

Training Funding – Bicycle Technicians

Employers can access Skills Development Levy (SDL) funding for their Bicycle Mechanics through Sector Education and Training (SETA) training grants and SARS rebates.

In the bicycle industry two SETAs play a role:

- Wholesale and Retail SETA (W&RSETA) – the primary SETA of bicycle shops, and
- Manufacturing, Engineering and Related Services SETA (merSETA) – the quality assurance partner of the bicycle mechanic qualifications.

Skills Development Levy (SDL)

The SDL is a compulsory levy imposed to encourage investment in training and development. It is administered by SARS and is required to be paid by the employer if:

- their total annual payroll exceeds R500,000, or
- they are registered with SARS for SDL purposes.

The SDL is calculated at 1% of the total monthly payroll (including wages, salaries, bonuses, overtime, and other taxable remuneration). Exempt employers include certain public benefit organisations and small employers under the threshold.

The levy is collected by SARS and transferred to the National Skills Fund (NSF) and Sector Education and Training Authorities (SETAs). The SETAs will use the funds to support skills development, including grants, training programmes, and learnerships.

The more common way for an employer to access the SDL funding is through the **SETA mandatory grant** and **discretionary grant** funding.

Mandatory Grants

Employer Requirements	Explanation / Criteria / Requirements	Remarks
Purpose	Encourages employers to participate actively in skills development by offsetting a portion of their training costs.	Focus is on developing the skills of the employer's current workforce.
Eligibility / Compliance	<ul style="list-style-type: none"> • Registered with SETA. • Annual Training Plan (ATP) submitted and approved by the SETA. • Workplace Skills Plan (WSP) submitted and approved by the SETA. • Employed learners, permanent or contracted, who are on the employer's payroll. 	SETAs require an external / internal Skills Development Facilitator (SDF) be: <ul style="list-style-type: none"> • Registered with the SETA on behalf of the employer, and • Submit the ATP and WSP, usually 30 April yearly.
Grant Calculation	20% to 70% of the total amount paid by the employer to the SDL.	Rebate paid by SETA to employer every quarter.

Employer Requirements	Explanation / Criteria / Requirements	Remarks
Utilisation	<p>Expenses related to training and skills development initiatives outlined in the approved ATP, which can include:</p> <ul style="list-style-type: none"> • Learnerships. • Qualifications. • Internships. • Skills programmes. 	<p>Initiative must be against SETA criteria e.g. prioritising certain skills or targeting specific demographics.</p>
Benefits to Employer	<ul style="list-style-type: none"> • Rebate on training costs. • Tax rebates. • Improvement of customer confidence. • Improvement of employee competence and morale. • Accumulation of B-BBEE Skills Development points. 	<p>The tax rebates are not directly linked to MGs provided by SETAs. Tax incentives associated with skills development can be leveraged alongside MGs, particularly through Sec 12 of the Income Tax Act and the Employment Tax Incentive (ETI).</p> <ul style="list-style-type: none"> • Sec 21H offers: <ul style="list-style-type: none"> ◦ Additional tax incentives for participating in registered learnerships. ◦ Amounts vary based on NQF level of the learnership and disability of the learner. ◦ Eligibility criteria apply. • ETI is designed to encourage employers to hire young work seekers by reducing the cost of employment. Key features include: <ul style="list-style-type: none"> ◦ Age criteria of 18 – 29, ◦ Remuneration threshold of <R6.500 per month, ◦ Can be claimed for up to 24 months per qualifying employee, and ◦ Employers can reduce the amount of PAYE tax payable to SARS.

To ensure they benefit employers should ensure that they are/have:

- Registered with SARS for SDL deductions.
- Registered with SETA, probably W&RSETA (regional office).
- Appointed an SDF (either internal/external).
- Submitting ATRs and WSPs (developed by SDF).
- Submitting applications for MGs (developed by SDF).

Discretionary Grants (MGs)

The below is contextualised to the bicycle mechanic suite of qualifications which is offered in the following sequence:

- Class-based component conducted at an accredited SDP (Knowledge & Practical Component [K&PC]),
- Workplace-based component conducted at a functioning workplace (Work Experience Component [WEC]), and
- Final assessment conducted at an Assessment Centre (External Integrated Summative Assessment [EISA]).

Employer Requirements	Explanation / Criteria / Requirements	Remarks
Purpose	Financial support provided by a SETA to fund skills development initiatives.	
Applicants	<ul style="list-style-type: none"> • Employers, or • Training providers, or • NPOs, or • Universities and TVET colleges. <p>Applicants must be:</p> <ul style="list-style-type: none"> • Registered with relevant SETA, • Tax compliant, and • Able to demonstrate capacity to implement training. 	<p>Parties to a proposal, in the case of bicycle mechanic training, will normally consist of:</p> <ul style="list-style-type: none"> • Project manager e.g. either the employer, training provider, or an independent party. • Accredited training provider, • Workplace/employer, • Registered assessment centre. <p>Employees may apply for MGs, especially when including unemployed learners but should still be/have:</p> <ul style="list-style-type: none"> • Registered with the SETA. • Up to date with SDL payments. • Annual Training Plan (ATP) submitted and approved by the SETA. • Workplace Skills Plan (WSP) submitted and approved by the SETA.
Eligibility / Compliance	<p>DGs can fund:</p> <ul style="list-style-type: none"> • Learnerships, • Qualifications, • Recognition of prior learning (RPL) initiatives, • Internships, • Skills programmes, • Apprenticeships, or • Bursaries. 	DGs need to align with SETA sectoral priorities and address scarce and critical skills needs.
Process	<ul style="list-style-type: none"> • SETAs issue DG Funding Windows (calls for applications) via their websites and notices. • Applicants submit a detailed proposal or application form. 	SETAs evaluate submissions based on alignment to sector skills plans (SSPs), impact potential, B-BBEE priorities, and capacity to deliver.

Employer Requirements	Explanation / Criteria / Requirements	Remarks
	<ul style="list-style-type: none"> SETA recommends and approves the proposal or application. Approved applicants sign a Service Level Agreement (SLA). Funds disbursed upon milestone completion. 	
Utilisation	<p>Proposal can budget for:</p> <ul style="list-style-type: none"> Tuition, Assessment fees, Travel, Meals, Stipend, Management fee, UIF, and COIDA. 	
Benefits to Employer	<ul style="list-style-type: none"> SDP capacitates workplace/employer into workplace criteria and achievement of learning outcomes for WEC. Allows workplace to gain <i>additional support</i> during WEC without incurring the full cost of a salary as learners will receive stipend from DG budget. Learners have workplace experience – by the time they complete the qualification, they therefore: <ul style="list-style-type: none"> Know the employers' systems and customers, Fit into the employers' team and culture, Are ready to hire with minimal orientation, and The employer does not need to hunt for skilled mechanics – they grow your own. 	