

Did you claim for TERS for your employees? Get ready to be audited.

The Unemployment Insurance Fund has paid out over R30 Billion on the Temporary Employer/Employee Relief Scheme ("TERS") since the start of lockdown. Payments were made to over 520 000 employers and 6 million employees. It has just been announced that the relief scheme will be extended to the middle of August 2020. Unfortunately, the system was infiltrated by fraudsters which resulted in millions of Rands being paid out to nonexistent and even deceased employees.

Earlier this month, the Labour and Employment Minister, Thulas Nxesi, announced that he wants every TERS transaction audited. The Auditor General has been tasked with this exercise and several other external parties are being employed to carry out this massive exercise. UIF has also started internally with UIF compliance audits so do not be surprised if you receive a request to provide the following information:

- UIF & CF Notice of assessment/Invoice and proof of 3 months payments done
- Letter of Good Standing
- Breakdown of TERS payment proof to employees
- Contracts of employment (To be sampled from employee listing x 5 employees)
- Employees' payslips for different employment categories (To be sampled employees as above)
- Payroll: Employee Listing Report including: Surname & initials (in alphabetical order); remuneration; ID numbers and commencement date of employment)
- Attendance Register / Wage Register or Remuneration Records
- Declarations (UI-19) for the last four years. (Kindly note that if you are using payroll to declare, kindly send live payroll to Declarations@uif.gov.za and keep proof of e-mail sent)

Only employers who were unable to pay the salaries of their employees during the lockdown period could apply for the TERS benefit. The UIF benefit must be paid to the employees, either directly by the UIF or by the employers.

Employers could retain the TERS benefits only in the following circumstances:

1. Employer paid the employee an advance and not a salary
2. Employer paid the employee for leave days taken, however the days had to be reversed when UIF was received and retained by the employer.



Employers could also use the UIF payments to supplement short payments during the month, however no employee could receive more than their normal monthly salary from the combined UIF and short payment. Where employers received money in error or incorrect payments from UIF, this had to be repaid to fund. Employers need to take note that where employees have returned to work and receive their normal salary, no claim against TERS is allowed. The onus will be on the Employer to prove that they applied for TERS benefits in accordance with the law.

Audits will include the following:

- Proof of employment
- Proof of payment of TERS benefit to the employees
- Proof that the employees did not work or worked on reduced hours
- Proof that payments to employees did not consist of salary payments and were for leave or advances
- Interview of employees, payroll, UIF declarations, etc.

Where companies are found guilty of any misconduct, all moneys received as well as penalties and interest will have to be repaid to the UIF. I would recommend that employers start now to compile evidence files and be prepared to be audited.

You are welcome to contact stefan@edgexec.co.za should you require assistance with the process as well as any other TERS issues.

