



The Chartered
Institute of
Management
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For Immediate Release:

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The Chartered Institute of Management Accountants
CIMA reminds government of the economic plight of sole proprietors.

Johannesburg, 12 May 2020 - Following discussions with members across all sectors, businesses and business sizes, it became increasingly clear to CIMA – The Chartered Institute of Management Accountants – that the plight, position and protection of sole proprietors may not have been fully considered in the development of current economic stimulus packages following Covid-19. The Association has written to the Ministry of Cooperative Governance and Traditional Affairs (COGTA) highlighting five recommendations. These recommendations aim to aid small and medium-sized enterprises, thereby increasing the effectiveness of the stimulus to the entire South African economy.

Dr Sara Bux, Associate Director of CIMA Southern Africa said: “CIMA welcomes the government’s swift action in creating strong economic stimulus packages and updating them as new data emerges. However, our members have been telling us that help needs to be targeted to those sectors that need it most rather than universal support. Attention must also be given to delivering economic support to sole proprietors. These areas need immediate attention to help mitigate the impact of the crisis on jobs and economic recovery.”

The five recommendations, as addressed to Minister Dr Nkosazana Dlamini-Zuma, are summarised below. With these recommendations, CIMA (representing over 13 000 finance professionals in South Africa alone) aims to improve and refine current stimulus packages by ensuring all economic sectors have been fairly considered.

1. Broaden support according to need

Some sectors have been severely affected, for example, SMEs, tourism, and entertainment. The problem with universal broad financial support is that not all companies need it to the same degree. Certain sectors are better placed than others, and some companies have the cash and bank facilities to carry it through.



CIMA recommends that the government devises measures to ensure that more financial aid is given to those who need it most to survive this crisis.

2. Sole Proprietor Support

South Africa has many businesses that operate as sole proprietors. These range from micro-enterprises, medical and dental practices, through to accounting practices and suppliers of essential services such as plumbers and electricians. There is currently no business support available to sole proprietors. They cannot register as essential businesses because they need a Companies and Intellectual Properties Commission (CIPC) registration number. Sole proprietors are not registered and are not required to register with CIPC.

CIMA recommends amending the different financial support schemes for businesses to allow sole practitioners to access all the business support that would be available to them if they were a close corporation. This could be done either by VAT number, if the proprietor is registered for VAT or by ID number if the business is too small.

The country cannot risk losing the micro-enterprises run by individuals as these are trades and professions which are essential to the continued safety of our nation.

3. Cash flow improvement measures

The government may wish to consider further measures that will allow small businesses to maintain their cash flow, especially when revenues are dropping. Some things the government may wish to consider include:

- Delaying payment of provisional tax
- Delaying payment of provident funds by employers and employees
- Offering tax incentives to SMEs who continue to pay rental and salaries in full

4. Speed and Simplicity in administration

The entrepreneurial spirit of South African business is rising during these challenging times. Businesses are looking at changing product lines, retooling factories and other ways to generate revenue. They need to be nimble and agile in order to enter and create new markets. Businesses need the same speed from government in terms of licencing and regulations, particularly around essential products.

The relief measures provided by the government need to be more accessible to businesses. There are currently too many regulations and requirements that make it difficult for business to adapt and change.



Grants must be accessible when there is a need and not after the fact. Lengthy procedures will drive companies, families, and individuals to bankruptcy/poverty.

CIMA recommends that the government give consideration to the administration and timing of grant disbursement.

5. Access to information for SMEs

The government has put into place a multitude of excellent schemes. However, many small businesses are having difficulty understanding exactly which schemes are best applicable to their circumstances.

CIMA recommends that the government gives consideration to developing an app for mobile phones that can take SMEs through a series of questions to ascertain which economic relief best applies and then directs them to the detailed information about that particular scheme.

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Notes to editors:

About The Chartered Institute of Management Accountants

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world's leading and largest professional body of management accountants. As part of the Association of International Certified Professional Accountants (the Association) its members and students operate in 179 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organizations. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially trained business leaders.

In Africa, we are represented in South Africa, Botswana, Ghana, Nigeria, Zambia, Kenya, Rwanda and Mauritius and Malawi.

About the Association of International Certified Professional Accountants

The Association of International Certified Professional Accountants (the Association) is the most influential body of professional accountants, combining the strengths of the American Institute of CPAs (AICPA) and The Chartered Institute of Management Accountants (CIMA) to power opportunity, trust and prosperity for people, businesses and economies worldwide. It represents 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. With broad reach, rigor and resources, the Association advances the reputation, employability and quality of CPAs, CGMAs and accounting and finance professionals globally.



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