

LEGAL UPDATE

Broad-Based Black Economic Empowerment

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UNPACKING THE NEW AMENDMENTS TO THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT AND CODES OF GOOD PRACTICE.

Recent amendments to the BBBEE Act and Codes will have major implications for business. The amendments to the BBBEE Act came into force on 24 October 2014 and the changes to the Codes take effect from 1 May 2015.

It will become more difficult to score higher BBBEE ratings from 1 May 2015 and each firm must reassess its commercially required BBBEE rating and take urgent steps to mitigate and preferably avoid any adverse effects resulting from the changes to the Act and Codes.

Topics to be discussed include:

- the new criminal offences of fronting practices and misrepresenting BBBEE status and the severe new penalties for a contravention;
- the powers and functions of the new BBBEE Commission;
- the new automatic downgrade of a firm's BBBEE status if certain minimum targets are not met;
- the new deemed BBBEE ratings for black-owned and -controlled firms and stricter criteria for measuring the BBBEE status of small and medium-sized businesses;
- the new stricter criteria for earning procurement, skills development and employment equity BBBEE points; and
- practical advice on how a firm should review and adapt its BBBEE strategy as a result of the changed legal framework for BBBEE.



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