

UNPACKING THE COVID-19 TEMPORARY EMPLOYER/EMPLOYEE RELIEF SCHEME (TERS)



BUSINESS FOR SA | COVID-19

WWW.BUSINESSFORSA.ORG

On 25 March 2020 and through certain subsequent revisions, the Minister of Employment and Labour issued a Directive under the Disaster Management Regulations to regulate the benefits provided under the Covid-19 Temporary Employer/E Employee Relief Scheme (TERS). TERS is administered by the Unemployment Insurance Fund (UIF) of the Department of Employment and Labour, and will provide relief to employers and employees for three months (April to June 2020). The underlying intention behind TERS is to provide relief to employers and employees for direct loss of income as a result of the Covid-19 pandemic, and to preserve jobs.

WHO CAN CLAIM?

All current contributors to UIF, both employers and employees	Any employer that has closed its operations, or part of its operations, as a direct result of the Covid-19 pandemic, for three months or less.	Any company, large or small

The benefit is for employees. Bargaining councils or most individual employers should apply on behalf of their employees. The exception is firms employing fewer than 10 people. In that case the employer must apply, but the benefit may be paid directly to the individual employees.

WHAT IS THE VALUE OF THE BENEFIT?

The benefit is determined on a sliding scale, with employees getting a percentage (which ranges from 38% to 60%) of their salary. The salary taken into account in calculating benefits is, however, capped at R17,712 per month. If an employee earns above R17,712 per month, the maximum salary amount for which the employee would qualify is 38% of R17,712 per month:

<p>The maximum monthly payment is R6,730</p>	<p>The minimum amount of the benefit is R3,500</p>	<ul style="list-style-type: none"> • If an employee's salary is more than R17,712, the employee would still only receive a receive 38% of the threshold amount of R17,71 • If an employee's salary is less R17,712, the employee would receive a percentage of her/his salary determined by the UIF calculator on the UIF website
---	---	---

Employers may supplement these benefits, but employees may not get their full salary PLUS the benefit. The maximum that an employee may accordingly receive (from the UIF and their employer) is 100% of their salary.

Employees are able to claim if they took leave. Employers are entitled to retain the value of the benefit, but they must then credit the employees with leave proportionate to the value of the benefit received.

WHAT MUST THE EMPLOYER DO TO CLAIM?

The employer must apply by reporting the total or partial closure to covid19ters@labour.gov.za. The employer will then receive an automatic response outlining the application process and the documents and information that is required.

These documents include:

A letter of authority from the employer	The signed memorandum of agreement, or electronic acceptance of standard terms	The UIF's template, which includes employer details, period of closure, list of employees and their dates of employment and ID numbers, remuneration received by employees	Proof of remuneration to employees for the previous three months	Confirmation of employer bank account



SPECIAL NOTES:

To be able to claim for TERS, the employee must have been in the employer's employ on 27 March 2020, and must have suffered, or will suffer, a loss of income as a result of the closure, or must have been required to take annual leave during this time. The benefit may only cover the cost of salaries during the closure – it may not be used for other purposes.

Information on the tax treatment of the TERS benefit can be found at: <https://www.businessforrsa.org/tax-treatment-of-TERS-benefits/>

WHO WILL PAY THE BENEFIT?

If the employer has applied to the UIF and has accepted the UIF's standard terms and conditions, the value of the benefit will be paid to the employer. The employer must then pay over the benefit to the employees concerned (except where they have already been paid) within two days. The employer may also pay the employee first, and claim the benefit.

The exceptions are:

	If the employer is a member of a recognised bargaining council, the UIF will pay the bargaining council, which will then pay employees.		Where an employer employs fewer than 10 people, the UIF will pay these employees directly.
--	---	--	--



The UIF will verify the supporting documents submitted by the employer and, within 10 business days of the employer submitting all of the required documents and information, will deposit the funds into the employer's business account. Employers must submit proof of payment to the UIF within five days of the payment by the UIF and return any funds not used (including interest) to the UIF within 10 days of business operations recommencing.



For more information and to register for the TERS benefit: go to:

<https://www.uifiling.co.za/uif/> or download this booklet at https://cdn.da.org.za/wp-content/uploads/2020/04/02171316/Temporary-Employer-or-Employee-Relief-Scheme-Easy-Aid_.pdf