

## Who qualifies?

- The employer is eligible to receive the ETI if the employer–
  - Is registered for employees' tax (PAYE);
  - Is not in the national, provincial or local sphere of government;
  - Is not a public entity listed in Schedule 2 or 3 of the Public Finance Management Act (other than those public entities designated by the Minister of Finance by Notice in the Gazette);
  - Is not a municipal entity;
  - Is not disqualified by the Minister of Finance due to displacement of an employee or by not meeting such conditions as may be prescribed by the Minister by regulation.
- An individual is a qualifying employee if he or she–
  - has a valid South African ID;
  - **is 18 to 29 years old** (please note that the age limit is not applicable if the employee renders services inside a special economic zone (SEZ) to an employer that is operating inside the SEZ, or if the employee is employed by an employer that operates in an industry designated by the Minister of Finance;
  - is not a domestic worker;
  - is not a “connected person” to the employer;
  - was employed by the employer or an associated person to the employer on or after 1 October 2013; and
  - is not an employee in respect of whom an employer is disqualified to receive the ETI (i.e. the employee is paid below the minimum wage applicable to that employer or paid a wage below R2 000 per month if a minimum wage not applicable).

**Top Tip:** There is no limit to the number of qualifying employees that an employer can hire.

## How does it work?

Employer will calculate and claim the incentive on a monthly basis. The employer must follow these steps:

- Identify all qualifying employees in respect of that month
- Determine the applicable employment period for each qualifying employee
- Determine each employee's “monthly remuneration”
- The EMP201 form was amended to include a field for claiming ETI, [click here to see a prototype of the new form](#).
- Calculate the amount of the incentive per qualifying employee as per the table below.

Monthly Remuneration	Employment Tax Incentive per month during the first 12 months of employment of the qualifying employee	Employment Tax Incentive per month during the next 12 months of employment of the qualifying employee
<b>R 0 - R2 000</b>	50% of Monthly Remuneration	25% of Monthly Remuneration
<b>R 2 001 - R4 000</b>	R1 000	R500
<b>R 4 001 - R6 000</b>	Formula: $R1\ 000 - (0.5 \times (\text{Monthly Remuneration} - R4\ 000))$	Formula: $R500 - (0.25 \times (\text{Monthly Remuneration} - R4\ 000))$