

Budget promises to boost SMME eco-system

Plans to make legislative changes to the ambit of the Department of Small Business Development will go a long way to making the entrepreneurial eco-system more conducive for the formation and growth of small, micro and medium enterprises (SMMEs).



Gugu Mjadu

This should reduce the amount of red tape cited by many entrepreneurs as one of the impediments in their entrepreneurial endeavours says Gugu Mjadu, spokesperson for Sanlam's and Business Partners' 2019 Entrepreneur of the Year® competition.

Mjadu also makes the following commentary on aspects of the Budget Speech and its impact on entrepreneurs and SMMEs.

Employment tax incentive

“In addition to the 10-year extension of the employment tax incentive introduced in 2014, Finance Minister TitoMboweni announced that the income eligibility thresholds for the incentive will be increased. The decision is a move in the right direction to curb youth unemployment while rewarding employers particularly entrepreneurs for creating much needed jobs.

“From as soon as next month, employers can claim R1,000 per month in tax incentive for young employees earning up to

R4,500 - up from R4,000. The impact of this on entrepreneurs is a positive one as those currently evaluating the viability of hiring staff will now hopefully be more inclined to do so. In the process, these SMMEs will not only be creating much needed employment for the youth but by hosting them in their companies, they will be contributing towards stimulating entrepreneurial activity by exposing young people to the world of entrepreneurship.

“Job creation is everybody’s responsibility, and through this scheme, entrepreneurs can play their part – and benefit from it too,” says Mjadu.

Small Enterprise Development Agency

“The National Treasury has allocated R481.6m to the Small Enterprise Development Agency (SEDA) to expand the small business incubation programme. This is another positive step for stimulating entrepreneurship in the country and increasing chances of survival for SMMEs.

“Furthermore, the R3,2bn budget allocation over the MTEF for the small business and innovation fund addresses one of the biggest barriers to entry for entrepreneurs – funding. This and other budget increases for initiatives targeted at financing entrepreneurs by government is applauded particularly when we consider that 88% of all entrepreneurs are self-funded,” says Mjadu.

Removing other barriers

“While we appreciate steps being taken by government to bolster entrepreneurship in the country, we believe more needs to be done by both the public and private sector in order to achieve the National Development Goals. In particular, we would like to see finality around the relaxation of visa regulations to make it easier for tourists to invest in and visit South Africa as this sector houses a high number of entrepreneurs, has low barriers of entry for SMMEs and is one of the biggest contributor to the country’s GDP,” Mjadu concludes.

For more, visit: <https://www.bizcommunity.com>