

MEMO: COMPENSATION FUND: RETURN OF EARNINGS

(The memo is to guide you in completing the Return of Earnings; you can type the information so if you do make a mistake just retype it and don't start from scratch. For better quality use the form with Adobe Acrobat Reader)

- All employers doing business in SA must register with the Compensation Fund to cover their staff against work-related accidents.
- Submit your Annual Return of Earnings before 31 March each year to the Compensation Fund to calculate your account payable.
- A penalty of 10% of the final assessment will be imposed if you fail to do this.
- The declared earnings are the earnings paid out to staff from 1 March to 28 February.
- Complete both pages of the form.
- Explain if there is a variance of 30% compared to the previous year's declaration of earnings. The company can be audited.

- Who is an employee?
 - An employee is any permanent, apprenticeship, learnership, casual, temporary, contract, a director who works under a contract of service.
 - A sole owner, a partner in a business is not an employee.
 - A person provided by a Labour broker and is paid by the Labour broker for work is the employee of the Labour broker.

- What must be **included** as earnings?
 - Overtime of a regular basis
 - Bonuses
 - Commission
 - Cash value of food and quarters supplies
 - Travel and other allowances paid regularly
 - Earnings, drawings paid to a **working Director**

- What must be **excluded** as earnings?
 - Reimbursements
 - Overtime worked occasionally
 - Ex-gratia payments
 - Fringe benefits (medical, pension contributions) by employer
 - Travel and allowances paid occasionally
 - Profit-sharing

- When a business is sold/ceased, liquidated/sequestered or employer deceased indicate in item 1.13 of the Return of Earnings and declare the final earnings paid to that date.

DECLARATION BY EMPLOYER OR AUTHORISED PERSON

This part MUST be completed, signed and dated.

Calculation of Assessment

Employee's salary (p.a.) x rate / 100

R 1 000 000 x 0.42 (Nature of business) / 100

R 4200