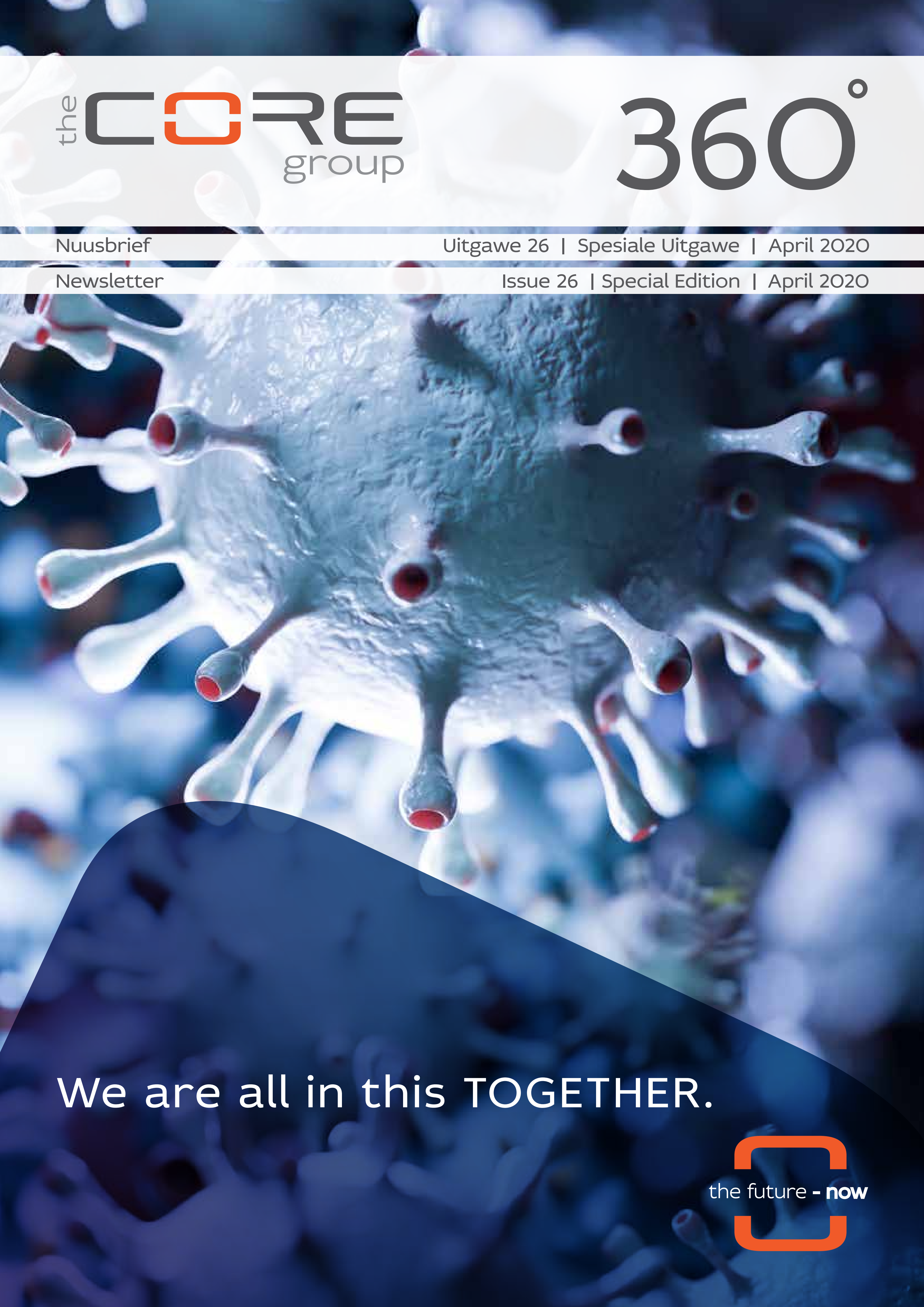

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360°

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We are all in this TOGETHER.

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Branding in time of crisis: Who will be ahead when Covid-19 is over?

The Covid-19 crisis will have one of three outcomes for SMMEs: Irrelevance; be left behind; or ahead of the pack. Unfortunately, many businesses will close their doors in the aftermath of this crisis. The economic impact will be far too great for them to survive.

Should businesses fail to adapt and change their approach to a drastically different consumer landscape, the risk of falling behind grows significantly. What was once considered a necessity may now be considered a luxury or even possibly unnecessary. As people re-assess their wants and needs, brands must rethink how they present their proposition to consumers. The winners at the end of the crisis will be those brands who re-evaluated, adapted, reinvented and repositioned their brands in the new world post-Covid-19.

Here are some guidelines for you to consider to be ahead of the pack:

1. Increase relevant communication. Move away from push communication. Marketing is actively promoting a product or service. It is a push tactic. It is pushing out a message to get sales results: "Buy our product because it is better than theirs." Or because it is cool, or because this celebrity likes it, or because you have this problem and this thing will fix it, etc.

Rather focus your efforts on pull communication. Branding is pull communication. Clear, concise and emotional brand communication will help encourage consumers to buy a product or service. It directly supports whatever sales or marketing activities are in play, but the brand does not explicitly say "buy me". Instead, it says, "This is what I am. This is why I exist. If you agree, if you like me and trust me, you can buy from me, support me, and recommend me to your friends." However, this is only possible if you truly understand the WHY of your business. Remember the adage – telling is better than selling. One of the biggest mistakes marketers make is to provide facts when what people really want is a connection. Don't behave like a commodity, provide an emotional connection.

2. Make the client the protagonist of your business. The customer must be the hero of your brand's story, not you. When you position your customer as the hero and yourself as their guide, you will be recognised as a sought-after character to help them along their journey. It should not be ME-FOCUSED but YOU-FOCUSED.

This is a small but powerful shift. This honours the journey and struggles of your audience, and it allows you to provide the product or service they need to succeed. Our natural inclination is to make our own brand the hero. ME-FOCUSED communication creates a disconnect with your customers that will show up in your bottom line. According to Deloitte and Touche, customer-centric companies are 60% more profitable compared to companies that are not focused on the customer.

3. Taking risks when everyone is playing safe might just be the winning strategy. Brand-building is about long-term thinking. It cannot be reserved for times of growth only. Brands are built over years and during a crisis an opportunity is presented to be considered by consumers who would otherwise not take notice or see relevance. Certain companies accelerate during challenging times, seeing the downturn as an opportunity and raising their investments in branding.

Current challenges beg for change tactics and to create new ways to provide brand value to consumers. Many see brand-building as a luxury during downturns. Cutting brand-building investment is the easiest option but if a company wants to succeed it must consider investing money smartly behind fewer but more strategic projects.

During uncertain times, we tend to place our trust in brands that we believe truly understand us. Similarly, empathy becomes an important source of brand differentiation during times of crisis. When every cent matters we accept fewer risks and are likely to choose brands that are highly relevant to our immediate needs.

Staying relevant is about focusing on the long-term goals, continuous engagement with clients and bringing empathy to the brand-building process. Brand-building during an economic crisis is not an impossible task. Remember, brand-building is about long-term thinking and taking advantage of tough times. Plan and execute brand-building not in terms of growing share of profit, but in terms of reaching dedicated customers for long-term relationships. Ultimately, brands that endeavour and succeed in building their brand

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in a recession will be best positioned to enjoy the results of their labour when the economy inevitably recovers and grows.

In closing, consumers will now pay only for what they value and believe to be meaningful. In these times of crisis and challenges one of the best branding strategies is to embrace and solve problems.

[Prepared by CORE Brand Management]

VAT and fixed property transactions

When a person is involved in the fixed property market, whether as a prospective purchaser, seller, lessor, lessee, developer or consultant, there is likely to be a VAT consequence. Usually, the VAT consequences of a fixed property transaction are complex and the penalties for not observing the requirements of the VAT Act can be costly.

VAT is levied on the supply of goods or services. For a "supply of goods or services" to attract VAT there should be a supply of goods or services by a vendor in the course or furtherance of an enterprise.

The term "fixed property" is defined to include land and improvements, any unit as well as any share in a share block company and, in relation to a property time-sharing scheme, any time-sharing interest, and any real right in such land, unit, share or time-sharing interest.

In relation to fixed property transactions the definitions of "supply", "goods", "services" and "fixed property" are extremely wide and include almost every conceivable transaction involving fixed property.

There are three main categories within which a fixed property transaction may fall:

- When the supply of fixed property is subject to VAT;
- When the supply of fixed property is subject to VAT at the zero rate; and
- When the supply of fixed property is not subject to VAT.

Where the supply of fixed property is subject to VAT, whether at the standard or the zero rate, such supply is in terms of section 9(15) of the Transfer Duty Act exempt from transfer duty.

The general time of supply rule (which also applies to the supply of fixed property) is the earlier of the date of registration of transfer of the property; or the date on which any payment is made in respect of the consideration for the supply.

When the supply of fixed property is not subject to VAT

The definition of enterprise implies an on-going business activity. Therefore, the once-off sale of a private individual's home, time-share or sectional title flat would not normally result in the carrying on of an enterprise (therefore not be subject to VAT).

In terms of section 12(c) of the VAT Act, the supply of, inter alia, a dwelling under an agreement for the letting and hiring thereof is exempt from VAT.

Various types of transactions regarding fixed property

If two parties (both registered VAT vendors) enter into a contract of exchange and each supply a property in the course or furtherance of an enterprise, each will be accountable for VAT on the respective property supplied. Should any one of the parties not be a vendor that party will not have to charge VAT.

A vendor may donate fixed property in the course or furtherance of his enterprise. The value of the supply may in terms of section 10(23) be deemed to be nil and therefore no VAT will be payable.

If the sheriff sells the property of a vendor at a sale in execution, the property is deemed to be supplied in the course or furtherance of the vendor's enterprise, unless the vendor has advised the sheriff in writing why the sale is not a taxable supply. In terms of section 29 of the VAT Act, the sheriff is liable to account for VAT on the sale.

In terms of section 8(21) of the VAT Act the expropriation of land that forms part of the enterprise assets of a vendor is deemed to be made in the course or furtherance of an enterprise. A vendor will therefore be accountable for VAT on the proceeds of the expropriation. However, the sale of land in terms of the Land and Assistance Act of 1993 will be zero-rated in terms of section 11(1)(s) of the VAT Act.

As can be seen from the definition of "person" the estate of any deceased or insolvent person will also be a vendor if prior to the date of death or insolvency, the deceased or insolvent was a vendor. In such circumstances, any disposal by the executor or trustee of fixed property will give rise to an output tax liability.

Banks and other institutions are entitled to a deduction in respect of fixed properties sold by them (so-called "properties-in-possession"). This deduction is allowed under the provisions of the VAT Act to ensure that only the value added by them is subject to VAT. There are in effect two supplies, the supply by the defaulting debtor to the bank (when the property is repossessed by the bank) and the supply by the bank on the eventual resale of the property in possession.

The bank may claim a notional input tax credit on the purchase price of the property in possession at the time the property is taken into possession. The bank may also claim the input tax credit (usually transfer duty because the defaulter is not registered as a vendor) as soon as the purchase price has been paid. When the property is sold, VAT must be included in the selling price and output tax accounted for (it is a taxable transaction and the sale constitutes carrying on of an enterprise). At the same time, an input tax deduction may be claimed, equal to the tax fraction of the lesser of the amount received for the sale (excluding VAT), less any amount paid on acquisition; and the amount of the unrecoverable loan balance, less any amount paid on acquisition.

As can be seen, the VAT consequences of a fixed property transaction are complex and the penalties for not observing the requirements of the VAT Act can be costly. Therefore, care should be taken in accounting for this type of transactions.

[Prepared by CORE TAX]

B-BBEE verification and Covid-19

For the last few weeks the world has been on high alert over the rapid spread of Covid-19. And now South Africans have also been affected. On Sunday, 15 March 2020, President Cyril Ramaphosa declared a national state of disaster and put measures in place to combat the spread of the virus. Soon thereafter many companies started making arrangements for their staff to stop non-crucial travel and to work from home.

The B-BBEE verification industry found itself in a difficult position as it is commonly known that an important part of any B-BBEE verification process is the "on-site" verification meeting that needs to be conducted. The South African National Accreditation System (SANAS), being the accreditation authority of the industry, has always been extremely strict on this requirement and states in the regulatory document, the R47-02, that, "All verifications are to be based on information that has been verified by an on-site visit to the measured entity. No score can be given without an on-site assessment of the entity."

On Wednesday, 18 March 2020, SANAS's newly appointed Accreditation Manager for B-BBEE, Mr Yuneal Padayachy, issued a statement to address the concerns raised by many verification agencies on how Covid-19 could impact the verification industry. In the statement SANAS indicated that it reviewed the R47-02 procedures in order to accommodate the verification agencies.

SANAS subsequently implemented interim procedures that verification agencies may adopt for 30 days until 18 April 2020 whenever it is not possible to do an "on-site" verification.

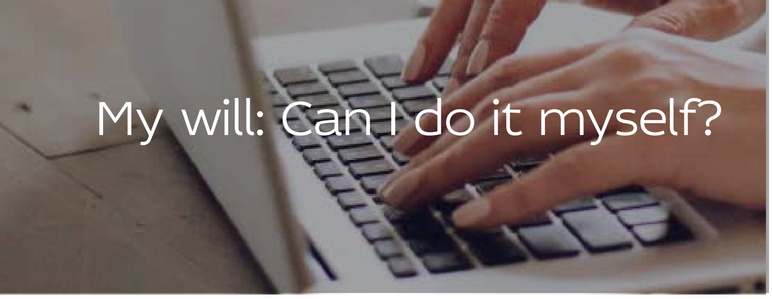
These procedures include:

- Measured entities will have to provide proof of physical address not older than three months;
- A director of the measured entity will have to provide a sworn affidavit confirming:
  - the physical location, and
  - that all information provided is true and accurate;
- "On-site" verifications may be conducted remotely via any suitable recorded video communications channel, if the on-site assessment is not viable;
- Interviews may be conducted via any suitable video / teleconferencing communication channel, but must be recorded and saved internally.

SANAS emphasised that this is not a permanent concession, and that it will be reviewed in a month's time. Verification agencies must also identify all risks associated with this methodology and mitigate these risks, as the verification agency will be accountable for the B-BBEE verification certificate and report issued.

For any B-BBEE-related assistance, please contact the CORE BEE team.

[Prepared by CORE BEE]



My will: Can I do it myself?

It might be cheaper initially to draw up your own will. However, one does not always comprehend that vague stipulations in poorly drawn-up wills could lead to unnecessary taxes and costs and even family feuds as a result of ambiguities.

However, despite the negative consequences many people are still willing to draw up their own will or to ask an advisor without the necessary skills. As a result, courts often have to be approached to interpret these wills, which in itself is a costly affair.

Many people fear death and do not want to think about a will, so they neglect drawing up a will or updating it regularly. This negligence and errors in wills as a result of poor wording, lack of adherence to the formalities of a will and a lack of knowledge about the tax implications of wills or even the law in general are some of the reasons wills are contested in court, which cause unnecessary costs and delays in finalising an estate.

For example, a will that simply states, "I bequeath all my money to my daughter, Sarah" can easily be contested. What exactly is meant by money? Only the notes and coins found in the testator's wallet on the day of his death? Or the fixed deposit in the bank and other financial investments as well?

Another example – "I bequeath my estate to my children" – does this only refer to biological children or would it include for example stepchildren?

Or: "I bequeath the remainder of my estate to my spouse" – what does the remainder entail? Would there be anything left after costs and taxes were paid?

Another example is the confusing wording used when a combined estate is the aim. People married in community of property often want to bequeath assets of which both own the undivided half at the death of the first dying. Examples include stipulations such as "we bequeath our combined estate as follows…". Or in instances were spouses are married outside of community of property and where they are co-owners of for example the house in which they live, wording such as "We leave our house to our son…". In all these instances it is important to determine whether a combined estate was the aim or not as it could have negative and expensive implications with regard to especially fixed property.

In the case of spouses that are co-owners of a house and where it appears that they wanted to combine their estates with regard to the house, the effect is that a determination is made on both the first dying and the surviving spouse's half of the house at the death of the first dying, which means the house is transferred to the heir. Although the half of the first dying is passed by way of inheritance, which is free of transfer duties, the half of the surviving spouse is subject to transfer duties and in some instances even donations tax and capital gains tax.

The examples above are often the result of DIY wills or the so-called "user-friendly internet wills" which look like cost-saving measures in the short term but which could result in expensive taxes and costs.

In these circumstances DIY wills are just as dangerous as DIY surgery and professional assistance should be obtained.

[Prepared by CORE Trust & Estates]

Mandatory remote work - here's what you need to do to stay productive

Google, Microsoft, Twitter. Hitachi, Apple, Amazon. Chevron, Salesforce, Spotify. From the UK to the US, Japan to South Korea, these are all global companies that have rolled out mandatory work-from-home policies amid the spread of Covid-19.

While some of us might be WFH (work-from-home) veterans, some employees will be working from home for the first time, which means figuring out how to stay on task in a new environment that may not lend itself to productivity. Here are a few ways to deliver results and avoid going stir-crazy due to social distancing, from setting up a good workspace to the way you talk to your team.

Increase and improve communication
Covid-19 or not, the key to working from home is clear communication with your manager – and knowing exactly what's expected of you. "Have really clear-set expectations for communications day to day," says Barbara Larson, a professor of management at Northeastern University in Boston who studies remote working. "Ask [your manager] if they don't mind having a 10-minute call to kick off the day and wrap up the day. Often times, managers just haven't thought of it."

Most people spend their days in close proximity to their supervisors, meaning communication is easy and effortless. Unfortunately, that is all out the window with remote work, and communication breakdown is even more likely if your workplace isn't used to remote working. Your manager might not be used to managing people virtually, for example, or your company might not have a ready-to-go suite of tools for remote workers, like WhatsApp or the video conferencing app Zoom, Larson says.

The reality is that even for those accustomed to it, working from home can feel unstructured and isolating. Last year, a study of 2 500 remote workers by online brand development agency Buffer found that loneliness was the second-most reported challenge, one experienced by 19% of respondents. Loneliness can make people feel less motivated and less productive.

So when you do communicate with your supervisor and team from home, it helps if as much of it as possible can be "richer" communication that is face-to-face and instant by using video calls, Skype and Zoom. "Out of sight, out of mind can be a real problem for remote workers," says Sara Sutton, CEO and founder of FlexJobs, a remote job listing site. "The very best remote workers will reach out to co-workers and managers regularly through a variety of tools."

Treat it like a real job

There are also some timeless WFH tips to call upon. For example, just because you can lounge around in your pajamas doesn't mean you actually should. "Take a shower and get dressed. Treat it like a real job," says Larson. If you don't have a home office, do as much as you can to create an ad hoc, personalised space exclusively for work. "Not having a well-equipped home office space when people begin remote working can cause a temporary decrease in productivity," Sutton explains. She says double monitors and a wireless keyboard and mouse make her more productive at home.

So instead of lying in bed with a laptop, try something more deliberate. The fix could be something as simple as moving a nightstand into a corner far away from distractions, plopping down your computer and sitting in an upright chair, like you would at your office desk.

This also serves as an important signal to those who live with you that you're "at work". "Create boundaries within your home that your family members understand: 'When the door is closed, pretend I'm not there,'" says Kristen Shockley, an associate professor of psychology at the University of Georgia. With a dedicated workspace where you can concentrate, it becomes easier to unlock the benefits of remote work.

Avoid feeling isolated

Even with these tools, the enforced and abrupt nature of the transition from an office to a home environment could leave some struggling to get accustomed to the change. "The corona virus is pushing everyone into this kind of extreme working from home," says Nicholas Bloom, a professor of economics at Stanford University in California who's given TED Talks about remote work. He says there are two types of working from home: short-term or occasional work from home, and permanent or full-time work from home. "It is kind of like comparing light exercise to marathon training," he says.

With the corona virus, it's not clear how long people will be at home, which poses additional problems. Parents, for example, will find working harder if children are at home because schools are closed, meaning close communication with managers – who will need to be understanding – is vital.

Prolonged isolation could also potentially impact on morale and productivity. That's why Larson suggests teams try to sustain a semblance of normalcy and camaraderie in unconventional ways, like virtual pizza parties or remote happy hours where people dial in and share a cocktail on Zoom or Skype. "It's a good way to bond – it's kind of weird, but everyone's feeling weird, so it's fun," Larson says, describing the "we're all in this together" mentality. "It adds a little bit of levity and lightness to the otherwise difficult environment."

Stay motivated and enegised

Make no mistake, these are stressful times. Negative headlines, worrying about sick or elderly loved ones and fighting the urge to go panic buying for toilet paper can all put answering work emails on the back burner. The more effort you put into communicating with colleagues, the better chance you have of avoiding feelings of isolation, which can lead to depression.

If you're a manager, it's your responsibility to provide clear communication and it's also crucial to keep up morale of your staff. "It's easy to be stressed out or depressed these days," Larson says. If you're a manager, "acknowledge there's stress and difficulty. Your job is to be a cheerleader for the team."

That's particularly key if people end up working from home for more than a few weeks, which is a distinct possibility. "Set up a norm of some kind," Larson says. "Keep people's spirits up."

This article has been amended and adapted from the following source:
https://www.bbc.com/worklife/article/20200312-coronavirus-covid-19-update-work-from-home-in-a-pandemic

Prepared by CORE Labour

CIPC enforcement: compliance checklist

On 13 August 2019, the CIPC issued Notice 52 of 2019 confirming that it is now implementing a new method to monitor compliance with the Companies Act (Act no. 71 of 2008).

The Commission introduced this compliance checklist to monitor and regulate proper compliance with the Companies Act and if certain trends of non-compliance appear, will take action accordingly. They also want to ensure compliance of the mandatory requirements of the Companies Act described in Section 15 (requiring that every company must have a MOI) and to implement a self-assessment model similar to SARS. It also serves as an education tool for directors, company secretaries, auditors and audit firms, guiding them with regards to what their responsibilities are in terms of the Companies Act.

What is the compliance checklist?

This checklist relates to various sections of the Companies Act, requiring confirmation of compliance of these sections issued by CIPC:

Section 4	Solvency and Liquidity Test (read together with Section 22, Reckless Trading)
Section 15	Memorandum of Incorporation (MOI), Shareholder Agreements and Company Rules
Section 26	Access to company records
Section 27	Financial year-end and amendments to it
Section 28	Statutory requirements for Accounting Records
Section 29	Statutory requirements for Annual Financial Statements
Section 30	Annual Financial Statements: Statutory and voluntary audits, independent reviews, etc.
Section 32	Use of company name and company registration number
Section 33	Filing of annual return
Section 44	Financial assistance for subscription of securities
Section 45	Loans and other financial assistance to directors
Section 50	Securities register and numbering
Section 61	Shareholders meetings
Section 66	Election and appointment of directors and prescribed officers
Section 69	Ineligibility and disqualification of directors and prescribed officers
Section 70	Vacancies on board
Section 71	Removal of directors
Section 86	Mandatory appointment of company secretary
Section 90	Appointment of auditor
Section 92	Rotation of auditors
Section 94	Audit committees
Reg 21	Registered office of a company
Reg 43	Social and Ethics Committee
Schedule 1	Provisions concerning non-profit companies (NPCs)

Which entities need to fill out this annual compliance checklist?

Proprietary Limited	(PTY) LTD
Incorporated Companies	(INC)
Limited	(LTD)
State-Owned Companies	(SOC)
Non-Profit Companies	(NPC)

On 5 March 2020, the CIPC brought into effect that only entities whose annual financial statements independently reviewed, or audited, are required to submit the compliance checklist.

When does this come into effect?

As of 01 January 2020, the submission of the compliance checklist is compulsory. This checklist will only be applied to your previous calendar year and will be submitted to the CIPC when you submit your annual return.

What happens when you are not compliant?

Clients should take note that most of the business of the company is internal, within the company itself. Companies are required to self-regulate and comply with the Companies Act at all times. It remains the responsibility of the company, its directors and company secretaries to ensure that correct information is provided in the submission of the compliance checklist. You simply cannot answer yes, no or not applicable as you deem fit, as this will have an impact on the company as well as its directors. These answers need to be true and accurate. It is critical that the person completing the questionnaire understands the Act and the requirements of the relevant section of the Act.

If a person who knowingly (or ought to have known) provides false information to the CIPC or commits an offence as per section 215(2) and section 216(b) of the Companies Act, this person will be liable to either pay a fine or imprisonment for a period not exceeding 12 months, or to both a fine and imprisonment.

What's next?

We urge all clients to take note of the mandatory compliance with the Enforcement Compliance Checklist to the CIPC as from 1 January 2020 and to contact your local CORE Associated Accounting Firm for any further information and guidance with the compliance checklist as introduced by the CIPC.

[Prepared by CORE Co Services]

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