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REPUBLIC OF SOUTH AFRICA



COMPENSATION FUND STAKEHOLDER ENGAGEMENTS



Compensation Fund
WORKING FOR YOU



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MANDATE



The Compensation Fund is established in terms of section 15 of the Compensation for Occupational Injuries and Diseases Act as amended.

The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees or for death resulting from such injuries or diseases and provide for matters connected therewith.



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LEGISLATIVE REQUIREMENTS

- Constitution of the Republic of South Africa (RSA Government)
- Public Finance Management Act (National Treasury)
- Compensation for Occupational Injuries and Diseases Act (CF)
- Unemployment Insurance Act and Unemployment Insurance Contributions Act (UIF)
- Basic Conditions of Employment Act (Employment and Labour)
- Occupational Health and Safety Act (Employment and Labour)
- Tax Administration Act (SARS)
- Companies Act (CIPC)
- Public Audit Act (AGSA)





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Compensation Fund Business Model

EMPLOYER SERVICES Compliance

- Registration of Employers
- Return of Earnings – revenue collection
- Assessment tariffs and sub-classes
- Loading and reduction of tariff rates
- Debt collection

COMPENSATION BENEFITS Pay Compensation

- Claims registration
- Accident Insurance pay-outs (TTDs and PDs)
- Funeral and Death Benefits
- PD Pension payments
- Beneficiary payments



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Dealing with non-compliance with COIDA

Non-compliance with COIDA

- Failure to register with the Compensation Fund
- Failure to disclose employees
- Failure to submit ROE's
- Failure to report accidents as a result of incorrect interpretation of Section 85

Measures implemented by CF to encourage compliance

- Online registration of employers
 - Link with CIPC
- Online submission of ROE
- Online submission of claims
 - Visits to employers to reconcile claims
 - Constant updates on claims status
- Focus on employers flagged for audit



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REGISTRATION PROCESS

Employer :

Any person, including the State, who employs one or more employees

Exempted employer:

An employer exempted in terms of Section 84:

- ❖ National & Provincial spheres of government
- ❖ 9 Municipalities (certification of exemption)

Employee:

A person who has entered into or works under a contract of service or apprenticeship or learner ship with an employer, whether the contract is expressed or implied, orally or in writing and whether the remuneration is calculated by time or by work done or is in cash or in kind, and includes;

- ❖ A casual employee employed for the purpose of the employer's business
- ❖ A director or a member of a body corporate who has entered into a contract of service with the body corporate in so far as he acts within the scope of his employment in terms of such contract
- ❖ A person provided by a labour broker against payment to a client,
- ❖ Now to include domestic workers, gardeners (of private households), sole owner...



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EMPLOYER ASSESSMENT MODEL

PREVIOUS EMPLOYER ASSESSMENT MODEL

Currently, 23 classes and 102 industrial subclasses

Complicated and resource intensive

Resulting in:

- Administratively tedious and service delivery complaints
- Increased fraudulent activity
- Assessment Collection Inefficiencies



IMPROVED EMPLOYER ASSESSMENT MODEL

Reduction of Classes to 13 including Households (Private Domestic Employer)

Tariff changes to be phased in over 5 years, through use of reductions and loadings

Improve efficiency in the allocation of the subclasses

Implemented date was on 01 April 2021



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Inclusion of the Private Domestic Worker

- On 19 November 2020, the Constitutional Court declared section 1(xix)(v) of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 invalid, with immediate and retrospective effect to 27 April 1994
- Compensation payable to domestic workers for occupational injuries and diseases comprises the same benefits that are payable to all other injured employees.
- A right to claim in terms of the Act shall lapse if the accident that happened or the disease that commenced on or after 27 April 1994 is not brought to the attention of the Commissioner or of the employer or mutual association concerned, as the case may be, within 12 months from 19 November 2020.
- All employers of private domestic employees are obliged to register with the Compensation Fund , submit the Return of earnings and make payments
- In terms of the new classification model to be introduced effective 1 March 2021, private domestic employers will fall under its own class, Class M, subclass 2500 at an assessment rate of 1.04 for the 2021 year onwards. The following documents must be submitted for employer registration purposes: **Online Registration is now available**
 - I. A completed CF-1E Form (Application for the registration of the domestic worker employer)
 - II. A copy of the Identification/Passport/Work Permit (Employer)
 - III. Proof of the Employer's Residential Address
 - IV. A copy of the Identification/Passport/Work Permit (Employee/s)
 - V. A copy of the employment contract



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Enhancement of the ROE Online System

- ROE Online System used for registration of employers, submission of the ROEs and to generate a Letter of Good Standing
- ROE Online System is now covering other types of business (Non-Profit, Trust, Sole Proprietor, Class 13 Employers, etc.)
- Class 13 employers are managed by Rand Mutual Associations (RMA)- **Compulsory**
- Class 4 (Mining) managed by RMA and Class 5 (Construction) is managed by Federated Employer's Mutual Association. **Optional**

BENEFITS OF USING THE ROE ONLINE SYSTEM

- Convenience
- Effective & efficient processing





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DEREGISTRATION PROCESS

Liquidation/Sequestration

- Court judgement documents
- CIPC deregistration
- UIF deregistration
- Any acceptable supporting documents related to deregistration

Cease Trading/No employees

- Proof of the UIF deregistration
- A copy of the CIPC deregistration or/and Annual Returns
- Proof of termination of the employment contracts e.g. letters addressed to employees, Section 189 Notice issued in terms of Labour Relations Act, etc.
- A copy of the bank statement indicating the salaries paid to employees before the cease to trade/no employee status and the bank statement after the employer cease to trade/no employees status.
- Any acceptable supporting documents related to deregistration





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DEREGISTRATION PROCESS: CONT.

Amalgamation

- A signed Sales Agreement
- A copy of the CIPC certificate
- Proof of the UIF registration and deregistration

Sold/Take Over

- A signed agreement with liability or no liability
- A copy of the CIPC deregistration/re-registration
- A proof of UIF deregistration/re-registration



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DEREGISTRATION PROCESS: CONT.

Deceased Owner

- A death Certificate
- A proof of UIF deregistration

Private Domestic Employer

- A proof of UIF deregistration
- A letter of termination (if an employment agreement was formalised)



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VERIFICATION OF REGISTERED EMPLOYERS

The following supporting documents may be requested from the registered employers

Supporting Documents
CIPC's Proof of Registration (Formal Business)
SARS' Proof of Registration
UIF's Proof of Registration
Proof of Business Address
Confirm Business Activities
Confirm appointment date of the 1st employee (Registration Date)
Confirm the submission of the ROE
Department of Social Development's Proof of Registration (NPO)
Department of Justice's Proof of Registration (Trust)
For Foreigners, a Business Permit



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APPLICATION: AUDIT CLEARING AND REVISION PROCESS

Supporting Documents	Application to Clear the Audit	Application for the Revision of Assessment
EMP 501	YES	YES
Annual Financial Statement	YES	YES
A Detailed Payroll Report	YES	YES
Affidavit to explain a reason for variance	YES	NO
CF-2A Return of Earnings Form	YES	YES
CF-2B Application for the Revision Form	NO	YES



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TO IMPROVE COMPLIANCE

- CF-1B Application for the Change of the Nature of Business Form
- CF-2B Application for the Revision of Assessment Form (60 days from the date of the invoice)
- CF-2C Application for Estimation Form (180 days from the date of the invoice)
- ROE Online System – offering online registration, submission of the Return of Earnings (ROE) and to generate a Letter of Good Standing – www.labour.gov.za, click Online Services
- To log calls related to system errors on the ROE Online system, forward to ROEonlinesupport@LABOUR.gov.za
- Forward a screen shot of an error message including the CIPC certificate for online registration's error.
- For the error in submitting the Return of Earnings, always capture the employer's name and the CF's registration Number (99.....) 12 digits number on the Subject Mail and the screen shot of an error message.



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NOTICE

- The 2020 ROE season was opened on 1 April 2021 with a closing date of 31 May 2021
- Employers are encouraged to submit the ROE to avoid penalty for the late submission.
- Payments must be made within 30 days of the Notice of Assessment/Invoice's date to avoid interest
- Employers may apply for the instalment plan at cfdebtors@labour.gov.za
- Employers who have no employees are encouraged to deregister
- Measures have put in place to reduce the number of employers flagged for audit (credit block)





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“If you think compliance is expensive, try non-compliance”

by former US Deputy Attorney General Paul McNulty

Thank you very much

