

STEP 15

The legal stuff

Statutory requirements

Whatever your structure the government will still require you to register your business, register for income tax, VAT, UIF, COID, PAYE and to apply for certain licenses depending on your industry, your size and whether you are employing staff. These are absolutely “must do” tasks. Failing to register for everything for which you are legally required to register will land you in hot water down the line.

1. Register Your Business

If you're setting up a private company ((Pty) Ltd), you need to register your company as a legal entity. All the information you require can be found on the CIPC website (www.CIPC.co.za).

2. Register with the SARS

Whether you're running a sole proprietorship, a partnership or a private company, you have to be registered with SARS. If you registered a private company with the CIPC, you will automatically be registered as a taxpayer with SARS. Sole proprietors or partners need to register as provisional taxpayers directly. When you start a business, you will be required to register within 60 days of starting a business for an income tax reference number.

3. Register as a VAT Vendor

If your turnover is or is expected to fall within the R1 million a year or more range, you will need to register with SARS as a VAT (Value Added Tax) vendor.

4. Register for PAYE

If your business intends to employ one or more staff members who earn over R40,000 per year, you have to register your company for PAYE (Pay As You Earn) tax contributions. In addition, if your payroll is more than R500,000 a month, you will have to register for payment of the Skills Development Levy (SDL).

5. Register with the Department of Labour

All business entities that employ one or more full-time employees will be required to register with the Department of Labour. This is mandatory in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA).

6. Register with Unemployment Insurance Fund (UIF)

All employers must register their employees for unemployment insurance. Thereafter, UIF payments must be made monthly, either directly to the UIF or together with PAYE and the Skills Development Levy (if applicable).

7. Municipal compliance

You also need to consider the municipal by-laws in the respective local area where your business intends operating. Local authorities regulate issues such as zoning, noise levels, hygiene etc. and will have an impact on your business depending on which industry you plan to operate in. Different local municipalities have varying by-laws and therefore varying guidelines for compliance. Always contact your local municipality in the planning stages of your business to see what their requirements may be.

These legalities are complex and wading through government or SARS websites trying to figure it out can be lengthy and frustrating ... and you still might not get it right. Remember that ignorance of the law is no excuse... especially when it comes to the taxman. You would be best advised to ask an accountant to assist you in setting this all up correctly.

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Write down all the statutory requirements for which you are legally required to register