



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA



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Basic Guide to UIF Contributions

Employers must pay unemployment insurance contributions of 2% of the value of each worker's pay per month. The employer and the worker each contribute 1%. Contributions are paid to the Unemployment Insurance Fund (UIF) or the South African Revenue Services (SARS).

Application

The Unemployment Insurance Act and Unemployment Insurance Contributions Act apply to **all employers and workers**, but not to -

- workers working **less than 24 hours** a month for an employer;
- **learners**;
- **public servants**;
- **foreigners** working on contract who are going to be repatriated at the end of their contract;
- Employees in receipt of an old age pension are, since 07/2/2007, no longer excluded from contributing towards UIF; or
- workers who only earn commission.

Domestic employers and their workers are included under the Act since 1 April 2003.

See

- Unemployment Insurance Contributions Act
Prescribes how employers should contribute to the UIF Contributions fund.

Contributions Payable

The contribution that employers must deduct from a worker's pay is 1% of the worker's total earnings, excluding commission.

In addition to the 1% deducted from the worker, the employer also contributes 1% for every worker that they employ.

The total contribution paid to the UIF is therefore 2%.

Example:

If a worker earns R1 000 per month, the employer must deduct 1%, namely R10. In addition, the employer must pay R10 for that worker. The total of R20 must therefore be paid to the UIF or SARS.

Earnings Ceiling

Workers who earn more than the annual, monthly or weekly maximum earnings ceiling must also contribute to the Fund, but their contributions are worked out on the maximum earnings ceiling.

NB: CURRENTLY THE CEILING IS STANDING AT (STATE THE CURRENT CEILING)

Example:

If a worker earns R10 000 per month and the monthly earning ceiling is R1 096 per month, the worker's contribution will be worked out on R8 836.

What employers may not do

Employers may not -

- deduct more than 1%;
- deduct outstanding amounts when they fall behind with payments; and may not
- ask a fee for deducting the money.

If employers deduct too much money by accident, they must pay the extra money back to workers.

Based on Legislation in Section 6 and Section 7 of the Unemployment Insurance Contributions Act

Payment of Contributions

Employers must pay the 1% they deducted from workers, together with the 1% they have contributed, to the UIF or SARS before the 7th of every month.

Example:

Contributions due for January, must reach the UIF or SARS on or before 7 February.

If the 7th day of a month is not a business day, employers must pay on or before the last business day before the 7th. "Business day" means any day that is not a Saturday, Sunday or Public Holiday.

Based on Legislation in Section 8, Section 9, of the Unemployment Insurance Contributions Act

Related Links

- Basic Guide to Deductions
The Basic Conditions of Employment Act allows for deductions from a worker's pay only under certain conditions.
- Basic Guide to Learnership Agreements
Under the Skills Development Act, an agreement must be signed by the learner (a type of apprentice), employer and training provider
- Basic Guide to UIF Declarations
Certain information about workers must be sent to UIF or SARS every month by employers.
- Basic Guide to UIF Registration
All employers must register with the UIF or SARS.

- How to Pay the UIF

Employers' must deduct UIF from workers and pay it and their own to the UIF.