the two Payroll Administration Services learnerships mentioned above. Training is provided online, which means that no travel arrangements are required for the learners, and that the assignments and projects required are done at the learner's own pace.

References:

<https://www.sars.gov.za/AllDocs/LegalDoclib/Notes/LAPD-IntR-IN-2012-20%20-%20Additional%20Deduction%20Learnership%20Allowance.pdf>

<https://www.skillsportal.co.za/content/seta-grant-application-window->

[open#:~:text=Mandatory%20Grants%20are%20paid%20by,Report%20before%2030%20April%202018](#)

<https://www.dhet.gov.za/Outcome/DHET%202012%20SETA%20Grant%20Regulations%20Gazette%2035940.pdf>