



**WITH COMPLIMENTS**

**Nexia SAB&T** is a professional firm providing accounting, auditing, business consultancy, forensic and tax advisory services.

Our commitment is to identify, meet and exceed our clients' expectations by providing a cost effective, efficient and holistic service.

Please visit our website for useful guides and other useful information by clicking on the link below:

<http://www.nexia-sabt.co.za/?q=con,57,USEFUL-INFORMATION>

119 Witch-Hazel Ave  
Highveld Technopark  
CENTURION  
0046

Tel: 012 682 8800  
Fax: 012 682 8801  
e-mail : [info@nexia-sabt.co.za](mailto:info@nexia-sabt.co.za)  
Web site : [www.nexia-sabt.co.za](http://www.nexia-sabt.co.za)



[Forward email](#)

[Online Printable Version](#)

KEEPING YOU IN TOUCH

CA(SA)DotNews



**In this Issue**

**Act now to speed up SME-friendly reform!**

**New SME ministry heeds SME needs!**

**MARCH 2015**

**SMEs: Act now to speed up SME-friendly reform!**



**New SME ministry heeds SME needs!**

## Findings and Policy changes so far

- *Finding: SMEs and government business*

*Policy Action: A new payment KPI*

- *Finding: SMEs and employment*

*Policy action: A new mentoring fund*

- *Finding: Incentives to expand*

*Policy action: Red tape down, tax incentives up*

## What you need to do to help get the next raft of reforms considered



The establishment of a new ministry devoted to the establishment and growth of SMEs was greeted with scepticism in many quarters. But the budget speech by Finance Minister Nene held little good news for anyone except SMEs!

Last year the South African Institute of Chartered Accountants (SAICA) commissioned a survey to establish the things that would make SMEs want to grow, with the objective of influencing SME policy. The findings of the survey are incredibly reflective of changes government have made to SME policy. The new 2015 survey explores other challenges that SMEs have and things that government and big business could do to improve their likelihood of contributing to Growth and Employment.

Bridgitte Kriel, Project Director of Small Practices at SAICA says "...looking at the summary findings and changes to policy contained in the Budget speech, Government seems to be listening. This year we would like to conduct our research using a bigger sample, so that Government continues to listen and where possible, create conditions that will help small and medium businesses thrive."

## Findings and Policy changes so far

### 1. *Finding: SMEs and government business*

71.4% of SMEs do no government business at all – at national, provincial, municipal or parastatal level. One of the most important reasons to emerge from the research was late payment; government departments at all levels are seen to have a culture of slow payment, which is fatal to small-business cash-flow. This finding gives a strong indication of where government can overhaul its own operations to give small businesses a boost.

#### *Policy Action: A new payment KPI*

Government is establishing a KPI (key performance indicator) for all financial officers around payment in 30 days. Presumably the treasury will monitor this policy. The proof of the pudding will be in the eating, but it's a start.

### 2. *Finding: SMEs and employment*

Half of the respondents have been in business 10 years or longer; longer-lasting businesses were also the ones most likely to employ more people. A direct correlation between business size (judged on turnover) and number of employees suggests that government stimulus would be most effective at creating employment if it were focused on growing established, successful SMEs.

#### *Policy action: A new mentoring fund*

Government has established a fund for mentoring and to provide advice to SMEs. This is a substantial fund, which is designed to assist SMEs in their early years. It is unclear through which agency this fund would become available, but it's a significant step in the right direction.

### 3. *Finding: Incentives to expand*

Asked what incentives would encourage them to expand their businesses, most named a reduction in government red tape, tax incentives for growth, and tax incentives towards creating more jobs (over and above the youth wage subsidy).

#### *Policy action: Red tape down, tax incentives up*

Government has announced a single portal to do business with government. SMEs no longer have to submit endless paperwork to tender on different departmental work. One registration will do it and will help to reduce the risk of government giving work to businesses where their own employees are involved.

Add to this the reduction in the tax rate for Small businesses from 6% to 3%

and things start to get interesting. Businesses that take advantage of the youth wage subsidy can really be competitive now.

#### **What you need to do to help get the next raft of reforms considered**

“We would like to encourage you to take part in our 2015 Survey, go to <https://www.surveymonkey.com/r/SMERESearch2015> and spend **just 20 minutes** of your time. Details of each survey respondent are kept confidential by TerraNova, the survey company”. **Do it now.** Your bottom line will thank you for it.

*SAICA will be taking the survey results to the SME department for consideration. This is like voting. If you don't vote you can't complain later. You have your chance to express your views.*

Note: Copyright in this publication and its contents vests in DotNews - see copyright notice below.

© DotNews, 2005-2015 CA(SA)DotNews is a division of DotNews, proprietor Stanhope Trustees SA (Pty) Ltd, Reg. No. 1999/017337/07.  
Web site: [www.dotnews.co.za](http://www.dotnews.co.za)

Copyright notice: no part of this newsletter may be used, redistributed, copied, imitated or reproduced without prior written permission of the owner.

#### **Disclaimer**

**This newsletter is a general information sheet and should not be used or relied on as professional advice. No liability can be accepted for any errors or omissions nor for any loss or damage arising from reliance upon any information herein. Always contact your financial adviser for specific and detailed advice.**