

Tips for SMEs to keep on the right side of the law

If you're running a small business, you might feel overwhelmed by the many regulatory bodies and requirements in South Africa. From labour laws and tax regulations to municipal bylaws, health and safety regulations and consumer protection laws, you'll be spending a great deal of your time simply trying to comply with a range of legislative and regulatory demands.



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But rather than seeing legal and regulatory compliance as a burden, you'd be wise to embrace it as an opportunity to run more efficiently said Ivan Epstein, co-founder of Softline and CEO of Sage AAMEA (Australia, Asia, Middle East and Africa).

"Compliance is hard work, but it will keep you out of trouble with authorities such as the taxman and the Department of Labour," he said. "Plus, putting the processes and systems in place you need to satisfy various laws and regulations will give you visibility into, and control over, your business. What's more, it's also good for your relationship with customers and your reputation in the market."

The demands you face will vary according to the size and the structure of your business. But here are a few points to keep in mind as the owner of a small business.

The taxman's due

The South African Revenue Service (SARS) is one of the country's most tenacious and professional government departments, so it's wise to maintain a professional and transparent relationship. If you're a sole proprietor or in a partnership, register with SARS as a provisional taxpayer.

If you have registered a company, be sure to register it with SARS, in addition to registering yourself as a taxpayer. If you have employees, you must remember to deduct tax from them and pay it to SARS each month. Also, you must collect and pay VAT if your business has an annual turnover in excess of R1 million.

Labour law

As an employer, familiarise yourself with the Basic Conditions of Employment Act. This law governs relationships between companies and employees, setting out rules around working hours, overtime, leave, and the processes that need to be followed should you need to dismiss an employee. You'll also need to register with the Department of Labour and contribute to the Unemployment Insurance Fund (UIF).

Health and safety regulations

The Occupational Health and Safety Act give workers a range of rights in terms of health and safety in the workplace. Regulations in the Act provide guidelines around aspects of workplace safety such as first aid, protective clothing, machinery, ladders, firefighting equipment, ventilation, lighting, temperature, noise and asbestos.

Municipal bylaws

Municipal bylaws, governing zoning, noise levels, hygiene, and so forth will also have impact on your business. For example, you will probably need permissions to run a noisy manufacturing operation or a night club in a quiet suburban street, and should you wish to renovate your office building you may also need permission for that.

Consumer protection

With laws such as the Consumer Protection Act, the government and regulators are becoming more stringent about consumer rights in South Africa. You should investigate what these laws have to say about how you should advertise your goods, structure your contracts with consumers, handle customer data, deal with merchandise returns under warranty, and so on.

Epstein said that many of these laws and regulations can seem intimidating to an entrepreneur just striking out on his own. "It's not a bad idea to consult an expert for help when you're not sure about how the law might affect your business," he said. "Rather seek professional tax, accounting or legal help than risking non-compliance-it will be well worth the investment."

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