

EMPLOYER TAX BENEFITS – LEARNERSHIP AGREEMENTS (DISABILITY)

- **Tax Act Section 12H** – provides a deduction to an employer in addition to any other deductions allowable under the Act, for any registered learnership agreement if all the requirements referred to in section 12H are met
- In some cases more than one employer may be a party to a registered learnership agreement. In such event, only the **“lead employer”**(In practice, the lead employer will usually be the employer that pays the learners remuneration) identified in the learnership agreement may claim under section 12H
- **Two types of allowances are allowed:**
 - **Annual/Commencement allowance** – Entitlement is measure by the existence of the learnership agreement, in any year of assessment (section 12 H (2)). The amount allowed is R50,000, and is pro rata applied, if the agreement is terminated within the year
 - **Completion allowance** – Entitlement here is measured upon the learner successfully completes the learnership in any year of assessment. The amount allowed is R50,000
- **Registered learnership agreement as defined in section 12h(1), comprises of:**
 - An agreement registered in accordance with the **skills development act, 1998** and entered into between the learner and the employer before 1 October 2011, or
 - A contract of apprenticeship entered into before 1 October 2011, registered with the **department of labour** under section 18 of the Manpower Training Act, 1981, if the minimum period before undergoing a trade test is more than 12 months
 - **Note** – Minister of Finance has extended the learnership agreements for an additional **5 years**
- **Requirements for the deduction of the Annual allowance**
 - Where the learner is **party** to a registered learnership agreement with the employer
 - The agreement had been entered into pursuant to a **trade** carried on by that employer
 - The employer had derived **“income”** as defined in section 1 from that trade
- **Requirements for the deduction of the Completion allowance**
 - Where the learner is **party** to a registered learnership agreement with the employer
 - The agreement had been entered into pursuant to a **trade** carried on by that employer
 - The employer had derived **“income”** as defined in section 1 from that trade