

# **APPLICATION FOR THE COVID 19 TEMPORARY EMPLOYEE/EMPLOYER RELIEF SCHEME (Covid19TERS)**

The following document is a comprehensive step by step guide to complete the TERS documents.

## **1. INTRODUCTION:**

As was previously explained employers may claim from the Covid-19 Temporary employee/Employer relief Scheme. The way the benefit payments is calculated, is on a sliding scale between 38% to 60% and is based on a minimum wage of R3500 per month and a maximum amount of R17 712, 00 per month, per Employee.

The fund is de-linked from the UIF normal benefits, therefore the required accumulation of credit formula (1 day for every 4 days worked and the maximum of 365 days for every 4 years), will not apply.

If the company was on lock-down or reduced hours before the official lock-down date, then the normal UIF processes must be followed.

## **2. QUALIFYING REQUIREMENTS:**

In order to qualify, the employer must:

- Have temporarily closed the business and/or reduced the normal working hours of part or all employees as a direct result of the Covid-19 pandemic;
- Be registered at the Department of Labour as a UIF employer and have a UIF registration number and submit monthly declarations (ui19's) to UIF.
- Comply with the application procedure of the scheme.

## **3. APPLICATION PROCESS:**

### **3.1 STEP 1: Report Closure of business**

Send an email to the TERS fund indicating that you have closed your business due to the COVID19 pandemic, to enforce the National Lockdown. This can be done on an official company letterhead or via email.

Email can be sent to: [Covid19ters@labour.gov.za](mailto:Covid19ters@labour.gov.za)

You will receive an autoreply from Covid19Ters containing an explanation on how to apply being:

- National disaster payment excel template
- Guidelines to Convert Excel to CSV
- Employers Account Information
- COVID 19 TERS Easy aid – Department of labour guide (We have previously send this guide to you
- Generic Memorandum of agreement (MOA TERS). This document is only to be completed by employers who employ in excess of 10 employees.

The Autoreply from COVID19Ters will instruct you to collate and complete the following documents:

- a) Letter of Authority, on an official company letterhead granting permission to an individual specified to lodge a claim on behalf of the company
- b) Memorandum of Agreement (MOA) which is an agreement between the UIF and the employer. Only applicable to employers that has more than 10 employees
- c) Prescribed template that will require critical information from the employer for all employees employed. This template require staff names, ID numbers, bank account details and other information.
- d) Payroll of last three months of all employee(s) salaries/wages, irrespective of weekly or monthly paid.
- e) Confirmation of bank account details for Covid19ters in the form of certified latest bank statement

### 3.2 STEP 2: Submission Process

All documents submitted will be subjected to verification.

Submit/transmit all documents as required to UIF via dedicated mailbox Covid19UIFclaims@labour.gov.za

### 3.3 STEP 3: Conclusion

Payment will only be effected after MOA is signed off between the Fund and the Employer (only applicable where an employer employs more than 10 employees).

3.4 Attached hereto is an example of a MOA sent to us by the Department of Labour.

## 4. ADDITIONAL INFORMATION:

### 4.1 Minimum Wage

The NMW that will be used to determine minimum payment to employees is as follows:

|                |                   |
|----------------|-------------------|
| Domestic:      | R 124 .56 per day |
| Agriculture:   | R 149.44 per day  |
| EPWP:          | R 91.36 per day   |
| Other Sectors: | R 166 .08 per day |

For all other sectors the amount of R166.08 per day should be used regardless of minimums prescribed by Bargaining Councils. Further, ensure correct completion of documents. Take care when indicating the Minimum wage. This is crucial and incorrectly stated values might result in serious delays in the processing of the benefit payments.

- 4.2. The opening of a special account is not necessary and therefore the employer may make use of an existing company account.
- 4.3. Payment option: Payment can be made to either the Employer or Employees
  - 4.3.1 In a situation where an employer employs less than 10 employees, then payment is made into the account of the employee.
  - 4.3.2 Where an employer employs 10 or more employees then payment will be made into the account nominated by the employer, subject to the MOA having been finalised.
- 4.4 Please note the enquiry telephone to enquire on the claims lodged: 012 337 1997
- 4.5. Income is that portion of the salary paid to the employee by the employer during the Shutdown / Lockdown period
- 4.6. Shut down period is the temporary lay-off period where no Income / partial income is paid to the employees.

## 5. RULES FOR COMPLETING PRESCRIBED TEMPLATES:

- 5.1 A sample file is attached to assist employers to follow the suggested format. We also attach hereto a guide the employers to help convert an excel file to CSV file. The CSV file is mandatory for both Payroll and Non Payroll companies.

Step -1 - Prepare the list of all employees with all mandatory information using the file National Disaster Payment – Excel Template

Step -2 – Use the Guideline document to convert the Excel file into CSV format as required by UIF.

Step -3 – Submit the file to the UIF.

### 5.2 Excel Spreadsheet

The spreadsheet require that the following details be inserted:

- Company UIF Reference Number
- Start date of Shutdown
- End date of shutdown
- Tradename of Company
- Contact number of company
- Email addresses of employees
- ID number of each employee
- Monthly Remuneration of employees (This is the current remuneration paid to the employee in regular circumstances)
- Date of commencement of employment of each employee
- Date of termination of employment (date of start of shutdown)
- Minimum Wage of Sector per month (see explanatory note in point 4.1)
- Income during shutdown. Income is the portion of salary paid during the shutdown/ lockdown period (the value of leave), whether as a result of paid leave, reduced working hours or salary subsidy.
- Bank Details (see explanatory note below)

- 5.3 When preparing the file use the following instructions.

1. ##Filename should be in the following format

UifReferenceNumber|Shutdown From (DD-MMM-YYYY)ONLY|Shutdown Till(DD-MMM-YYYY)ONLY|Trade Name|PAYE number|Contact Number|Email Address|IDNumber|First Name|LastName|Renumeration(Monthly)|Employment Start Date|Employment End Date|Sector |Leave Income(During Shutdown)|Bank Name|Branch Code|Account Type|Account Number

CSV Example - 00000012\_25mar2020\_01.csv. The unique sequence number can be a number which is not used to send file with same name – so when you send file first time unique sequence can be 1, when sent second time it can be 2.

2. File should start with a Header - H|DATE DDMMYYYY

COLUMN HEADERS AS UNDER ARE NOT REQUIRED IN THE FILE. IT'S JUST TO INDICATE SEQUENCING. REMOVE THE HEADER ONCE FILE IS GENERATED. ONLY: H|DDMMYYYY is required on the Top

3. The values of remuneration should not be comma separated. Example – 26000.90 and not 26,000.92.

Only basic salary should be used in the calculation of monthly salary. Overtime and allowances should be **excluded**. Monthly salary is calculated by multiplying the weekly salary by 4.333.

4. All the dates in CSV file should follow the date format DD-MMM-YYYY – Example – 23-APR-2020.

5. Sector Minimum wage per month value is Mandatory. A blank value will result in error.

The minimum wage for the following three sectors should be used for the TERS-funding application:

☐ Domestic R124.56 per day

☐ Agricultural R149.44 per day

☐ EPWP R91.36 per day

☐ For all other sectors the amount of R166.08 per day should be used regardless of minimums prescribed by Bargaining Councils.

In order to calculate the above wage and convert it to a monthly wage, please multiply the daily wage with 5 or 6 (the amount of days the employee usually works), and that with 4.33 (average weeks per month)

Examples:

**Farm Labourer: Agriculture: Working 5 days per week**

149.44 per day

$149.44 \times 5 = 747.20 \times 4.33 = 3235.76 = \text{monthly minimum wage}$

**Other sectors: Working 5 days per week**

166.08 per day

$166.08 \times 5 = 830.40 \times 4.33 = 3595.63 = \text{monthly minimum wage}$

**Income during shutdown:**

Remuneration received during lockdown/shutdown. Employers may choose to pay to employees a portion of their salary during the shutdown/lockdown. It is this amount which will be filled in to this column.

Account Type value should reflect as below. Please use the Account Type ID instead of Account Type description.

| Account ID | Account Type         |
|------------|----------------------|
| 1          | Current Account      |
| 2          | Savings Account      |
| 3          | Transmission Account |

This template should be converted into a CSV format before submitting the documents. The guidelines to convert Excel to CSV is attached hereto for your convenience.

#### 5.4. **Bank Details & Payment**

This will depend on whether payment is -

- Paid to employee directly
- Paid to employer directly – Use payroll or business account details

UIF will pay the agreed amount into the relevant account.

If the method of payment is the employer's bank account - Submit bank account details in the form of a certified latest bank statement and complete the Accounts Information document. The employers must disburse the benefits to each employee and will be required provide proof of payments, that the payments indeed went to the employees.

This is also critical, if further payments are required.

The employer may not deposit or credit the benefits into any other bank account.

If the method of payment is the employee's bank account – the bank account details of the employee must be completed and submitted.

#### 5.5 **Prepare application to Covid19Ters**

All the information must be saved in separate folders and named accordingly, being:

- ☐ Letter of Authority
- ☐ Memorandum of Agreement (for employers employing more than 10 workers)
- ☐ National disaster payment excel template (converted to CSV format)
- ☐ Employers Account Information (if preferred method of payment is to the Employer)
- ☐ Proof of Banking Details
- ☐ Proof of payroll

#### 5.6 **Compile evidence of your payroll**

This can be payslips of each individual employee, EMP201's or Ui7's for the past three months.

## 5.7 Letter of Authority

The Managing Director/CEO of the company must draft a “Letter of authority” on an official company letterhead, in which he/she appoints and authorise a specific employee or official with the powers to submit and administer the claim/application.

The letter should contain the following:

I \_\_\_\_\_, the Managing Director / Chief Executive Officer of \_\_\_\_\_ ( company name), hereby appoint and authorise \_\_\_\_\_ (name of employee/Official) to apply for benefits from the Covid-19 Temporary employee/Employer relief Scheme as promulgated by the Minister of Employment and Labour in GG 43161 dated 26 March 2020.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

## 5.8 Memorandum of Agreement *(Only applicable if the employer employs more than 10 employees)*

Just some extra guidelines to assist employers in completing the MOA:

- The person authorised in the letter of Authority, together with two witnesses must sign each page.
- The UIF official on acceptance of agreement will complete Annexure A of the MOA.
- The agreement shall commence on the date of the last signature and will remain in force for a period of 3 months. In the event that the lockdown period is extended, the funding application period will most likely be extended as well.

## 5.9 Submission

Ensure all the above are attached and send to: [Covid19UIFclaims@labour.gov.za](mailto:Covid19UIFclaims@labour.gov.za)

## 6. PAYMENTS:

### Step 1:

After the conclusion of the MOA between the UIF and the Employer, the employer must provide the UIF with a pro forma invoice in order to process the first payment. Together with this invoice, the documents as stipulated above and payment Schedule – payment 1, must also be submitted.

### Step 2:

There remains uncertainty with regard to whether it would be necessary to initiate a process for a second payment. As of 09 April 2020 the lockdown period was limited from 27 March 2020 to 16 April 2020. Prior to the President extending the period of the lockdown by a further 14 days, some employers had already submitted claims for the initial period. Whether a second claim will be necessary for the extended period, is unclear at this stage and we await further guidance from the office of the UIF.

## **7. CONCLUSION:**

There may still remain some uncertainty with regard to this matter, which is understandable. We are unfortunately only able to rely on the information given to us thus far and to rely on that to guide our members. As and when new information is forthcoming, we will continue to communicate this to the members.

Certain questions still remain unanswered, for example what should an invoice look like and what would be the most suitable time to make application for the TERS benefit? From the discussion held with the Commissioner for the UIF, it has been noted that additional staff have been appointed and that therefore the turnaround period for applications is 10 days, or as put by him, maybe even hours. Let us hope that this will be forthcoming.

Our attempts to speak to the UIF on the line provided have proven unsuccessful. Since closure of business on Thursday 9 April 2020 any attempt to call the number 012 337 1997 is immediately cut off. Despite this we will not give up hope and will continue to persevere. Should there remain questions also with the members, then you are please to contact the office on 012 767 8682 or to send an email to [admin@hasea.co.za](mailto:admin@hasea.co.za).