

25 August 2020

Dear Employer

SAICA MEDIA STATEMENT

iCOLLEGE (Pty) Ltd is aware of the media statement released by the South African institute of Chartered Accountants (“SAICA”) dated 20 August 2020.

iCOLLEGE has been publicly marketing our programme since 2015 on various social and national media channels. We have never hidden away nor operated under the radar. Instead, we are, in fact, proud about the fact that we are positively changing the lives of the youth with the support of more than 300 employers.

At the outset we wish to point out that SAICA made no attempt to contact iCOLLEGE prior to issuing the press release.

One of the most basic principles in law is *Audi Alteram Partem*, namely providing the other side an opportunity to respond. It is thus extremely concerning that a regulatory body such as SAICA, who refers to an ethical duty to release information to the public, however lacks the same ethical standards when coming to conclusions without conducting a proper investigation in order to accurately advise the public.

iCOLLEGE welcomes SAICA’s warning against abusing the Employment Tax Incentive as there are various role-players that have attempted to benefit by mimicking certain elements of the iCOLLEGE Programme, resulting in incorrect implementation due to the various shortcuts taken. These purportedly legitimate programmes fall short of the legal requirements as many of them do not have existing campuses and make use of ghost employees.



DIRECTORS / MEMBERS:

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SAICA further fails to explain that their own members, including some of the largest auditing firms in the country, have signed off on the iCOLLEGE Programme. iCOLLEGE has over many years obtained various legal opinions from senior legal practitioners covering all the legal bases and requirements.

The writer alleges that based on his understanding of these “schemes” it is his view that it is legally questionable. It is apparent that he has a limited understanding of the workings of the programme. His conclusions are based solely on opinions without obtaining the detailed factual position through engaging with various stakeholders including iCOLLEGE.

The writer also alleges that in “most instances” there is no intention for an actual employment relationship. His conclusions are fundamentally flawed and based on opinions without the use of evidence or facts to substantiate those conclusions. The writer fails to clarify which instances he is referring to and also fails to mention which instances were in fact found to be valid.

It is for these reasons that the writer has left the proverbial back door open by using terms such as “legally questionable”, “our understanding”, “most instances” and “some of the schemes”.

The allegation of “ghost employees” (which is generally referred to someone on a company’s payroll who doesn’t work for the company through the falsification of payroll records) is denied by iCOLLEGE. iCOLLEGE has various systems in place to prevent the use of ghost employees and fraudulent payrolls. As a result, employers regularly remove employees that abscond or do not perform their duties, in line with the Basic Conditions of Employment Act.

The use of ghost employees is unlawful as opposed to “legally questionable” and this practise will result in an employer being disallowed any Employment Tax Incentive by SARS. iCOLLEGE has not and will not tolerate the use of ghost employees.

iCOLLEGE, through its legal representatives, is preparing a formal response to SAICA in order to provide SAICA with the correct information substantiated by primary evidence and facts. iCOLLEGE is confident that the Skills and Training Programme offered by iCOLLEGE is in line with legislative requirements.

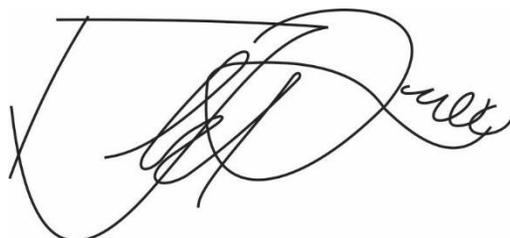
The iCOLLEGE Skills and Training Programme is about upliftment of the previously disadvantaged youth in South Africa by giving them the first step to a meaningful career rather than a career with very limited prospects, if any. We have many satisfied, previously disadvantaged youths who completed the programme and started their journey in a meaningful career, even though South Africa is experiencing unprecedented economic circumstances in recent years.

SAICA's statement regarding "undermining the purpose of the ETI incentive" is incorrect and misleading. The Preamble of the Employment Tax Incentive Act 26 of 2013 states: "*Government wishes to support employment growth by focusing on labour market activation, especially in relation to young job seekers.*" This is in line with the iCOLLEGE Skills and Training Programme which in fact promotes government's call to address youth unemployment.

Our legal representatives will engage SAICA and address the shortcomings of the blanket media statement, as the unintended consequence of SAICA's actions could potentially deprive thousands of youths from advancing their lives and careers. This would be contrary to the intention of government and the ETI Act's intended purpose.

Finally, SAICA states that National Treasury as well as SARS were approached in 2019. To date, numerous employers have been audited by SARS and we are unaware of any adverse findings. Should SARS have had any concerns regarding the iCOLLEGE Programme, they would have immediately taken action.

We trust this letter addresses your concerns and encourage you to contact us, should you have any questions regarding this matter.

A handwritten signature in black ink, appearing to read 'Derek le Roux', written over a large, stylized, abstract scribble that resembles a signature or a logo.

Yours sincerely

Derek le Roux

Chief Executive Officer