

# Employment Tax Incentive Bill coming for public comment

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The cabinet has approved for public comment the Employment Tax Incentive Bill, which aims to encourage employers to give youths their first jobs, the Treasury said.



Incentives for employing youth have been in the works since President Jacob Zuma announced the youth wage subsidy in 2010. The proposal has faced stiff opposition from trade unions, which maintain companies will simply replace older workers.

Finance Minister Pravin Gordhan announced in his budget speech earlier this year that the revised employment scheme had been given a R500m budget.

In a statement released last week, the Treasury said: "The incentive is meant to stimulate demand for young workers but could not possibly address all structural issues in the youth labour market. The first phase of the incentive is intended to be simple and easy to implement, using existing tax administration platforms."

Members of the public have until 11 October to comment on the proposal, which would see employers who hire those aged between 19 and 29 qualify for a pay-as-you-earn employee tax decrease for the first two years of employment.

The proposed scheme would be staggered at three levels, with monthly wages less than R2,000 qualifying for an incentive of 50% of the wage and wages ranging from R2,001 to R4,000 qualifying for an incentive of R1,000 per month for the first year. For wages of up to R6,000, the value of the incentive tapers from R1,000 a month to zero.

The incentive is expected to be in place by January next year with employers able to claim the incentive for employment that started after 1 October this year.

Parliament's standing committee on finance is still to announce its process for considering this bill, including public comments and hearings, the Treasury said. The revised bill is expected to be introduced in late October.

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