1. BACKGROUND

The Unemployment Insurance Fund has been giving financial relief to beneficiaries through Temporary Employer/ Employee Scheme since 27 March 2020 as a means to alleviate the harsh conditions brought about by shutdown due to Covid 19.

UIF beneficiaries who are still affected by closure due to Covid19 and are not part of the sectors that can access covid19ters will now be compensated through the normal UIF benefits as per the Unemployment Act 63 of 2003 as amended for Reduce work time / Temporary lay off applications . The benefit structure for RWT / TLO was improved as to not place these employees in a less favorable position. The new directive that will be circulated this week will clearly outline the improved benefit structure attached to 12(1) b claims.

2. SIMPLIFIED METHOD

The main purpose of this guide is to give both employers and employees clarity on the simplified process to be followed when lodging UIF applications. This is not only convenient but will ensure that less employees visit Labour Centres where they are exposed to Covid19.

The simplified process allows employers to submit information to the Fund on behalf of employees that will be used to create and process applications. This will be done by completing a **spreadsheet** with employee details and submit to UIF.

UIF will process applications without further documentation for the following categories of applications:
- Mass or Bulk terminations
- Reduced Work Time/ Temporary Layoff scheme (section 12.1B) with 17 as reason of termination.

NB: The normal methods are still available for individual employees to lodge applications through email, Fax, U-filing (online). Employers are urged to use **U-filing**, **Edec** and **digital UI19** to update employment history of employees.

3. KEY INFORMATION

The spreadsheet will contain key information which must be protected from manipulation and must be **locked/password protected** so no other person may amend the information.

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The spreadsheet must be accompanied by a signed Declaration by the Employer on company official letterhead confirming the following:

- The compiler of the spreadsheet is a duly authorised person to act on behalf of the company. (Indicate name and ID number of person responsible, email address and contact number on letter)
- The information contained therein is accurate and authentic.
- The exact number of employees the company is terminating.
- The employees have consented to employer submitting information and an application on their behalf.
- The employer will be liable for all overpayments that may arise due to incorrect information submitted.
- No fees will be charged on employees for submitting this information.
- Employees who are above 60 or have comorbidities and are considered High Risk during the lockdown period and the COVID pandemic the employer can apply using the Section 12 (1)B of Unemployment Insurance Act.

Key Information regarding calculation of benefits

- UIF benefits are calculated according to a sliding scale from an Income Replacement Rate (IRR) 38% to 60%. Employees who have an average salary above R17712 for the last 6 months of contribution will be paid at 38% of R17712 and percentage increases accordingly as average salaries of employee's decrease
- The calculation is broken down to a Daily Income paid by employer and the applicable percentage applicable will be multiplied by daily income to achieve the daily benefit amount to be paid by the UIF
- Employees accumulate 1 credit day for every 4 days worked (Approximately 8 credit days per month and 91.25 credit days per year)
- UIF benefits are paid to a maximum of 365 credit days in a 4-year cycle (if individual was a contributor for the entire period and did not claim UIF benefits except maternity which is de-linked) During the period for TERS and if the employee received funds from the UIF the employee must be classified as a non-contributor and will only accrue credits for the period as a contributor. (employee will not accrue full 365 credit days)
- From **0 to 238 credit days'** benefits are paid to sliding scale **(38% - 60%)**
- From **239 to 365 credit days'** benefits are paid at a flat rate of **20%**

- **Example of Daily Income paid by employer**

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- Average Salary x number of months in the year ÷ number of days in the year = Daily Income (Y1) from the Employer
  Average Salary x 12 ÷ 365 = Daily Income (Y1) from the Employer
  R17 712 x 12 ÷ 365 = R 582.31
- **Example of Income Replacement Rate (IRR) calculation**
- R17 712
- $29.2 + (7173.92 ÷ (232.92 + Y1))$
- $29.2 + (7173.92 ÷ (232.92 + 582.31))$
- $29.2 + (7173.92 ÷ 815.23)$
- $29.2 + 8.8000$
- IRR = 38%

- **Example of Daily benefit amount to be paid by UIF per day**
- R582.31 x 38% = R221.28 (at normal IRR 38%)
- R582.31 x 20 % = R116.46 (at 20%)

Note:
- **Approval of claims are subject to availability of credit days (accrued within last 4 years) by each employee**

- **Also the reason for termination (If employee resigned or Absconded, claim is Refused)**

4. CONTENTS OF SPREADSHEET AND PROCESS

All fields are **mandatory** and should be completed accurately by the employer or employer representative. The spreadsheets for Bulk applications and Reduced Work Time contain the relevant fields for an application for these particular benefits and accurate completion of these fields is requested.

The particular office will receive spreadsheet from employer and **(1)** check for accuracy and correctness, the office will also **(2)** ensure declarations for particular employer are updated accordingly, the claims for each client will be **(3)** assessed accordingly, offices are encouraged to provide a report on applications status (**Approved** or **Rejected**) to employer once claims are assessed (Reports may be delayed due to number of claims received) and **(4)** first payment will be generated by paymasters without a continuation form **(5)** Future months payments will be generated by offices using previous months pay sheets, However employers must inform employees to report to their local labour centre if they have found alternative employment so benefits can be paused, failure by employees to inform the Fund of new employment may result in **overpayment raised against an employee**.

Please note that claims that have Foreign National passport numbers may take longer for assessment as they are subjected to verification and validation with the Department of Home Affairs first. South African ID numbers which are not validated by Department of Home Affairs, claims will be rejected.

5.   APPLICATION STEP BY STEP

Step 1 Download from website http://www.labour.gov.za/DocumentCenter/   (Request Mass Retrenchment **or** Reduced Work Time application spreadsheet or from your relevant Provincial Office

Step 2 Prepare a letter with official letter head of company and ensure the following

information is included:

- The compiler of the spreadsheet is a duly authorised person to act on behalf of the company. (Indicate name and ID number of person responsible, email address and contact number on letter)
- The information contained therein is accurate and authentic.
- The exact number of employees the company is terminating.
- State that the employees have consented to employer submitting information and an application on their behalf.
- The employer will be liable for all overpayments that may arise due to incorrect information submitted.
- No fees will be charged on employees for submitting this information.

Step 3 Complete Spreadsheet with **ALL** accurate and complete information, if incomplete, claims will be rejected accordingly.

a) For bulk terminations **other than** Reduced Work Time (Bulk UIF Application Spreadsheet) :**Note: for the process of Mass terminations employee must register as a work seeker with the Public Employment Services Unit within the Department of Employment and Labour, the document named (PES ESSA FORM INDIVIDUAL MANUAL) must be completed by employee and forwarded with the spreadsheet. Failure to submit this form from employee will deem application to be unsuccessful for UIF benefits and rejected accordingly. Employer can scan all completed documents by employee's in a bulk file.**

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b) <mark>For bulk terminations **other than** Reduced Work Time</mark> (Bulk UIF Application Spreadsheet) Note: **if the reason for termination is number 16 in Column K (Voluntary Severance Package) on UIF Application spreadsheet Column K must be completed to indicate who initiated the process (Employer or Employee). If not completed the claim will be deemed to be incomplete and rejected. Also note that if the VSP was initiated by the employee the claim will automatically reject as this will be classified as resignation.**

Employees that are applying for **12(1) B** (Reduced Work Time) **need not** complete the **(PES ESSA FORM INDIVIDUAL MANUAL)** document as they are still currently employed.

Step 4 Lock or Password protect excel spreadsheet

Step 5 Email spreadsheet only to your respective provincial office (email address is for receiving **spreadsheets only**, see list below).

Note: The email address spreadsheets are sent from must ONLY be the same address stated in letter (step 2)

Deviation from normal processes

Documents not required for application due to spreadsheet application process

The following documents are **NOT** required for submission as they are incorporated into the spreadsheet, provided the information contained on spreadsheet is accurate and correct:

- UI19
- UI 2.7 (Leave Income)
- UI 2.8 (Banking Details of Applicant)
  ID copy (May be requested if not verified or validated by Department of Home Affairs)

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