NOWICKI
& ASSOCIATES

# Tax & Legislative Information Series…

## … about Bursaries, Scholarships & Learnerships, and their tax implications

Important Updates !

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By – R Nowicki

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Definition:**
    - **Section 10(1)(q) of the Income Tax Act 58 of 1962 deals with Bursaries & Scholarships.**
    - The phrase "scholarship or bursary granted" refers to **financial or similar assistance granted by an employer (or an associated institution in relation to that employer) to enable an individual to study at a bone fide / recognised educational or research institution.**
    - Such financial aid may be awarded with or without considering academic merit, and would include a bursary which is, in terms of a written agreement, **conditional upon the fulfillment of certain stipulated requirements.**
    - The individual (grantee) receiving the bursary **may be** required to:
      - obtain a qualification within a certain period,
      - or take up employment with the entity / employer (grantor) on completion of the course of study.
    - The bursary **must be made to enable the individual to pursue a course of study** for the purpose of gaining or expanding knowledge, aptitude or skills (in line with company objectives).
    - Two kinds of bursaries exist:
      - **Open Bursary** (i.e. anyone can apply) – **no tax implication** for the recipient.
      - **Closed Bursary** (i.e. only staff can apply) – **SARS tax rules and company bursary rules must be applied.**

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Definition:**
    - Employers are normally faced with **two choices** regarding bursaries:
      - if it's a **company-sponsored** bursary (i.e. company incurs the total cost) then the standard bursary rules apply.
      - if the company doesn't carry the cost **a salary sacrifice mechanism can normally be implemented** – this will assist the employee from a tax perspective. Employers need to be careful / get advice when using a salary sacrifice mechanism as SARS have recently (TLAB 2020 – effective March 2021) amended the requirements regarding salary sacrifices.
    - Bursaries and Scholarships are generally applicable to employees, their relatives and other family members (where **specific relationship conditions** apply).
    - The current understanding of who actually is a "**family member who is under family care and support**", as in some instances this individual is not actually a blood relative, still sometimes remains a grey area and is often left to interpretation.
    - The purpose of Bursaries and Scholarships:
      - to encourage employees to **assist in uplifting their own education levels as well as those** of their families.
      - **to reduce the reliance/burden** on the state to do this.
      - **to reward the employee** via a tax concession.
    - **Bursaries and Scholarship schemes cannot be exclusive** – i.e. only aimed at certain groups of employees based on race, sex, etc.
    - **Bursaries and Scholarships must be contractually agreed** with the employee – i.e. in the Employment Contract or as an Annex to the contract.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Bursaries VS ordinary training:**
    - **Ordinary training to "up-skill" an employee** for purposes of the business objectives and/or the objectives of that employee's job is **not subject to tax - i.e.:**
      - training courses **fall outside normal bursary regulations.**
      - however, specific rules should be established by the employer to avoid abuse of training benefits, for example:
        - **max no of days on courses / max number of courses** the employee can attend in a year (to curb the emergence of "professional course attenders").
        - **total investment per employee** – there should be an annual cap on this to avoid excessive and unnecessary expenditure on training interventions. Training costs (direct) and lost productivity costs (indirect) relating to course attendance should be compared to a resulting increase in productivity, or there needs to be some measurement mechanism in place to evaluate ROI.
        - no repeats, etc. – employees should after one or two attempts have some level of proficiency and/or pass the course.
        - depending on the value of the training intervention employers often agree with the employee as to the minimum period that the employee must **work for the employer towards "paying back" the cost of the training.**
        - Alternatively, a clause is often added to the agreement which stipulates **how much the employee must compensate the employer** for the cost of the training intervention, in the event of the employee resigning outside of the period stipulated in an employment agreement.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Section 18A – school fees**:
    - **School fees and Section 18A certificates:**
      - a recent trend has emerged which has caught SARS' attention – where a parent claims their **school fees to a private school as a "donation".**
      - some schools were issuing parents with **Section 18A certificates** – effectively showing the amount paid for **school fees**, as a **donation to the school.**
      - one can face hefty penalties if this is done (Section 23 of the Income Tax Act specifically prohibits tax deductions for domestic / private expenses).
      - only **donations that are made over and above school fees** can be claimed as a tax deduction (and where the donation does not have an expectation of a service / or something in return attached to it).
      - Where the child is in a **special needs** school one could qualify for tax relief (i.e. not as a donation). In this case, the school should issue a tax certificate stating the tuition fees (one also needs to follow the ITR-DD process):
        - the parent must confirm **disability status.**
        - it must be in accordance with the **criteria as prescribed by the Commissioner** and diagnosed by a registered medical practitioner.
        - see **SARS Guide** – List of Qualifying Physical Impairment or Disability Expenditure for detailed information
        - this process can get quite complicated, so it is advisable to get professional guidance.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Section 18A – school fees**:
    - **Free / reduced cost services from Educational Institutions:**
      - Some institutions provide **free or a reduced cost of education** to a staff member whose child / children are educated through the institution:
        - a taxable benefit therefore arises when **financial assistance and / or a free service** is provided by the Institution (i.e. who is deemed to be the employer).
        - the value of the taxable benefit is based on the **Marginal Cost Principle (MCP).**
        - The MCP is calculated based on what the **additional cost would be to educate an additional child.** Most educational institutions will have this formula as a standard to cater for such instances.
      - Other **direct costs** also need to be considered as part of the taxable benefit e.g.:
        - any stationery provided.
        - books and study material provided.
        - free / cheap accommodation, food, transport, etc.
        - laptop / calculators required for that field of study.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Employee Agreement and what it should include:**
    - **an amount / value of the bursary** – and detail on how it's made up.
    - the course or qualification to be obtained through the bursary / scholarship.
    - the expected duration / completion time frame – i.e. there must be a time limit in which the employee must complete the bursary / scholarship.
    - what the employer's **recourse will be should the course or qualification not be completed.**
    - the **tax implications should the employee or the relative of the employee not complete the study / bursary program,** for reasons other than**:**
      - death.
      - ill health.
      - injury.
    - this should be **clearly detailed / highlighted** in the bursary agreement as the Employer will not necessarily have the relationship with the recipient (i.e. only has the relationship (contractual!!) with the employee).
    - tax implications:
      - Employee who agrees to reimburse the employer if the study program is not completed (and actually completes the program) – **no tax implications.**
      - Employee's relative who is below the employees' remuneration ceiling (and the bursary limits) – **no tax implications.**

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Employee Agreement and what it should include:**
    - if the bursary/scholarship is **linked to a period of employment – clearly document this.**
    - **the employers / grantors' first right of refusal on the employees' services** after completion of the bursary must be included – if this cost **is deductible by the Employer** (for tax purposes). In this instance, there must be a motivation and proof that this will be a means to generate / produce income or provide a service.
    - specific consideration should be given in the agreement to **the possibility of the employee being terminated** (i.e. resigns, is retrenched, etc.) before the end of the bursary agreement and how the Employer will deal with this possibility.
    - once the bursary is complete (particularly where a bona fide salary sacrifice mechanism has been implemented) employees need to be informed as to how their remuneration will be adjusted to include the value of the bursary (i.e. the sacrificed amount) going forward, as there will in most cases, be a tax implication:
      - as the employees' remuneration will effectively be increased by the value of the bursary, the **additional remuneration amount will be subject to tax.**
      - the value of the amount sacrificed, when added back to the employees' remuneration, could **push that employee into a higher tax bracket.**
      - simulated tax calculations should be done to ensure that the **employee understands the implications,** as there will be queries from affected employees.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Employee Agreement and what it should include:**
    - Legitimate items that can make up the total "**bursary cost**" include:
      - registration fee
      - tuition fee
      - examination fees
      - accommodation costs (not the person's home)
      - food
      - limited transport
      - teaching materials
      - stationery
      - books
      - Laptop / calculators required for that field of study

***Note***

***Retain all invoices etc. as proof of the costs included in the bursary.***

***Documented proof of the bursary process needs to be kept (i.e. registration, results, qualification, etc.).***

***All of this will be scrutinized during a SARS audit.***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships (introduction)**
  - **Bursaries – Some Tax and Cost Considerations**:
    - Assuming the employer does not want to bear the additional cost of a bursary scheme but **allows the employee to enter into a legitimate Salary Sacrifice arrangement** the following must be borne in mind:
      - the sacrifice **cannot be applied to remuneration already accrued** to the employee (i.e. backdated). This is important as SARS changed the rules around salary sacrificing used to accommodate a bursary, in the TLAB of 2020 (effective March 2021).
      - all calculations, taxes, contributions, etc. that are **based on the original salary value (or remuneration)**, must be reviewed / changed accordingly if the salary / remuneration is reduced.
      - restructuring should normally be linked to when the **employee gets an increase / promotion, otherwise if not done properly it could fall foul of SARS.**
      - once the bursary is complete the **employees' package must be increased again** by the sacrificed amount in the following year. This will result in increased earnings, statutory contributions, contributions to medical aid and retirement funds and, unfortunately, an increase in tax.

***So - make sure there is a clause that clearly deals with how reverting back to the original salary / package after successful (or unsuccessful !) completion of the study program will be done.***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Some Tax and Cost Considerations**:
    - Where a legitimate **salary sacrifice mechanism** is established – bear the following in mind:
      - In some cases, the **UIF (employee and employer) and SDL (employer) contributions would have been reduced** as a result of the sacrificed earnings – this depends on the employee's earnings at the time.
      - From a UIF perspective – the **benefits accruing to the employee from the UIF** should the employee be retrenched, **could be reduced** – i.e. because the contributions would be based on the reduced earnings during the period the employee was on the bursary scheme.
      - The reduction in earnings could result in the **employee losing part of the retirement funding contribution benefit:**
        - if utilizing the maximum benefit (i.e. the 27.5%) then either the contribution amount will need to be reduced to fall back in line with the 27.5% maximum, or
        - the excess paid above the 27.5% will be subject to tax (i.e. won't be eligible for the tax deduction).
      - **Remuneration Proxy** must be used to determine if the Employee qualifies (i.e. bursary for a relative) or not (i.e. must fall under the R 600 000 p/a threshold for there to be a tax benefit if it's for a relative). The three methods of calculating Remuneration Proxy are:
        - previous years' **full remuneration.**
        - previous year **grossed up** (for a partial year).
        - current remuneration **projection.**

***Scenario testing for tax implications prior to finalizing the implementation should always be done.***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Some Tax and Cost Considerations:**
    - A practical example

| | Before Sacrifice | After Sacrifice | Before Sacrifice | After Sacrifice |
|---|---|---|---|---|
| Gross Annual | R 180 000 | R 162 000 | R 480 000 | R420 000 |
| Bursary (i.e. school fees) | R 0 | **R 18 000** | R 0 | **R 60 000** |
| Tot Rem | **R 180 000** | **R 180 000** | **R 480 000** | **R 480 000** |
| Less bursary exemption | R 0 | R 18 000 | R 0 | R 60 000 |
| Balance (taxable income) | **R 180 000** | **R 162 000** | **R 480 000** | **R 420 000** |
| Tax (PAYE) | R 18 180 | R 14 940 | R 106 000 | R 85 000 |
| Net (excluding UIF contr) | **R 161 820** | **R 147 060** | **R 374 000** | **R 335 000** |
| Less School Fee | **R 18 000** | **0** | **R 60 000** | **R 0** |
| Balance | **R 143 820** | **R 147 060** | **R 314 000** | **R 335 000** |
| Saving | | **R 3 240** | | **R 21 000** |

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Some Tax and Cost Considerations:**
    - Where the employee is provided with **more than the allowable amount**:
      - the **excess amount is taxable as it's deemed to be normal remuneration for tax purposes**.
      - the **Employer can provide a loan** – subject to the normal rules regarding low / no interest loans.
    - Where the employee is required to reimburse the Employer (i.e. course / study is not completed):
      - the **amount initially granted then becomes repayable – interest is discretionary.**
      - **if the employee doesn't repay then the amount is fully taxable.**
      - if the employer **covers this "debt"** then it's deemed as a **"payment of employee debt"** – i.e. is taxable and taxed as an annual payment for PAYE purposes.
      - If the employee pays back the amount over an extended period of time – interest could be a consideration.
      - This should be **clearly detailed / highlighted** in the bursary agreement – often serious family issues emerge when a relative does not complete the program as the **employee sometimes becomes liable**, not the relative.

***Remember – any reward (in cash or in-kind) you give the Employee for completing the qualification is taxable!!***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Some Tax and Cost Considerations:**

| Type | Criteria | Actual | Difference | Comment |
|---|---|---|---|---|
| Bursary **Proxy** Remuneration Ceiling (Bursaries) | **R 600 000** | R 650 000 | R 50 000 | Doesn't quality for tax benefit |
| Bursary Grants – Relative (Basic Education e.g. Grade R to 12) | **R 20 000** | R 35 000 | R 15 000 | R 15 000 becomes a taxable benefit |
| Bursary Grants – Relative (Higher Education e.g. NQF 5 to 10) | **R 60 000** | R 45 000 | R 15 000 | Entitled to increase by R 15 000 – no tax implications |
| Bursary Grants – Disabled Relative (Basic Education) | **R 30 000** | R 60 000 | R 30 000 | R30 000 becomes a taxable benefit |
| Bursary Grants – Disabled Relative (Higher Education) | **R 90 000** | R 50 000 | R 40 000 | Can provide an additional R 40 000 – no tax implications |

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Payroll Considerations:**
    - The payroll must be **set up to accommodate the required SARS codes** and the correct taxation of the amounts paid towards the bursary must be ensured:
      - Tax Certificate / IRP5 Reporting needs to be in line with the **SARS BRS specifications.**
      - some payroll systems need user intervention in order to set up the rules / codes (normally international systems).
      - most local payroll systems are already predefined with the appropriate rules.
      - the details of the bursary value / sacrificed amount etc must be **clearly visible on the employees' payslip** in order to avoid ongoing queries.

***There have been many instances where the employer has provided the bursary in full and not split the taxable / non-taxable portion. This is easily identified by SARS when they do the Employee Tax Validation (ETV) routine on Tax Certificates received during filing season ….***

***… the result is that the employee must pay the shortfall in tax in full on assessment. Employers do get this wrong. When the full bursary amount is paid in January and the shortfall in tax becomes visible in the next filing season, results in a major cash flow issue for the employee !***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – What happens on the IRP5?:**
    - **IRP 5 Codes (existing):**
      - 3815/3886 – **the exempt portion** of the bursary grant **(basic education)**.
      - 3821/3871 – **the exempt portion** of the bursary grant **(higher education)**.
      - 3809/3859 – **the taxable portion** of the bursary grant or the **entire bursary grant where the grant falls outside the tax concession (basic education)**.
      - 3820/3870 – **the taxable portion** of the bursary grant or the **entire bursary grant where the grant falls outside the tax concession (higher education)**.
    - **IRP 5 Codes (new from 2017 – for relatives with disabilities):**
      - 3830/3880 – **the exempt portion** of the bursary grant **(basic education)**.
      - 3832/3882 – **the exempt portion** of the bursary grant **(higher education)**.
      - 3829/3879 – **the taxable portion** of the bursary grant or the **entire bursary grant where the grant falls outside the tax concession (basic education)**.
      - 3831/3881 – **the taxable portion** of the bursary grant or the **entire bursary grant where the grant falls outside the tax concession (higher education)**.

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – What happens on the IRP5?:**

| Type | Non Taxable portion | | Taxable portion | |
|---|---|---|---|---|
| | Local | Foreign | Local | Foreign |
| Bursary Grants – Relative (Basic Education e.g. Grade R to 12) | **3815** | **3865** | **3809** | **3859** |
| Bursary Grants – Relative (Higher Education e.g. NQF 5 to 10) | **3821** | **3871** | **3820** | **3870** |
| Bursary Grants – Disabled Relative (Basic Education e.g. Grade R to 12) | **3830** | **3880** | **3829** | **3879** |
| Bursary Grants – Disabled Relative (Higher Education e.g. NQF 5 to 10) | **3832** | **3882** | **3831** | **3881** |

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **Bursaries – Recent changes regarding Bursaries (TLAB 2020)**
    - Reminder - Treasury has expressed concerns about several schemes and **the manner in which the scheme has been set up in relation to salary sacrifices.**
    - Smaller employers are making use of these schemes as they don't have the capacity to manage / monitor a bursary scheme themselves in-house.
    - The concept of using a salary sacrifice mechanism to fund bursaries was **initially prohibited but in 2006 this prohibition was removed**, paving the way for many employees to assist in the education of relatives and family members through this tax break.
    - There is currently a **perceived abuse of tax-exempt bursaries** by some institutions in that **salary sacrifice schemes are being established to reclassify ordinary taxable remuneration as a tax-exempt bursary** – thus using the pre-tax money for other private expenditures. This also creates a loss to the fiscus which SARS / Treasury are unhappy with!
    - The changes include:
      - The exemption will only apply if the scholarship / bursary is **not restricted to relatives** of the employee – i.e. is an open scheme available to members of the public.
      - The exemption **will not apply if there has been an element of salary sacrifice.**
      - The **employer deduction** is only available **if the scholarship / bursary granted is not subject to an element of salary sacrifice.**

***Be very careful when establishing bursary schemes – get advice !!***

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **A final word on Open Bursaries Offered by Employers**
    - An open bursary is a bona fide bursary or scholarship that is made available to members of the general public and is **not restricted to employees or relatives of employees**.
    - Open bursaries are typically **awarded based on merit or objective selection criteria**, such as academic performance or financial need, and **not as a result of an employment relationship.**
    - A bona fide bursary or scholarship **granted to a non-employee is exempt from normal tax** in terms of section 10(1)(q) of the Income Tax Act.
    - Because the recipient of an open bursary is not an employee, **the bursary does not constitute remuneration** and is therefore not treated as a taxable fringe benefit.
    - Open bursaries must **not be processed through the employer's payroll system**, as there is **no employment relationship** between the payer and the recipient.
    - **No employees' tax (PAYE), UIF, or SDL is required to be deducted** in respect of an open bursary paid to a non-employee.
    - The value of an open bursary must not be reported on an IRP5 or IT3(a), as **the payment does not arise from employment and is not taxable remuneration**.
    - Open bursaries are generally not subject to repayment or "work-back" conditions, and the absence of such **conditions supports the view that the payment is not linked to employment.**

# About – Bursaries, Scholarships & Learnerships

- **Bursaries & Scholarships**
  - **A final word on Open Bursaries Offered by Employers**
    - Employers should **retain appropriate documentation** confirming that the bursary was open to the public, awarded on merit, and **not granted by virtue of employment**, as this is important in supporting the non-taxable and non-payroll treatment should SARS raise a query.
    - **Important to note:**
      - Where the **bursary selection criteria provide that employees are given preference**, the bursary is **no longer regarded as a bona fide bursary**, and the benefit **may become taxable** in the hands of the employee.
      - If an employee, or a family member of an employee, receives a bursary based on merit and **not because of the employment relationship**, the bursary is not taxable, as the **employment is merely incidental**.

# About Learnerships …

# About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – Definition**
    - **Section 12H of** the **Income Tax Act** 58 of 1962 deals with Learnerships
    - A learnership is a structured learning program (with a **legally binding agreement between the Learner and the Employer)** during which the learner spends time on the theoretical side (i.e. learning theory) and the practical side (i.e. applying the knowledge in the workplace to gain/improve practical skills).
    - The purpose of a learnership is to **find ways to address the skills shortfall in SA** through Government / Employer initiatives to assist in filling the needs of the SA labour market.
    - In order to qualify, it **must be related / applicable to that individual's occupation/job.**
    - Learnerships are work-based learning programs which **result in the participant gaining a registered NQF qualification** (i.e. SETA's are meant to be part of the process!).
    - A learnership will always have **three participants**:
      - The learner.
      - The Employer.
      - The duly authorised education/training provider.
    - **Minimum requirements** for a participant:
      - Young people – between 16 and 35.
      - Must have completed school, college, etc.
      - Unemployed learners MUST have a contract of employment in place for the duration of the learnership (i.e. must have access to practical work experience).

# About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – a few facts**
    - Companies should consider a Learnership program as **the program generally addresses**:
      - The **challenges of decreasing employment opportunities** for the youth.
      - Assisting with **providing access to education and training programs**, where previously access to these were unequal.
      - **Providing educational advancement opportunities** which were previously hindered by race, gender and in many cases, geographical location.
    - **Benefits** for Learners:
      - Greater **employment opportunities** – once completed successfully.
      - **Fixed-term contract of employment** – for the duration of the Learnership.
      - **Improve the learner's ability to perform better at their job** – i.e., due to newfound theoretical and practical skills obtained.
      - **Qualifications are nationally recognized** – in the relevant/specific sector. During the Learnership, learners will have to complete assessments, tasks, projects, etc. through a formal assessment process. If successful, **the learner will receive an NQF registered qualification.**
      - The learner will be **entitled to a learner allowance** throughout the period of the Learnership – all the SETA have these figures as Learnerships are generally funded by the SETA's. These figures are agreed upon with the learner prior to commencement.
      - There is a specific minimum amount that must be paid to the learner during the time spent on the Learnership – **it's not seen as a wage/salary but rather as a stipend to cover travel, meals, etc**.

- **Learnerships**
  - **Learnerships – a few facts**
    - To enter into a Learnership arrangement the learner needs to sign **two legal documents:**
      - **The Learnership Agreement** – which is signed by the learner, the company employing the learner and the education provider (i.e. who is providing the theoretical training element of the program). This will clearly detail the rights, obligations and responsibilities of all three parties to the Learnership program.
      - **The Employment Contract –** only valid for the period of the Learnership. Will contain the usual company-specific information.
    - **Termination of a Learnership** – the employer can terminate if:
      - The **Learnership has expired** (i.e. the duration as originally agreed).
      - The **employer and the learner agree in writing**. If there is no agreement here, then the SET that registered the agreement can approve the termination.
      - The **learner is dismissed** (i.e. fairly) for a reason related to that learner's conduct within the organization or based on the learner's capacity as an employee.

# About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – Annual Allowance**
    - **Employers can claim the following whilst the individual is on a learnership program:**

| Type | 2017 | 2018 | 2019 | 2020 | As at 2023 |
|---|---|---|---|---|---|
| Learnership (Basic Education – level 1 to 6) | R 40 000 | R 40 000 | R 40 000 | R 40 000 | R 40 000 |
| Learnership (Higher Education – level 7 to 10) | R 20 000 | R 20 000 | R 20 000 | R 20 000 | R 20 000 |
| Learnership (Basic Education – level 1 to 6) - Disabled Person | R 60 000 | R 60 000 | R 60 000 | R 60 000 | R 60 000 |
| Learnership (Basic Education – level 1 to 6) – Disabled Person | R 50 000 | R 50 000 | R 50 000 | R 50 000 | R 50 000 |

The NQF level descriptions are as follows:

- NQF levels 1 to 4: Up to grade 12 (National Certificate)
- NQF level 5: Higher Certificate
- NQF level 6: Diploma or Advanced Certificate
- NQF levels 7 to 10: Bachelor's Degree to Doctorate.

## About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – Annual Allowance – some basic rules**
    - **This is a recurring Annual Allowance**. It's based on a pro-rata principle depending on the number of months in the tax year that the program was operational.

    - The Employer **will not qualify** for the annual allowance if:
      - a **learnership agreement is not registered**, subject to the deeming provision of section 12H(2)(c); or
      - a learner is **not in employment.**

    - The Employer **will qualify** for the annual allowance if:
      - during any year of assessment, the learner is a party to a **registered learnership agreement** with the Employer;
      - the agreement had been entered into **pursuant to a trade carried on by that Employer**; and
      - the Employer has **derived "income"** as defined in section 1 **from that trade**.

# About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – Completion Allowance**
    - **Employers can claim the following once the individual successfully completes the learnership program:**

| Type | 2017 | 2018 | 2019 | 2020 | As at 2023 |
|---|---|---|---|---|---|
| Learnership (Basic Education – level 1 to 6) | R 40 000 | R 40 000 | R 40 000 | R 40 000 | R 40 000 |
| Learnership (Higher Education – level 7 to 10) | R 20 000 | R 20 000 | R 20 000 | R 20 000 | R 20 000 |
| Learnership (Basic Education – level 1 to 6) - Disabled Person | R 60 000 | R 60 000 | R 60 000 | R 60 000 | R 60 000 |
| Learnership (Basic Education – level 1 to 6) – Disabled Person | R 50 000 | R 50 000 | R 50 000 | R 50 000 | R 50 000 |

# About – Bursaries, Scholarships & Learnerships

- **Learnerships**
  - **Learnerships – Completion Allowances – some basic rules**
    - This is a **once-off allowance** based on the number of years over which the Learnership is spread.
    - The amount claimed **must be prorated** if the agreement does not span a full 12 months.
    - An Employer may not claim a **completion allowance (or an annual allowance)** for a newly registered learnership agreement if:
      - a learner, who is party to the new registered learnership agreement, has **previously failed to complete** any other registered learnership agreement to which the Employer or an associated institution was a party; and
      - the other registered learnership agreement **contains the same education and training components/modules** as the newly registered learnership agreement.
    - **SDL Remuneration.** The leviable amount is the total amount of remuneration as determined in accordance with the Fourth Schedule provisions for purposes of determining the Employer's liability for Employees' Tax.
    - The Allowance will **cease from 1 April 2024 (now extended to April 2027).**

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