



Don't get left
behind

We're taking flight,
are you on board?

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Directors' Guide 2016 First Quarter

Our people and our associated firms

Number of associated firms: 12 | Number of directors: 20

The Core Group South Africa consists out of 12 associated member firms and 16 service delivery firms. This quarter we feature our 12 member firms and their respective directors.

BLOEMFONTEIN

Azima Accountants

Director: Willie Bender

- Years of experience: 7
- Industry specialisation: Construction, Commercial Farming and Abattoirs
- Service specialisation: Income Tax (VAT) and Accounting
- Hobbies: Camping, 4x4 and silhouette shooting

Christi Wagenaar Accountants and Auditors

Director: Christi Wagenaar

- Years of experience: 18
- Industry specialisation: Retail, Financial Services and Law Practitioners
- Service specialisation: Financial reporting, Tax and Audit
- Hobbies: Tennis, golf and fishing

Core Bloemfontein

Director: DC Prinsloo

- Years of experience: 15
- Industry specialisation: Construction, Medical Doctors and Law Practitioners
- Service specialisation: Tax Planning, Financial Statements and Company/Group Structuring
- Hobbies: Hunting and rifle collection

Director: Johannes Kriel

- Years of experience: 11
- Industry specialisation: Small Enterprises (SMMEs) and Commercial Farming
- Service specialisation: Accounting, Business Consulting and Company Structuring
- Hobbies: 4x4 and golf

Director: Linda van den Berg

- Years of experience: 11
- Industry specialisation: Medical Professionals, Commercial Farming, Architects and Engineers
- Service specialisation: Financial Statements, Tax Planning and Company/Group Structuring
- Hobbies: Anything that can be done with family and friends

Director: Erick Liebenberg (see Vanderbijlpark)

Core Virtual

Director: Dirk van Velden

- Years of experience: 17
- Industry specialisation: Commercial Farming, Small Enterprises (SMMEs) and Medical Practitioners
- Service specialisation: Cloud Accounting, Tax and Cloud Software Solutions
- Hobbies: Golf and hunting

PC Bruwer and Partners

Director: Arnold Theron

- Years of experience: 28
- Industry specialisation: Construction, Commercial Farming and Non-profit Organisations (NPOs)
- Service specialisation: Compilation of Financial Statements and Accounting Software
- Hobbies: Gym, sport enthusiast and property

Director: PC Bruwer

- Years of experience: 48
- Industry specialisation: Construction, Commercial Farming and Manufacturing
- Service specialisation: Audit, Tax and Business Consulting
- Hobbies: Reading and sport enthusiast

KIMBERLEY

Accounting@Kimberley

Director: Bennie Burger

- Years of experience: 21
- Industry specialisation: Commercial Farming, Small Enterprises, Estate Agents and Guesthouses
- Service specialisation: Income Tax, VAT and Employees Tax
- Hobbies: Mosaic work and cycling

MC Viviers Professional Accountants

Director: Romaria Viviers

- Years of experience: 9
- Industry specialisation: Agriculture, Construction, Medical Practitioners and General Traders
- Service specialisation: Accounting, Tax and Management Accounting
- Hobbies: Dancing and anything that involves family

PLETTENBERG BAY

Nexo Accounting

Director: Kobie van Zyl

- Years of experience: 4
- Industry specialisation: Commercial Farming, Medical Practitioners, Pharmacies and Service Stations
- Service specialisation: Systems Development, Tax Planning and Cash Flow Analysis
- Hobbies: Golf, travelling and motor vehicle enthusiast

Director: Gawie van Zyl

- Years of experience: 22
- Industry specialisation: Commercial Farming, Medical Practitioners, Pharmacies and Service Stations
- Service specialisation: Business Development, Cash Flow Modelling and Financing Models
- Hobbies: Hunting, travelling and fishing

POTCHEFSTROOM

Zoey Financial Solutions

Director: Connie Marx

- Years of experience: 10
- Industry specialisation: Small Enterprises (SMMEs), General Traders and Professional Practices
- Service specialisation: Audit, Accounting, Tax, Business Consulting and Company Structuring
- Hobbies: Deep-sea diving and keyboard player

ROODEPOORT

SP3

Director: Danie Goosen

- Years of experience: 12
- Industry specialisation: Pharmaceuticals, Construction and Transport/Logistics
- Service specialisation: B-BBEE Verifications, Commercial Short-Term Insurance and Financial Services
- Hobbies: Golf and mountain biking

UPINGTON

Nel and Partners

Director: Kobus Nel

- Years of experience: 21
- Industry specialisation: Commercial Farming and Construction
- Service specialisation: Accounting, Trusts and Estates
- Hobbies: Hunting

Director: Freek Mulder

- Years of experience: 5
- Industry specialisation: Construction, Manufacturing and Commercial Farming
- Service specialisation: Audit, B-BBEE Strategy Development and IFRS Compliance
- Hobbies: Hunting and reading

Director: Pierre Nel

- Years of experience: 17
- Industry specialisation: Commercial Farming and Wholesalers
- Service specialisation: Audit and Income Tax
- Hobbies: Mountain biking

Director: Andre Ehlers

- Years of experience: 12
- Industry specialisation: Commercial Farming, Manufacturing and General Traders
- Service specialisation: Accounting, Business Consulting and Income Tax
- Hobbies: Reading and cray fishing

Director: Pieter Nel

- Years of experience: 23
- Industry specialisation: Commercial Farming
- Service specialisation: Business Consulting
- Hobbies: Golf and game farming

VANDEBIIJLPARK

Core Vanderbijlpark

Director: Erick Liebenberg

- Years of experience: 20
- Industry specialisation: Small Enterprises (SMMEs) and Professional Practices
- Service specialisation: Audit, Business Consulting and Financial Modelling
- Hobbies: Water sports and golf

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Game farming and the related tax consequences

Questions regularly arise as to how game farming will impact on a person's tax position in a certain year of assessment. Which income is taxable and which deductions are available? How does game farming impact on estate planning? The answer to these questions is hidden in a number of sections of the Income Tax Act, which needs to be considered as a whole, explains Wessel Smit, Director of CORE Tax.

Section 26(1) of the Income Tax Act stipulates that the taxable income of any person carrying on pastoral, agricultural or other farming operations shall, in so far as the income is derived from such operations, be determined in accordance with the Act but subject to the First Schedule. The First Schedule deals with the computation of taxable income derived from pastoral, agricultural or other farming operations. Therefore, the taxable income from farming operations should be combined with the taxable income from other sources to arrive at the taxpayer's taxable income for the year of assessment.

What constitutes farming operations?

The expression "farming operations" is not defined in the Act and should therefore be interpreted according to its ordinary meaning. All the facts and circumstances of a particular case should thus be considered to determine whether a person carries on farming operations.

It should be noted that every activity in the nature of farming will not necessarily constitute "farming operations". This was confirmed by Heher, AJA in the Supreme Court of Appeal in C: SARS v Smith when he stated the following: "The Act is directed to the taxation of profit-making activities. There is no apparent reason why the legislature should have intended a taxpayer who farms as a hobby or who dabbles in farming for his own satisfaction to receive the benefits conferred by the First Schedule."

Thus, in order to fall within the First Schedule a farming operation needs to be a trade of the taxpayer and there must be an overall profit-making intention. It should be noted that it is not a requirement that a person has to own the land on which the farming operations are carried out but the person should have a right to the land and specifically the yield from it. The same test and principles which are used to determine whether a person is carrying on farming operations should be applied to game farming.

The activity of breeding game on a farm for the purpose of selling the live animals, hunting the animals for a fee or slaughtering them for the meat, will fall within the ambit of game farming. On the contrary, the occasional hunting of game on the land is unlikely to be considered as the carrying on of game-farming operations.

The breeding and raising of livestock generally involves purchasing, breeding and selling or using of the particular animals. Each individual case will have to be considered in isolation and the facts and circumstances are critical because, for example, in some cases the regular purchasing of breeding stock will be required and in other cases regular purchasing will not be required. The degree of day-to-day hands-on involvement of a game farmer in raising livestock is likely to vary depending on the particular species of game. However in

all instances there would be a level of active involvement appropriate to the particular species and farming operation.

What constitutes game farming income?

The following types of income will generally be regarded as being derived directly from game-farming operations: Income from the sale of live game, income from the slaughter and sale of game meat, carcasses and skins, fees received from hunters to hunt the game as well as income derived from supplying guides and trackers used in a hunting expedition.

Income from rendering accommodation and catering as well as admission charges payable by persons visiting the farm will usually not be regarded as having the required direct connection to game-farming operations and accordingly will not be regarded as game-farming income.

Livestock

Livestock should include animals kept for breeding purposes (referred to as fixed capital assets) and those kept for resale (referred to as floating capital assets). However, the livestock must be used in the farming operations to fall within the ambit of the First Schedule.

The question of ownership is particularly relevant to wild game because under the common law wild game is regarded as *res nullius*, that is, things owned by nobody but which can be owned. Ownership is established by taking control of the animal with the intention of being the owner. Typically in the game farming context this is achieved by erecting fences around the farm. Thus, all game livestock is dealt with on revenue account as if it were floating capital.

The general rule is that all farmers are required to include in their tax returns the value of their livestock held and not disposed of at the beginning and at the end of each year of assessment. The value of livestock held and not disposed of at the end of the year of assessment ("closing stock") is included in income and the value of livestock held and not disposed of at the beginning of the year of assessment ("opening stock") is allowed as a deduction from income.

The value to be placed on the livestock for purposes of this calculation shall be the standard value applicable to that livestock. However, the regulations do not fix a standard value for game livestock. Therefore, for the purpose of standard values the Commissioner accepts that game livestock may be allocated a standard value of nil.

The acquisition of game

The cost price of game livestock acquired by a person carrying on farming operations may be claimed as a deduction under section 11(a). However, paragraph 8 of the First Schedule provides that the deduction of expenditure incurred during the year of assessment for the acquisition of livestock is ring-fenced.

The deduction available is limited to the sum of the income received and accrued from farming operations plus the value of the livestock held and not disposed of by the farmer at the end of the year of assessment less the value of livestock held and not disposed of by the farmer at the beginning of the year of assessment. Any amount not allowed as a deduction will be carried forward to the succeeding year of assessment and will be deemed to be expenditure incurred in that year.

The potential limitation is assessed on the totality of all the farmer's livestock regardless of its nature. For example, if a taxpayer conducted cattle farming and game farming, a single limitation calculation taking into account both the cattle and game livestock would be performed.

Now, what about losses incurred in the catch and transport process of the game? If a taxpayer can demonstrate that the cost of acquisition of a particular animal, which is no longer held and not disposed of at the end of the year of assessment, is included in the amount to be carried forward under paragraph 8, it may exclude the cost of that particular animal from the carried-forward amount and immediately claim it as a deduction.

In addition, a farmer will be entitled to an immediate deduction if the opening stock value of livestock plus the amount to be carried forward under paragraph 8 exceeds the market value of all livestock held and not disposed of at the end of the year of assessment. The amount of the deduction is equal to the amount of the excess and the onus rests on the taxpayer to substantiate the amount claimed. The amount to be carried forward under paragraph 8 must also be reduced by the excess.

Expenditure and allowances

Amounts that can generally be deducted by a game farmer include, for example, normal running expenses of the farming operation (expenditure on ammunition, electricity, feed, fuel, livestock, wages and salaries, and veterinary fees), cost of butchers, trackers and professional hunters, advertising and promotion costs and travelling costs (both local and overseas).

Certain equipment used by a farmer that would qualify for a special depreciation allowance in terms of section 12B of the Act include for example vehicles, firearms, meat saws and two-way radios. In terms of the special depreciation allowance provided for in section 12B, the deduction available is 50% of the cost to the taxpayer in the year of assessment during which the asset is brought into use; 30% of the cost to the taxpayer in the second year; and 20% of the cost to the taxpayer in the third year.

What about certain motor vehicles used to convey visitors to the farm or helicopters used as part of catching the game?

There are certain assets which are specifically excluded from section 12B. This includes, among others, any motor vehicle the sole or primary function of which is the conveyance of persons and any aircraft other than an aircraft used solely or mainly for the purpose of crop-spraying.

This does not mean that no allowance can be claimed for these assets; it merely means that a special depreciation allowance is not available and the allowance which can be claimed should be claimed in terms of section 11(e) or section 12 C of the Act.

Capital development expenditure

Certain capital development expenditure in connection with game farming may be deductible. This might include, among others, the eradication of noxious plants and alien invasive vegetation; the prevention of soil erosion; dipping tanks; dams, irrigation schemes, boreholes and pumping plants; fences; erection of or extensions, additions or improvements (other than repairs) to buildings used in connection with farming operations, other than those used for domestic purposes; the building of roads and bridges used in connection with farming operations; and the carrying of electric power from the main transmission lines to the farm apparatus or under an agreement with the Electricity Supply Commission under which the farmer has

undertaken to bear a portion of the cost incurred by the Commission in connection with the supply of electric power consumed by the farmer wholly or mainly for farming purposes.

It should however be noted that there should be a direct connection between the expenditure and the game farming activities for the expenditure to be deductible. The deduction available for capital development expenditure (excluding expenditure incurred on the eradication of noxious plants and alien invasive vegetation or the prevention of soil erosion) is ring-fenced. The deduction available in a particular year of assessment is limited to taxable income from farming before claiming the deduction. The excess is carried forward and is deemed to have been incurred in the following year of assessment.

Cessation of farming operations

Farming operations can be discontinued for various reasons such as voluntary cessation, death or sequestration of the taxpayer. The cessation of farming operations has tax implications for the taxpayer.

The death of a game farmer has income tax and capital gains tax consequences for the deceased person, the deceased estate and the heirs or legatees.

Under paragraph 40(1) of the Eighth Schedule a deceased person is deemed to dispose of that person's assets (with some exceptions) to the deceased estate for an amount received or accrued equal to their market value on the date of death.

Game livestock held on the date of death is thus generally deemed to be disposed of by the deceased person for an amount received or accrued equal to its market value. In determining the base cost of game livestock, any expenditure incurred in acquiring it must be reduced by any portion which has been allowed as a deduction under section 11(a). Thus the cost of any game livestock which has been fully allowed under section 11(a) will have a base cost of nil. However, to the extent that the cost has been limited under paragraph 8, it will have a base cost equal to the portion not allowed as a deduction under section 11(a).

Therefore, careful consideration should be given to the vehicle in which this game farming operations take place. Isn't it perhaps better to keep this livestock in a trust or in a company than in a person's own name for estate duty purposes?

Conclusion

The same principles used to determine whether a person carries on farming operations apply to game farmers. The test for this purpose is a subjective one, that is, one based on the taxpayer's intention.

Livestock will have to be accounted for in the opening and closing stock of the farming operations. However, the standard value to be used for this calculation is nil.

There might be severe cost implications if some of the game dies within a specific year of assessment, especially in the early phases of the game farming operation where the cost to acquire animals are very high and might potentially be ring-fenced because of the game farming operations which has not started to generate sufficient income against which this costs can be deducted. In such a scenario, if it can be proven to the Commissioner that the animal is no longer held and not disposed of at the end of the year of assessment, the cost of that particular animal may be excluded from the carried-forward amount and immediately claim it as a deduction.

Careful consideration should be given to the vehicle use for the game farming operations, since there will be a severe impact on the estate duty upon death of a natural person.

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The deep roots of family farms and the online impact

It would be a mistake to calculate losses due to droughts only in terms of the primary sector's contribution to the GBP. The displacement of so-called family farmers as a result of droughts and situations where those involved have no other option but to leverage their labour on farms, were discussed in a recent publication by the UN's Food and Agriculture Organisation (the FAO).

Family farms are inextricably linked to national and global food security in developing and developed countries, says Dr Kobus Laubscher, Director of CORE Business Development. It is the primary structure in agricultural production and includes all family-based agricultural activities. As such, it also links with rural development. There are about 570 million farms world-wide, some 500 million of which are run by families, according to the FAO. These farms are responsible for 56% of the global agricultural production.

Up to 83% of arable land in the USA and Central America are cultivated by families, compared to the 68% in Europe, 85% in Asia and 62% in Africa. South America represents the lowest percentage with only 18%. Family farming produces about 40% of the main crops on 25% of the arable land in Brazil. Family farming produces more than 84% of all agricultural production in the USA on 78% of the arable land. The value of this production is more than US\$ 239 billion. Asia plays an important role in terms of rice production, with about 3.5 billion people depending on rice for at least 25% of their daily diet. More than a billion people are dependent on rice production for their livelihood. Asian family farms anchor this value chain.

According to the FAO, family farms play an important role in terms of protecting traditional food products, while also contributing to balanced diets in addition to fulfilling a watchdog function in terms of biodiversity in order to ensure sustainability.

Against this backdrop, a drought of the magnitude currently experienced in South Africa requires due consideration in regards to support. While modern communication describes the impact of the drought from farm-level all the way through to the impact it has on the pocket of the consumer, the deep-seated and downstream impact should also be understood. Consumers cannot afford to forsake the actual food producers (family farms). For them it is equally important to ensure sustainability, and it might also be enough reason for renewed agitation. Should family farms not receive actual support from the State, it would be reason enough to protest – and on a bigger scale than experienced up to now with student protests or protests for the removal of a country's leader.

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Nine common mistakes entrepreneurs make

The thrill of starting a new company can sometimes hamper an entrepreneur's ability to keep a clear head regarding all aspects of running a successful business. Diederik van Niekerk, a certified business coach and franchisee with ActionCOACH South African in Bloemfontein, highlights some of the most common mistakes entrepreneurs make.

Deadlocked partnerships

Creating an equal partnership seems fair in theory and typically works well initially. However, sooner or later disagreements arise and the company can be left in limbo because no partner has the final say. Eventually this will erode the company's growth. It is wiser to give a managing partner ultimate control and a majority ownership stake – even if it is only 51%. Another option for entrepreneurs is to grant a small ownership percentage to a third party advisor who will serve as the tie-breaker in deadlocked decisions.

Optimism vs realism

Being unrealistically optimistic can inflate sales projections, shorten product development timelines and minimise expected costs. It is important for businesses to check and re-check their financial assumptions in a venture and only proceed when capitalisation can support the worst-case scenario.

Low margins

Companies should charge the highest prices their markets will allow. Too many entrepreneurs attempt to make up for low margins with high volume. This strategy rarely succeeds, especially for service-based companies.

One big customer

If companies depend upon a single customer for more than 50% of their company's revenue, they may be headed for a meltdown. It may be easier to manage one or two big customers, but that makes companies vulnerable to business failure if they lose a major customer, instead of being able to respond quickly by increasing sales to other, smaller customers.

No market

Some companies put all their efforts into an idea and then develop a product or service, only to find there is no viable market for it. It is a mistake to create a product or service offering that has to work on finding a market. It is crucial to perform market research in advance to determine whether anyone will buy what is being sold.

Speed vs perfection

Many entrepreneurs spend too much time and money trying to achieve perfection with their product. Even if the company did finally make the perfect product, the market will change and the product will become obsolete. Instead, introducing a less-than-perfect product to the market faster can help a company establish itself and become profitable faster.

Split focus

Small business owners often lose focus of the company's core business aims. Concentrating efforts in a limited area almost always produces better results than diversifying.

Balancing expenditure

In a quest to quickly reap the benefits of their new enterprise, entrepreneurs sometimes let expenditure inflate more than revenue. Until profits can support the costs, companies should retain humble office space, furniture, etc. It is acceptable to spend the money necessary to achieve the company's objectives, but nothing else should be spent until profits justify the expense.

Failing to fail well

The biggest mistake an entrepreneur can make is to ignore failure. If success has not come to the venture, it is best to wipe the slate clean and reassess the investment. Entrepreneurs should assume the original investment has been lost and decide from that perspective whether they can justify further investment. If not, they should walk away rather than throwing good money after bad. Failing is best done quickly and, while it can be a necessary step towards success, it requires a clearheaded assessment.

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Important rulings in die labour environment

In an effort to keep up with the rapid changes in the labour environment, CORE Labour highlights a couple of the latest cases of interest from the *Industrial Law Reports* (volume 37). “We strive to keep our clients ahead of the curve, so taking note of important rulings and decisions in the labour environment is vitally important, says Dr Kulu Ferreira, Director of CORE Labour.

Sexual harassment

The Labour Appeal Court has found that an older, male employee’s inappropriate sexual advance to a younger, female contractor outside the workplace constituted sexual harassment. Underlying this unwelcome advance lay a power differential that favoured the employee due to both his age and gender. The mere fact that his conduct was not physical, that it occurred during a single incident, that it was not persisted in, and that it took place outside the workplace did not negate the fact that it constituted sexual harassment. The Constitution affords the female contractor, and other women, the protection to engage constructively and on an equal basis in the workplace without interference upon their dignity and integrity (*Campbell Scientific Africa (Pty) Ltd v Simmers & others*). In *Dheaneshwer and Tri Media* a CCMA commissioner found that, where a newly employed young woman had been sent sexually suggestive and inappropriate text messages by a senior manager, this has rendered her continued employment intolerable. She had been constructively dismissed and was entitled to compensation.

Dismissal following comments on social media

An employee was dismissed for making offensive comments on Facebook regarding her pending retrenchment. A bargaining council arbitrator found that, in circumstances where the employee was emotional distressed, unprepared and overwhelmed by the announcement of her potential retrenchment and where she regretted making the comment and removed the post the next day, the making of the post on Facebook did not constitute serious misconduct justifying dismissal (*Robertson and Value Logistics*).

Bargaining Council: Recovery of costs of arbitration

The Labour Court has found that, when the SALGBC seeks to recover costs of arbitration proceedings between two litigating parties to the council, it can only do so if a costs award has been made in its favour by an arbitrator. It is not appropriate for the SALGBC to rely on section 33A of the Labour Relations Act of 1995 to enforce costs awards — it must rely on the execution provisions of its main agreement, alternatively section 143 of the Labour Relations Act to do so (*SA Local Government Bargaining Council v Ally NO & another*).

Unfair discrimination: Arbitrary ground

The employer offered a provident fund, which included savings, retirement, funeral and disability schemes, to all employees who had completed five years’ service. Certain employees who had less than five years’ service contended that this conduct was arbitrary and constituted unfair discrimination in terms of section 6 of the Employment Equity Act 55 of 1998. A CCMA commissioner agreed with the employees, finding that there was no objective basis for the cut-off period of five years. The differentiation was arbitrary and lacking in logic and constituted unfair discrimination (*Ndlela & others and Philani Mega Spar*).

Reinstatement

Where a bargaining council arbitrator had refused to award reinstatement for the substantively unfair dismissal of two employees merely because of the unexplained lengthy delay in finalising the matter, the Labour Court on review confirmed that a lengthy period of delay is not a bar to reinstatement but may affect its practicability. It was satisfied that in this matter there was no evidence of the impracticability of reinstatement and that the arbitrator ought to have ordered the employer to reinstate the employees (Zuma & another v Public Health & Social Development Sectoral Bargaining Council & others).

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B-BBEE: Industry update on Sector Codes

The CORE BEE team is expecting this year to be very interesting and somewhat challenging as far as B-BBEE is concerned. As mentioned in previous newsletters, the Department of Trade and Industry (Dti) issued a Notice of Clarification in May last year, stating that:

- All B-BBEE verifications conducted using the financial year ending before 30 April 2015 can be verified using the “Old Codes” and;
- That all verifications conducted using the financial year ending after 1 May 2015 must be verified using the “New Codes”, with exception of the Sector Codes.

Clarification was further provided with regards to Sector Codes:

- The Minister has allowed a further transitional period for the alignment of the Sector Codes until the end of October 2015.

However, by early November 2015 most Sector Charter Councils had not met the deadline set by the Minister and had in fact not submitted their aligned Sector Codes for consideration. To that extent the Minister issued a subsequent notice and indicated that he would further extend the deadline to 15 November 2015. In addition, he indicated that he would consider repealing the Sector Codes that had not been aligned and submitted for consideration by that time.

Since then, the 15 November 2015 deadline has come and gone without any further notices from the Dti as to any decisions taken by the Minister. A number of Sector Charter Councils have since announced that they were unable to reach consensus on the alignment of their Sector Codes and they announced that their Sector Codes were no longer in effect. To this extent it is important to note that only the Minister in line with the B-BBEE Act may repeal the Sector Codes. On 17 February 2016, the Minister issued a further notice to repeal the Construction Sector Code and the Chartered Accountancy Code with immediate effect.

Status quo for Sector Codes

The implication of all the developments thus far raises the following question: “Against which scorecard should a measured entity, operating within a sector for which a Sector Code exist, be measured / verified?”

Currently the following rule would apply if your business operates within any of the remaining promulgated Sector Codes:

- If your financial year end is prior to 1 May 2015, you will be verified using the “old” Sector Code;
- If your financial year end is after 1 May 2015, then you will still follow the “old” Sector Code;
- The Tourism Sector Code is the only aligned Sector Code that has been promulgated so far and to that extent is legally binding on that industry;
- All other Sector Codes (apart from Construction and CA Sector Codes) have not been repealed and may therefore be followed until aligned (like Tourism).
- The repeal of the Construction and CA Sector Codes has been received with some contention and prompted further clarification from the Dti. At this stage the Dti has indicated that these Codes ceased to exist on 17 February 2016. At the moment our understanding is that entities operating in these Sector Codes may no longer be verified on these codes and will be required apply the B-BBEE Generic Amended Codes scorecard with immediate effect.

We have also been advised by our industry body, ABP (Association for B-BBEE Professionals), that they are in discussion with the Dti regarding the repeal of these Sector Codes and the obvious negative effect this decision would have on role players in those industries.

CORE BEE has positioned itself to be able to offer either a consulting and advisory service or a verification service to our clients. We can assess the impact of the “new” Codes on your business, and as such give you a clear indication of the probable level of compliance that your business will achieve if measured on the “new” Codes. We can also assist you with the drafting of a B-BBEE Improvement Plan, which will enable you to make informed decisions on your B-BBEE strategy going forward.

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the **CORE**
group



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