

#TAXINDABA2017

#SMETAXREFORM

TO HELP FOSTER

#MORESMES

#MOREFASTERGROWINGSMES

#MOREJOBSFROMSMES

#BETTERSMESURVIVALRATES

GUY HARRIS

#SMEACTIVIST AND CA(SA)

13 SEPTEMBER 2017

OVERVIEW

Why Me?

Some Perceptions

- Entrepreneurship
- Wineglass to Tumbler

My Big Five rightsized

Questions, Discussions, Comments

Possible Next Action Steps

Contact Details



WHY ME

- CA(SA) but '77 vintage and '27 Companies Act – ok with Honours
- Tax was my weakest subject!
- 20 years @Deloitte and 20 years @Bell
- Now in 20 years of @socialentrepreneurship
- More tax returns completed by others than myself!
- But did well in Monopoly the weekend!!

But

- Not afraid to speak out in the interests of a better SA
- 

SOME PERCEPTIONS

SA lacks:

- Entrepreneurship culture
- Decent maths education
- Entrepreneurial role models
- #StartUp nation status like Israel and Chile and Rwanda

Only medium sized businesses can create the (entry level upskillable) jobs we desperately need – to put food on the table and build navigable pathways out of poverty!

SA needs:

- A more enabling SME tax environment
- And more SME friendly regulation, finance, education, etc



ENTREPRENEURSHIP

Culture Lacking

Financing chasm

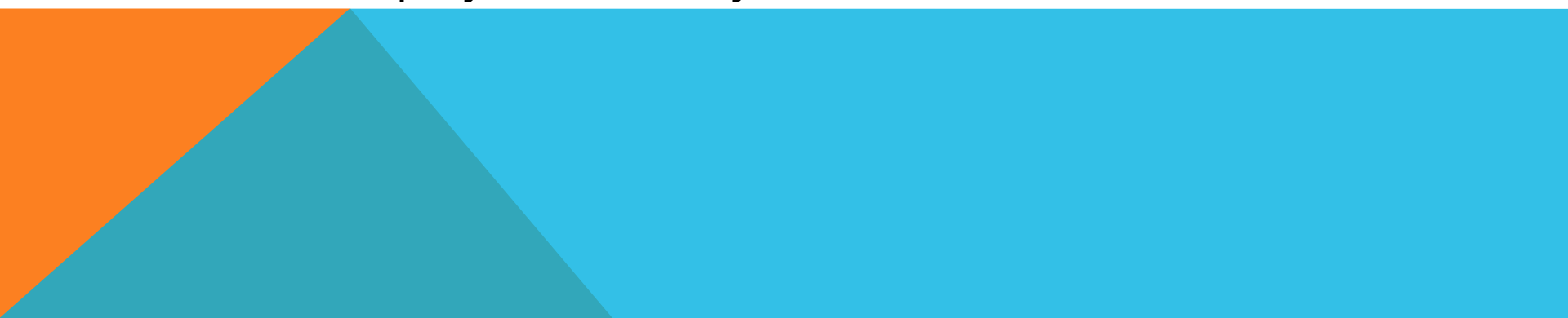
- Lean
- Self
- Family, Friends and Fools

The valley of death - entrance

- Angels
- True VC

The valley of death – exit if you are lucky!

- Private Equity – all is ok, you made it!



WINEGLASS TO TUMBLER

Wineglass

- Base is 70% of SA households living off <R6k/m
- Stem is a bifurcated SME sector
- Bowl is the oligopolies (mining, construction, banks, autos, fuel, retail etc) plus unions and government

Needs to transform to a connected:

Tumbler

- Broader base with pathways out of poverty
- A growing SME stem that is helping big business with innovation in return for supply chain inclusion
- A few “capped” oligopolies that welcome competition and develop (not bully) small suppliers

CATEGORIES

Category	Employees/ Rm TO	Alt A	Alt Y	Alt Z
Micro/ Survivalist	1-2	small	small	small
Small - incubator	1-10	small	small	medium
Small - accelerator	10-50	small	medium	medium
Medium - scalerator	50-500	medium	medium	large

Labour & Barg Council approach: Small exempt except safety and human rights
Medium – Balance in favour of ER, EE can seek compliance
Large – Balance in favour of EE’s ER can get exemption

MY BIG FIVE TAX PROPOSALS

- Cash based VAT (munics get) and corporate tax for sme's
- More useful 12j environment
- Prioritise SME tax refunds, tax clearance (even if minor glips)
- Simplify esp. compliance burden and go easy on penalties and interest for genuine (first time) mistakes, knowledge gaps,
- No PAYE for <R6k/m ee's and a 200% deduction for youth salaries under 40 and up to R8k/m

And the nearly made it:

- Tradability of assessed loss to allow asset to be realised in early lean years
- Turnover based tax for micro/startups to simplify corporate tax
- Grants to sme's should be tax exempt

And a non tax aspect for cash flow –

**Treasury factor all munic, prov and natl department
and SOE debts >30 days,
very big companies to do the same via a nominated bank**

QUESTIONS, DISCUSSION COMMENTS

Questions

Discussion

Comments



POSSIBLE NEXT ACTION STEPS

More comprehensive (funded) research of views of:

- Aspiring entrepreneurs
- Sme's
- Small practitioners
- ESD practitioners
- Incubators, Accelerators and Scalerators
- 12J companies and other VC's
- DSBD, SEDA, SEFA, Provincial development Agencies and Metros, Second cities and Rural agencies

Prioritise the top 5 for engaging Treasury by 30 November 2017 via Surveymonkey?

More detailed evaluation and motivation for TaxIndaba 2018? If invited???

Who will fund?

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