



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

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TO :ACCOUNTING OFFICERS OF ALL NATIONAL DEPARTMENTS AND
CONSTITUTIONAL INSTITUTIONS

:ACCOUNTING OFFICERS OF ALL MUNICIPALITIES AND MUNICIPAL
ENTITIES

:ACCOUNTING AUTHORITIES OF ALL SCHEDULE 2 AND 3 PUBLIC
ENTITIES

:HEAD OFFICIALS OF ALL PROVINCIAL TREASURIES

SUPPLY CHAIN MANAGEMENT

ISSUANCE AND VALIDITY OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) STATUS LEVEL CERTIFICATES IN RESPECT OF EXEMPTED MICRO ENTERPRISES (EMEs)

1. PURPOSE

This Circular serves to provide guidance to accounting officers (AOs) and accounting authorities (AAs) on the issuance and validity of B-BBEE Status Level Certificates in respect of EMEs.

2. ELIGIBILITY AS AN EXEMPTED MICRO-ENTERPRISE (EME)

- 2.1 The B-BBEE Codes of Good Practice prescribes that any enterprise, including a sole propriety, with annual total revenue of R5 million or less qualifies as an EME. In instances where Sector Codes are applicable to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME may be different from the generic threshold of R5 million. The relevant Sector Codes thresholds will therefore be used as a basis for a potential bidder to qualify as an EME. To date the approved Sector Codes with different thresholds are the Tourism Sector Codes which is R2.5 million and the Construction Sector Codes (only applicable to the Built Environment Professional (BEP) subsector) which is R1.5 million.

2.2 EMEs are deemed to have B-BBEE status of level four (4) contributor having B-BBEE procurement recognition of 100%. In instances where EMEs are more than 50% black owned, such enterprises qualify for promotion to a B-BBEE status of level three (3) contributor having B-BBEE procurement recognition of 110%.

2.3 Sufficient evidence of qualification as an EME is an Auditor's certificate or similar certificate issued by an Accounting Officer (as contemplated in the Close Corporation Act, Act No 69 of 1984) or a SANAS accredited Verification Agency.

3. EME B-BBEE STATUS LEVEL CERTIFICATES ISSUED BY AUDITORS AND ACCOUNTING OFFICERS AS CONTEMPLATED IN THE CLOSE CORPORATION ACT

3.1 Certificates issued by an Auditor or Accounting Officer will be issued in his or her letterhead with the practice number and contact number clearly specified on the face of the certificates.

3.2 When confirming the validity of such a certificate, the following should be detailed on the face of the certificate:

- The Auditor's / Accounting Officer's letter head with full contact details;
- The Auditor's / Accounting Officer's practice numbers;
- The name and the physical location of the measured entity;
- The registration number and, where applicable, the VAT number of the measured entity;
- The date of issue and date of expiry;
- The B-BBEE Status Level of Contribution obtained by the measured entity; and
- The total black shareholding and total black female shareholding.

4. EME B-BBEE STATUS LEVEL CERTIFICATES ISSUED BY VERIFICATION AGENCIES ACCREDITED BY THE SANAS

4.1 In the past, the issuance of B-BBEE Status Level Certificates in respect of EMEs did not form part of the SANAS accreditation scope. SANAS accredited Verification were, therefore, not permitted to use the SANAS symbol (logo) on EME B-BBEE Status Level Certificates.

4.2 In light of the Preferential Procurement Regulations, 2011 which came into effect on 7 December 2011 and its Implementation Guide, issued by the

National Treasury as part of Supply Chain Management (SCM) Circular dated 1 December 2011, it has become mandatory for the SANAS symbol (logo) to appear on the EME certificates. This is as a result of a greater need to provide certainty on the validity of EME B-BBEE Status Level Certificates issued.

- 4.3 AOs / AAs are, therefore, provided with the following guidance on the issuance and validation of EME B-BBEE Status Level Certificates issued by SANAS accredited Verification Agencies.
 - 4.3.1 AOs / AAs are required to ensure that all EME B-BBEE Status Level Certificates issued by SANAS Accredited Verification Agencies on or after 1 March 2012 bear the SANAS symbol (logo) on the face of the certificates.
 - 4.3.2 EME B-BBEE Status Level Certificates issued by SANAS accredited Verification Agencies prior to 1 March 2012 and which do not bear the SANAS symbol (logo) are acceptable as evidence of their B-BBEE rating. AAs /AOs are, however, required to confirm the validity of the certificate by tracing the name of the issuing Verification Agency to the list of SANAS Accredited Agencies. This list is accessible on [http://www.sanas.co.za/af-directory/bbbee list.php](http://www.sanas.co.za/af-directory/bbbee_list.php).
- 4.4 Further guidance on the use of the SANAS symbol (logo) will be communicated by the SANAS directly to Verification Agencies.
- 4.5 Any enquiries in respect of B-BBEE Status Level Certificates may be directed to the dti as follows:

Ms Makhosazana Seate
Director: Procurement Transformation and Verification
Tel: (012) 394 1694
Fax: (012) 394 2694
E-mail: MSeate@thedti.gov.za

5. APPLICABILITY

This circular applies to all national and provincial departments, constitutional institutions, public entities listed in schedules 2 and 3 to the PFMA and municipalities and municipal entities to which the MFMA apply.

6. DISSEMINATION OF INFORMATION CONTAINED IN THIS CIRCULAR

- 6.1 Heads of provincial treasuries are requested to bring the contents of this circular to the attention of accounting officers and supply chain management officials of their respective provincial departments.
- 6.2 Accounting officers of national and provincial departments are requested to bring the contents of this circular to the attention of accounting authorities and the supply chain management officials of Schedule 3A and 3C public entities reporting to their respective executive authorities.
- 6.3 Accounting officers of municipalities and municipal entities are requested to bring the contents of this circular to the attention of the supply chain management officials of their municipalities and municipal entities.
- 6.4 Accounting authorities of Schedule 2, 3B and 3D public entities are requested to bring the contents of this circular to the attention of the supply chain management officials of their public entities.

CONTACT INFORMATION

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