EMPLOYMENT LAW

Unemployment Insurance Fund (UIF)

The Unemployment Insurance Fund in South Africa offers short-term financial assistance to people who become unemployed. This QuickLaw guide contains information related to your rights and the UIF.

Date updated: July 2022

For all your Unemployment Insurance Fund (UIF) answers, follow our guide below:

1. What is the Unemployment Insurance Fund?
2. May all employees claim from the UIF?
3. How are the benefits calculated?
4. What amount must be contributed to the UIF?
5. How can an employee claim benefits from the UIF?
6. What happens if there is a dispute about the payment of benefits?
7. How can LegalWise assist you?

1. What is the Unemployment Insurance Fund?

- The Unemployment Insurance Fund in South Africa (“UIF”) offers short-term financial assistance (“benefits”) to a person who:
    - becomes unemployed;
    - cannot work due to illness, maternity leave, parental leave, commissioning parental leave or adoption leave; or
    - died and has dependants.
- Such a person needs to:
    - be or must have been employed (“employee”);

    - make or made monthly contributions to the UIF; and
    - work or worked more than 24 hours a month.

- An employer needs to register his/her employee/s with the UIF and also make monthly contributions.

2. May all employees claim from the UIF?

- All employees may claim from the UIF, except for:
    - employees that work less than 24 hours a month;
    - certain members of State;
    - employees that do not comply with the law; or
    - employees suspended from claiming benefits from the UIF, for example, when making false statements, committing fraud, not informing the UIF that s/he was re-employed and so on.

- A domestic worker who has more than one employer, and who loses his/her job with one of them, may claim part of the benefits s/he would have received if s/he was totally unemployed.
- An employee who loses part of his/her income due to reduced working hours may also claim part of the benefits s/he would have received if s/he was totally unemployed.

3. How are the benefits calculated?

- The UIF calculates an employee's claim for benefits by using a specific formula. A claim will depend on his/her income prior to becoming unemployed and by using a scale, subject to the maximum income threshold.
- An employee earning less than the maximum income threshold is entitled to a percentage of his/her income. Employees earning more than the maximum income threshold are only entitled to a percentage of that threshold amount.
- The income of an employee is determined by looking at his/her daily rate.
- An employee will be able to claim one day's income for every five days of work, which can build up to a maximum of 365 days over a four-year period of continued employment. In other words, if an employee has contributed to the Unemployment Insurance Fund for a period of four years, s/he will be entitled to claim benefits for 365 days. If the employee has contributed to the Unemployment Insurance Fund for a shorter period s/he will only be entitled to claim one day for every five days of

work.

- An employee may claim maternity benefits for a period of 17.32 weeks.
- An employee may only claim benefits for the period in which s/he is unemployed; however, if an employee receives benefits from the Compensation Fund, receives a pension or earns income, s/he may not claim benefits from the Unemployment Insurance Fund.
- An employee may not be paid a benefit, that is more than his/her normal income.

4. What amount must be contributed to the UIF?

- An employee and his/her employer must each contribute one percent of the employee's income to the UIF.
- An employer is responsible to deduct these contributions monthly. If an employer does not deduct these contributions, s/he will be held personally liable to pay it over to the Unemployment Insurance Fund.
- Benefits paid to the employee by the UIF may not be attached by any court order, except if the attachment is as a result of the employee failing to pay maintenance to his/her dependants. Benefits paid to the employee by the Unemployment Insurance Fund may also not be set off against any of his/her outstanding debt.
- There is no tax payable on these benefits.

5. How can an employee claim benefits from the UIF?

- Step 1: attend an employment office of the Department of Labour and complete the correct claim form. The following documents must be taken along, depending on the type of benefit claimed: identity document, proof of income, banking details, certificate of service, medical certificates, adoption order, birth certificate/s, marriage certificate, and/or death certificate (do not leave the original documents with the Unemployment Insurance Fund, only copies).
- Step 2: submit the completed claim form within the prescribed time period, being:
    - within 12 months of becoming unemployed, however, the period of unemployment must be for longer than 14 days;
    - within six months of becoming ill, however, the period of illness must be for longer than seven days;

    - within 12 months of giving birth to a child, the claim may be submitted at any time before or after such birth. However, an employee must have been employed for at least 13 weeks, before s/he can claim maternity benefits;
    - within 12 months of a court order for adoption being granted, however, only one parent of the adopted child may be granted adoption benefits and only if the child is under the age of two years;
    - within 18 months of the employee dying.

- Step 3: submit any further information that claims officer may need to investigate the claim.
- Step 4: follow up on the investigation of the claim and whether or not the claim was approved. If approved, the claims officer will inform an employee of the benefit s/he is entitled to, what amount will be paid and/or whether there are any other conditions to payment of the benefit, such as reporting to an employment office every now and again. The claims officer will also inform the employee whether his/her claim was defective and the reasons for it being so.
- Step 5: collect payment of the benefit at the employment office where the claim was submitted or the employment office indicated on claim form.

6. What happens if there is a dispute about the payment of benefits?

- If there is a dispute about the payment or non-payment of benefits an appeal may be lodged at the Regional Appeals Committee within 90 days by completing the correct form.
- If an employee is not happy with the decision of the Regional Appeals Committee, s/he can appeal to the National Appeals Committee. The National Appeals Committee's decision is final. The only remedy an employee has after the National Appeals Committee's decision is to take his/her dispute to court.
- Both the above committees may either confirm, change or cancel and replace a decision that was made.

7. How can LegalWise assist you?

If you are a LegalWise Member and require more information or advice please contact your nearest LegalWise Branch, call, e-mail or WhatsApp us. For more information about our Membership options visit our legal services page or visit our join now page.

© LegalWise South Africa (RF) (Pty) Ltd. This guide is general legal information, not legal advice. For assistance, call 0861 42 7777 or visit https://www.legalwise.co.za/guides/unemployment-insurance-fund-uif.