



LEARNERSHIP FACT SHEET

We create Stars!

We think we do it better than anyone in the country, and we have the trust of hundreds of loyal customers who have supported us, and referred us, through the years.

We strive to make employees more effective at their jobs by customising curricula to each company's culture, size, structure and learning style. We collaborate with you to design and deliver learning programmes that meet your business' objectives Corporate environments.

The establishment of learnerships is pivotal to solving the skills shortage in South Africa. The government has provided numerous tax benefits to incentivise companies to engage in learnerships.



What Learnerships Do for Your Business?

They can equip you with skilled personnel who are ready to work. Our learnerships ensure that your business is primed for BEE verification and eligible for tax deductions and concessions.

How does a Learnership Work?

The learner is required to complete the theoretical course and practical training at the workplace. The theoretical part are provided by Palesa Academy (Pty) Ltd, while the practical learning takes place at the workplace. *Palesa Academy (Pty) Ltd can provide a host company with under the guidance of a mentor.*

What are the benefits to the Employer?

The South African Revenue Service (SARS) has incentivised employers to introduce learnerships in their companies. Specifically, Section 12H of the Income Tax Act allows employers to claim between R20 000 and R40 000 when you start a learnership in your company. When the learnership is successfully completed, another allowance (between R20 000 and R40 000) may be claimed.



The Good, The bad & The Budget

The BEE Skills development scorecard requires a company to spend a certain percentage of its annual payroll on training initiatives in order to score the subminimum points.

- By implementing learnerships for unemployed youth, corporates are aiding in creating a suitably trained recruitment pool of potential employees which subsequently can assist in achieving a company's Employment Equity targets.
- **The Good Learnerships** have the potential to be relevant to business needs and thereby also improving skills and work performance.
- **The Bad** With the high unemployment and poverty rate, the potential of creating a space where "professional learners" go from one unrelated learnership to the next, just grateful for work and a stipend, exists. At Palesa, we manage this with redundancy and legal documentation and screening.

In addition to the Learnership Tax Incentive mentioned above, the Employment Tax Incentive (ETI) is another mechanism which seeks to encourage employers to hire young work seekers.

The ETI can be claimed by employers, monthly, for employees who they take on between the ages of 18 and 29. Employees who qualify must have been hired on or after 1 October 2013. If the ETI claim is successful, employers will receive a deduction on their Pay-As-You-Earn (PAYE) for each qualifying employee whilst leaving the wage received by the employee unaffected.

Palesa's Approach

Added to this is the highly administrative intensive responsibility of ensuring that the learnerships are correctly and timeously registered with the SETA.

The Budget With employee costs usually a corporates' biggest expense, the thought of having to spend a percentage of annual payroll is enough for companies to forgo the moral obligation of job creation and "upskilling".

Palesa aims to lessen the burden on companies by assisting them with the following:

Recruitment of learners (aligned to your EE and BEE targets);

Placement of learners;

Mentoring & coaching of both learners and mentors/coaches;

Implementing structured learning plans;

Facilitation of induction course for all learners;

Registration of learnerships with applicable SETA;

Monitor & evaluate progress of learnerships

Facilitation of all administration in respect of the implementation and verification of the learnerships.

Guidance and advise regarding tax rebates, employee tax incentives and SETA grants.

Estimated Costing Details

TAX Deductions

It's important to note that certain tax deductions may be claimed by your company when entering into a Learnership. These Section 12(h) deductions are stipulated by legislation and sponsors a portion of the Learnership cost although you will be carrying the cash flow burden until these deductions are claimable at the end of the tax year.

A Learnership is a registered SETA accredited, pivotal training programme - you can therefore claim Discretionary Funding. The exact amount will vary, but the Seta usually covers the learner's stipend and the training provider cost up to a set value.

The tax deductions that are claimable include:

- Section 11(a) deduction for training programmes
- Section 12H deduction for registered learnerships
- R80 000 per learner per year
- R120 000 per learner per year for PLWD
- ETI Employment Tax Incentive (Youth Wage Subsidy)
- Up to 50% of employees remuneration up to a maximum of R2 000 per employee per month deductible against monthly PAYE.

The calculation of the Youth Wage Subsidy is outlined as follows:

Monthly Remuneration	Employment Tax Incentive per month during the first 12 months of employment of the qualifying employee	Employment Tax Incentive per month during the next 12 months of employment of the qualifying employee
R0 - R2 000	50% of the monthly remuneration	25% of the monthly remuneration
R2 001 - R4 000	R1000	R500
R4 001 - R6 000	<p>Formula: $R1000 - (0.5 \times (\text{monthly remuneration} - R4000))$ Step 1: Take the monthly remuneration and subtract R4000 Step 2: Take the result in step 1 and halve the number Step 3: Take R1000 and subtract the amount calculated in step 2</p>	<p>Formula: $R500 - (0.25 \times (\text{monthly remuneration} - R4000))$ Step 1: Take the monthly remuneration and subtract R4000 Step 2: Take the result in step 1 and halve the number Step 3: Take R500 and subtract the amount calculated in step 2</p>