

Final clarity: UIF claims and remuneration during Lockdown

9 April 2020

Following the issuing of an amendment to the TERS fund as per Gazette 43216, issued on 8 April 2020, the major unanswered question regarding the amount an employer can pay an employee who will also receive the UIF benefit has been clarified. The clause reads as follows:

“4. The following clause is substituted for clause 3.4 of the Directive –

3.4 The salary to be taken into account in calculating the benefits will be capped at a maximum amount of R17 712.00 per month, per employee and an employee will be paid in terms of the income replacement rate sliding scale (38%-60%) as provided in the UI Act.”

“9. The following clause is substituted for clause 5.3 of the Directive:

5.3 Subject to the amount of the benefit contemplated in clause 3.6, an employee may only receive covid-19 benefits in terms of the Directive if the total of the benefit together with any additional payment by the employer in any period is not more than the remuneration that the employee would ordinarily have received for working during that period.”

“10. The following clause is inserted as a new clause 5.4 of the Directive -

5.4 All amounts paid by or for the UIF to employers or Bargaining Council(s) under the terms of the Scheme shall be utilized solely for the purposes of the Scheme and for no other purpose. No amount paid by or for the UIF to an employer or Bargaining Council under the terms of the Scheme that is required to be paid, in turn, to an employee will fall into the general assets of the employer or Bargaining Council, and no bank may refuse to release or administer the transfer of that amount into the bank account of the employee as required by the Scheme, irrespective whether the employer or Bargaining Council is in breach of its overdraft or similar contractual arrangements with the bank concerned.”

Practical recommendations:

1. It is noted that the term “salary” and “remuneration” are used interchangeably in the Gazette. It is recommended that the remuneration recorded in monthly returns as identified in your payroll system be used. The basic remuneration, excluding commission, allowances and the like.
2. Should an employer be in a position to remunerate an employee for a period (typically a month) but would also like to receive the covid-19 benefit from UIF, the employer should consider the scale of benefits from 60% of remuneration for employees who earn in excess R 3 500.00 to 38% for employees who earn R 17 712.00 (i.e. R 6 730.56).
3. If an employee’s remuneration is less than R 3 500.00, the UIF payment will be R 3 500.00.
4. For employees earning equal to or in excess of R 17 712.00 the maximum amount that may be claimed will be R 6 730.56.

5. At the time of drafting this Brief, UIF had not as yet published a Calculator enabling easy calculation of the sliding scale, but there are online providers seeking to give answers in this regard. We are unable to clarify the veracity of such tools at this stage. The standard UIF calculator could be used as a guideline. Given that the UIF's general calculator works on a maximum benefit of R 14 872.00 this would leave an employer with a conservative view of benefits between R 3 500.00 to R 15 000.00, which would be prudent in the circumstances.
6. We again reiterate that the UIF senior officials have advised us verbally that employers should continue to remunerate employees, if they are in a position to do so. They advise that such advance payments may be set off against the payment received from the UIF.
7. The UIF has advised that due to the numerous applications for TERS it may take some time for employers to receive this relief.

Kind regards



Andrew Pons
Managing partner

Tel: 011 706 4107
Cell: 083 375 8757
Email: andrewpons@icon.co.za



in conjunction with
Marleen Potgieter