



April 2020

## C-19 TERS Benefits

On 25 March 2020, the Minister of Employment and Labour signed a directive implementing the Unemployment Insurance Fund (UIF) C19-TERS<sup>[1]</sup> programme. An amendment to this directive was Gazetted on 8 April 2020 (signed by the Minister on 6 April 2020). A further two directives were signed on 16 and 20 April 2020 respectively, however these are yet to be Gazetted. There was some initial confusion, however on 29 April 2020, the UIF issued a new FAQ publication, which has answered some questions for employers wishing to claim from the UIF, and is in line with all four Directives issued.

### *Important Clarifications:*

As mentioned in our previous alerts, the UIF landscape has been very fluid since the advent of COVID-19 (see previous alerts attached).

- The employer does not require a dedicated bank account for sole use of the management of UIF benefits received from the UIF, but must be in a position to track the payments and report to the UIF on these if requested.
- The employer must register and apply online (<https://uifecc.labour.gov.za/covid19>) and email applications will no longer be accepted.
- As confirmed in the FAQ publication released by the UIF on 29 April 2020, UIF benefits will be paid to all qualifying employees, ranging from the minimum amount of R3,500, to the maximum amount of R6,638.40 per month.
- To the extent that the employer continues to pay a portion of the employee's remuneration, the calculated UIF benefit entitlement will only be further limited to the extent that the total payment would exceed the employee's normal remuneration prior to Lockdown.
  - **Example 1:** Where the employee's monthly salary was R20,000, and the employer paid the employee an amount of R10,000, the UIF would pay R6,638.40 for the month of April.  $(R17\,712^{[3]} * 12/365 = R\,582.31^{[4]} \times 38\%^{[5]} = R221,28^{[6]} \text{ per day} * 30 \text{ days})$ . The employee would receive a combined total payment of R16 638.40

- **Example 2** : Where the employee's monthly salary was R20,000, and the employer paid the employee an amount of R15,000. The UIF calculated benefit would again be R6,638.40. ( $R17\,712^{3*12/365} = R\,582.31^4 \times 38\% = R221.28^6$  per day x 30 days). As the UIF benefit and the amount from the employer cannot exceed the employee's normal remuneration value, the UIF benefit would be limited to R5,000 in this example.

## Conclusion

There has been some confusion in relation to the situation where employers continue to pay a portion of their employee's remuneration. Employers have reported that the UIF claims have been significantly limited and that the above examples have not been their experience. SAICA recently communicated with its members regarding a limitation that was being applied in these circumstances, resulting in no claim in many circumstances.

We have confirmed with the UIF that the above examples are the correct method. These are in line with both the Directives issued, and the most recent FAQ publication.

Employers are now able to access the UIF benefit calculations applied to their claims, and should ensure that the correct method has been applied. Employers should approach the UIF should this not be the case.

Should you have any queries in this regard, please contact us:

### Contact us



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Regards  
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**FOOTNOTES**

- <sup>1</sup> Temporary Employee/Employer Relief Scheme
- <sup>2</sup> <https://www.sanews.gov.za/south-africa/companies-urged-facilitate-employees-covid-19-benefits>
- <sup>3</sup> UIF reference salary
- <sup>4</sup> Daily rate
- <sup>5</sup> Income Replacement rate for high income earners
- <sup>6</sup> Daily benefit amount

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