

The ins-and-outs of filing your UIF

The Unemployment Insurance Fund, known as UIF, is an important part of the taxes you pay monthly, whether you are an employer or employee. Make sure everything is running smoothly, and keep you UIF filing up-to-date and compliant. Here are (CLIENT REDACTED)'s top tips to help you.

How does UIF work?

UIF offers benefits to those unemployed involuntarily, who have previously been working and contributing to the fund. It must be deducted from those who work more than 24 hours for the same employer each month, including domestic workers. It is calculated at 2% of the worker's salary or wages for the month. 1% is to be deducted from the money the worker receives, and the further 1% is to be paid by the employer and cannot be deducted from the worker's money. There is a ceiling limit on UIF contributions. For the 2018 tax period, this is R148.72 a month, and will apply to any employee who earns more than R14 872 per month.

How do I file UIF?

- **If you are an employee:** Your employer will automatically deduct the 1% you pay from your salary and pay it over with your PAYE every month. However, it is your responsibility to make sure that the deduction is taking place, so that you remain covered in case of need.
- **If you are an employer:** You will be required to deduct the employee's portion of the UIF payment from their salary every month. Together with your contributing portion, you will then be obliged to pay this over, with PAYE, to SARS every month, and additionally ensure that the correct forms are filed with the Department of Labour reflecting the contribution.

Steps needed to file UIF

As a company, you will declare all UIF contributions for your staff alongside the relevant PAYE deducted from their salaries or wages each month. This will be done on the monthly EMP201 form issued by SARS. While this can be filed manually at any SARS branch, it is far more convenient for you or your accounting firm to handle this process through eFiling electronically. Once the correct reference number for the form is generated, the amount due will be paid over to SARS, using that reference, as a lump sum. This must be done by the 7th of the following month (i.e January's contributions must be paid over before February 7th, and so on).

However, you will also need to inform the Department of Labour of the UIF (only) paid by your staff. This is done through the UI-19 form, and can be filed manually or through the Department's convenient uFiling portal.

Should you be a micro employer whose staff's wages/salaries do not qualify for PAYE, or you simply need to file UIF on behalf of domestic staff you employ, you will instead file just the UI-19 form with the Department of Labour each month. You will pay the amount due directly to the Department when you file, instead of through SARS as when PAYE is also deducted.

When you register as an employer with the Department of Labour, you will be issued with a unique 'employer number' to use on all correspondence you file with them. This is a different reference number than that you may hold with SARS- be sure to monitor both carefully and use them correctly on the forms.

Important things to remember regarding UIF payments

Employers, remember these important facts when handling your staff's UIF payments:

- You cannot deduct more than 1% of their wages for UIF- you are responsible for the other half of the payment
- You may not deduct any outstanding amounts from their salaries- this becomes your responsibility
- You may not charge a fee for handling their UIF- it is your responsibility as an employer.
- If you accidentally deduct too much from an employee, you must repay this to them

Making sure your UIF is correctly filed is a critical part of employing staff- even if it is just for your domestic helper. Be sure to keep on the right side of the law with timeous filling every month so you remain fully compliant with the law. Or take the strain out of your monthly admin, and let (CLIENT REDACTED) handle the filing and compliance for you. Why not get in touch today?

