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MINIMUM GUIDELINES ON HOW TO FORMALISE AN MSME IN THE WASTE ECONOMY



1.1 Introduction and Overview

Policymakers in the waste sector sometimes struggle to develop effective interventions, allocate resources efficiently, and provide sufficient assistance to Micro, Small, and Medium Enterprises (MSMEs) because credible data and statistics are scarce. The absence of a centralised, up-to-date, and user-friendly directory makes it difficult for stakeholders to access critical information, connect with relevant enterprises, or identify opportunities for collaboration and support. To address the challenge of obtaining reliable data on MSMEs in the waste economy, where formal and informal enterprises are essential, the Waste Economy Enterprises Repository of South Africa (WEERSA) was established. WEERSA is a smart web and mobile-based national directory designed to map, connect, and empower MSMEs working in the South African waste sector.

1.2 Objectives of WEERSA

The primary objectives of WEERSA are to:

- Accurately register and maintain a repository of MSMEs in the waste sector.
- Act as a source of accurate information for the waste sector.
- Provide MSMEs with information about funding and empowerment opportunities.
- Act as a link between key role players in the waste sector.

1.3 WEERSA's Potential Benefits

WEERSA was developed and implemented to address the need for credible information regarding Medium, Small, and Micro Enterprises (MSMEs) involved in the waste sector in South Africa. Having a reliable database will facilitate informed policy decisions, effective resource distribution, and the creation of successful support programs. Waste management professionals and officials at the national, provincial, and municipal levels can benefit from the database by accessing information on MSMEs in their regions. The academic and research communities will greatly benefit from the information available on MSMEs in the waste sector, as this data is expected to lead to a variety of research outcomes. Additionally, the database will aid funders by enabling them to engage with a wider audience compared to only making information available on their websites. Ultimately, MSMEs will be the main beneficiaries, as they will have the opportunity to connect and pursue potential opportunities.

1.4 Micro, Small and Medium Enterprises (MSMEs)

South Africa's development policy framework has long recognised Micro, Small, and Medium Enterprises (MSMEs) as a key driver of inclusive economic growth and job creation. As a result, the growth of MSMEs has been a crucial pillar of successive policy papers, beginning with the Reconstruction and Growth Program (RDP) in 1994, progressing to the New Growth Path in 2010, and culminating in the current National Development Plan (NDP) Vision 2030.

The definition of MSMEs is complex, as the term encompasses a wide range of definitions globally. Furthermore, the intricacy of defining MSMEs is exacerbated by the sectors in which they operate. Generally, countries use annual turnover and number of employees to distinguish between Micro, Small and Medium enterprises. According to the Organisation for Economic Cooperation and Development, an MSME is a company that employs up to 249 people and is classified into three categories: micro (1-9), small (10-49), and medium (50-249). However, in South Africa, micro (1 to 10), small (11 to 50), and medium (51 to 249). Schedule 1 of the National Small Enterprise Act (Act No. 102 of 1996) was amended in 2019 to incorporate the new turnover threshold values, account for inflation and define small enterprises using two proxies (the total full-time equivalent employees and total annual turnover and consolidate very small and micro-enterprise categories (DSBD, 2019).

1.5 MSME and NPO Registration process

Businesses that wish to operate formally in South Africa can register with the Companies and Intellectual Property Commission (CIPC).

The registration steps are as follows:

Step 1: Create a CIPC customer account on the CIPC eServices system.
Step 2: Conduct a name search and, where applicable, reserve the proposed business name.
Step 3: Select the appropriate type of business/company to be registered.
Step 4: Complete the required registration information and provide the required supporting documents.
Step 5: Pay the applicable registration fees. https://www.bizportal.gov.za/
Step 6: Submit the application through CIPC eServices.

Step 7: Once the application is approved, obtain the company registration documents and company registration number.

CIPC provides online services for company registration, name reservations and other company-related transactions. For more information you can access the registration portal and registration guideline document: https://eservices.cipc.co.za/; https://www.cipc.co.za/; https://www.cipc.co.za//wp-content/uploads/Step_by_step_Guide/Customer-Registration.pdf

1.6 SARS Registration process

Once a business has been successfully registered with CIPC, the next step is to register with the South African Revenue Service (SARS) for the applicable tax obligations. For companies registered with CIPC, SARS indicates that an Income Tax reference number is automatically generated after registration with CIPC. The business must then register and activate its SARS eFiling profile to manage its tax affairs electronically.

The registration steps are as follows:

Step 1: Register the business with CIPC.
Step 2: Obtain the company registration documents and tax reference information.
Step 3: Register for SARS eFiling.
Step 4: Link the company to the SARS eFiling profile.
Step 5: Register for the applicable tax types, where required, such as:

- Corporate Income Tax
- Value-Added Tax (VAT), where applicable
- Pay-As-You-Earn (PAYE), where the business employs staff
- Other applicable tax types

Step 6: Keep the business tax information and supporting documents up to date.
Step 7: Submit the required returns and make payments within the prescribed periods.

Businesses should consult SARS to determine which tax registrations apply to their specific circumstances. For more information, you can access the registration portal and registration guideline documents. https://www.sars.gov.za/ ; https://www.sars.gov.za/businesses-and-employers/small-businesses-taxpayers/starting-a-business-and-tax/; https://www.sars.gov.za/businesses-and-employers/small-businesses-taxpayers/videos-small-business-taxpayers/

1.7 Steps to open a business bank account

Businesses that are formally registered can approach a commercial bank or other authorised financial institution to open a business bank account. The requirements may differ between financial institutions. Businesses should contact their preferred bank to confirm the latest requirements.

Generally, the bank may require:

- CIPC company registration documents
- Company registration number
- Identification documents of directors, members or authorised representatives
- Proof of business or residential address
- Company Memorandum of Incorporation (MOI), where applicable
- Proof of SARS registration/tax information
- Business address and contact details
- Information relating to the nature of the business
- Additional documentation required by the bank for verification and compliance purposes.

Businesses are advised to compare available business banking products and confirm the applicable requirements, fees and conditions directly with their preferred financial institution.

1.8 Registration process for an NPO

Organisations in the waste sector that wish to operate as a Non-Profit Organisation (NPO) can apply for registration with the Department of Social Development (DSD) through the online NPO registration system. NPOs may include non-governmental organisations (NGOs), community-based organisations (CBOs) and in some instances, are also referred to as civil society organisations (CSOs).

The registration steps are as follows:

Step 1: Develop and adopt the organisation's founding document, such as a constitution or other applicable founding document.
Step 2: Ensure that the organisation meets the requirements for registration as an NPO.
Step 3: Access the Department of Social Development's online NPO registration system.
Step 4: Create an account and complete the online application form.
Step 5: Upload the required supporting documents, including the organisation's founding document and other required information.
Step 6: Submit the application electronically through the online system.
Step 7: Monitor the application and respond to any requests for additional information, where applicable.
Step 8: Once the application has been approved, the organisation will receive its NPO registration certificate.

For more information, you can access the registration portal and registration guideline documents. https://www.npo.gov.za/login ;



How to Register an NPO on the DSD NPC

Requirements to register a recycling business (provincial and municipal requirements)

The requirements for establishing and operating a recycling business depend on the type of waste being handled, the activities undertaken, the size and capacity of the facility, the location of the business and the requirements of the relevant municipality and province. Businesses should first identify exactly what waste they intend to collect, store, sort, recover, treat or recycle.

Businesses are encouraged to follow the steps below to determine the applicable requirements:

Step 1: Register the business

The business should first be formally registered with the Companies and Intellectual Property Commission (CIPC) and comply with applicable SARS requirements.

Step 2: Identify the waste stream and activities

The business should clearly identify:

- The type of waste it will collect, store, sort, recover or recycle (e.g. paper and cardboard, plastic, glass, metal, electronic and electrical waste, batteries, used oils, organic waste, and other general or hazardous waste)
- Whether the waste is general or hazardous.
- The activities that will be undertaken (collection, transportation, storage, sorting, shredding, baling, crushing, processing, recovery, recycling or other treatment activities)
- The proposed location of the facility
- The intended processing or recycling capacity.

Please note that different waste management activities are subject to different regulatory requirements.

Step 3: Determine whether a Waste Management Licence (WML) is required

Businesses must determine whether their proposed waste management activity is a listed waste management activity that requires a Waste Management Licence in terms of the National Environmental Management: Waste Act, 2008 (NEMWA) and the applicable regulations. A Waste Management Licence is required where the proposed activity falls within the activities requiring a licence. Some activities may instead be subject to applicable norms and standards. The application must be submitted to the relevant licensing authority and must be accompanied by the prescribed processing fee and the required information and documentation. Businesses should therefore not assume that all recycling businesses require a WML. The specific activity and applicable thresholds must first be assessed.

Step 4: Check provincial requirements

The business should contact the provincial environmental authority in the province where the facility will operate to confirm whether there are additional provincial requirements, authorisations or processes applicable to the proposed activity.

Step 5: Check municipal requirements

The business should also approach the municipality where the recycling facility will be located to determine applicable local requirements. Depending on the nature and location of the operation, these may include:

- Land-use or zoning approval
- Site development or building approval
- Environmental health requirements
- Fire and safety requirements
- Municipal waste-related permits or approvals
- Other municipal requirements applicable to the premises or business activity.

Step 6: Comply with applicable environmental and operational requirements

Once the applicable approvals, licences and registrations have been identified, the business must ensure that its operations comply with the relevant environmental, waste management, health and safety requirements.

Step 7: Determine whether registration on SAWIS is required

Any person conducting an existing activity listed in Annexure 1; regulation 5 must apply to the Department to be registered on the Waste Information System (SAWIS). The registration process requires information such as the responsible person, site details, province, municipality, physical address and waste management activities.
List of people conducting the following activities that must register on SAWIS in terms of Annexure 1; Regulation 5, examples include:

- Recycling of general waste at a facility with an operational area exceeding 500 m^2
- Recycling of hazardous waste exceeding 500 kg per day, calculated as a monthly average
- Recovery of general waste at a facility with a capacity to process more than 10 tonnes per day
- Recovery of hazardous waste at a facility with a capacity to process more than 500 kg per day
- Scrapping or recovery of motor vehicles at a facility with an operational area exceeding 500 m^2; and
- Certain waste treatment and disposal activities.

Please not that there is no single registration that applies to every recycling business in South Africa. The requirements depend on the specific waste stream, activity, facility size, processing capacity and location. Businesses should therefore first determine their proposed activities and then confirm the applicable requirements with the DFFE, the relevant provincial environmental authority and the municipality before commencing operations. For more information, you can access the National Waste Information Regulations (2012) published under Government Notice R625 in Government Gazette 35583 of 13 August 2012. https://www.gov.za/sites/default/files/gcis_document/201409/35583rg9801gon625.pdf; https://sawic.dffe.gov.za/SAWIC/home