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Frequently Asked
Questions: TERS and
UIF benefits during
Covid 19

COVID-19 AND YOUR BUSINESS



What is the difference between TERS and other UIF Benefits?

TERS (Temporary Employer / Employee Relief Scheme) is a special benefit that has been set up in order to pay benefits to contributors (employees) who have lost income due to Covid-19. It is delinked from the UIF's normal benefits and normal credits accrued does not apply. In other words, irrespective of the period of contribution to the UIF, all contributors will qualify equally dependent on their respective incomes. TERS is applied for by the Employer, not the Employees individually.



UIF & TERS

Which employers / businesses are eligible to claim in terms of TERS?

Those businesses / employers who are registered with UIF and their contributing employees. (Note not all employees are necessarily contributors, example commission only earners).

The business should have, as a direct result of the Covid 19 pandemic, closed its operations, or part of its operations for a 3 month or lessor period;



What amounts may be claimed through TERS?

The salary to be taken into account in calculating the benefits will be capped at a maximum amount of R17 712-00 per month, per employee and an employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided in the UI Act.

Qualifying employees will receive a benefit calculated in terms of Sections 12 and 13(1) and (2) of the UI Act, provided that an employee shall receive a benefit of no less than R3500.

The sliding scale referred to is a bit complicated but in essence means should you earn more than R17 7120-00, whatever you earn more will not be taken into account for the UIF calculation. Therefore, the more you earn the closer you will be to lower end of the sliding scale (38 %) and the less you earn the closer you will be to the upper end of the sliding scale (60%).



Can Employers apply for TERS online?

If you mean a similar process to SARS' E-filing or for normal UIF benefits through Ufiling, then the answer is NO. However, TERS applications may be submitted via email to a dedicated email inbox.

When can we expect payments to be made?

Currently this is anybody's guess, but the official answer is apparently within 10 days (not sure if this is workdays or calendar days) from the date the application was launched.

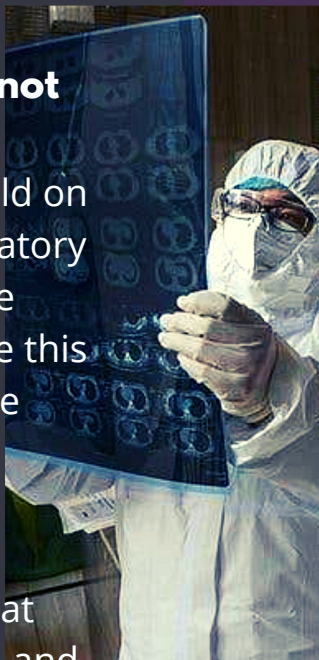


What is the remuneration amount referred to when application is made?

That would be the remuneration the employee would normally have received and is the amount of which the 1% Employer and 1% Employee deduction is made to be paid over to the UIF.

What about Employees that do not have bank accounts?

Unfortunately, the bank account field on the prescribed template is a “mandatory field” which indicates that it must be filled out. I would be careful to leave this field open as it may compromise the rest of your application. The only possible suggestion is to fill in the Employer bank account details and indicate in the body of the Email, that the employee has no bank account, and is paid in cash and that the Employer will transfer funds received to the Employee.





As Employer, how do I apply for TERS?

Employers apply by reporting their closure or partial closure via email to covid19ters@labour.co.za after which one will receive an automated response email outlining the application process. You may also follow the links for Employers with payrolls and Employers without payrolls.

What about Employers/ Businesses resorting under Bargaining Councils?

Employers are encouraged to make contact with their respective bargaining councils to confirm whether they have concluded an agreement with the UIF. If they have, all TERS claims will be done through the bargaining council.

May Employees apply for benefits ONLINE?

Yes. Employees may register themselves for UFILING. See the Easy Guide For Electronic Claims.

May an Employer apply for an Employee for TERS benefits and simultaneously may the employee apply for other benefits in terms of Covid-19.

No, one may not apply for simultaneous benefits, either one or the other may be applied for.

What about Employees that are still working but are working less hours per week?

They may apply for Reduced Working Time benefits.





I have already applied for the TERS benefit and now I understand that the Application process has changed? Should I re-apply?

At this point you are advised not to re-submit your application. Should your application not be considered for whatever reason, we are informed the UIF will communicate with you accordingly.

May I pay my Employees anything in this time and still claim through TERS?

Yes. Initially it was explicitly forbidden, but the revised directive published on 8 April 2020 now states the following: “Subject to the amount of the benefit contemplated in clause 3.6, an employee may only receive covid-19 benefits in terms of the Directive if the total of the benefit together with any additional payment by the employer in any period is not more than the remuneration that the employee would ordinarily have received for working during that period.”

What period may I apply for?

At this time, it is for the current national lockdown period from 27 March 2020 to 30 April 2020. However, the maximum period that may be applied for is 3 months. As employer you will be allowed to lodge second and third applications.

Can Employers force Employees to use their annual leave?

It is debatable whether Employers may force employees to take annual leave. Our advice is to afford that option to an employee if the business cashflow allows it to grant paid leave. If the business cash flow does not allow the granting of leave or partially paying employees, then unfortunately the period of confinement will be unpaid leave and either the Employer will apply for TERS benefits or the Employee will apply for either reduced working time benefits or illness benefits.





May I allow my employees to go into a negative leave balance?

Although not advised, it is an option. However, it will be strongly advised that the Employer and Employee reach a written agreement to this effect in order to protect both party's rights.

Must Employers deduct tax from these benefits?

No, Employers must pay the full amount of the benefit over to the Employee.

Who may make TERS applications on behalf of the Employer / Company?

Any person authorized by the CEO / CFO / Director or mandated person on behalf of the Employer / Company.



Must Employers open up a separate bank account.

No, that was initially the case but thankfully that requirement was scrapped.

Who should sign a MOA?

Currently only if the business / employer employs 10 or more employees does it have to submit a MOA.



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