

Explaining employer requirements for Annual Return of Earnings in terms of COIDA



Compensation of Occupational Injury and Diseases Act 130 of 1993 (COIDA) aims to provide for compensation to an employee who sustains an occupational injury or disease in the course of their employment.

It is a legal requirement for all employers to be registered with the Workmen's Compensation Assurance and annually submit their Return of Earnings (RoE) to remain in good standing with the WCA.

What are the legal requirements for employers?

In terms of section 80(1) of COIDA 130 of 1993, an employer must register with WCA within seven days after the first appointed employee. Once the registration is completed, the employer is issued with a Compensation Fund number.

Depending on the type of industry in which an employer operates, the employer may apply to Rand Mutual Assurance (RMA) or Federated Employers Mutual Assurance (FEMA). Once registration with either RMA or FEMA is completed, an additional reference number will be allocated.

Annual returns submission deadlines as per COIDA

Annual returns are completed in accordance with section 82(1)(1)(a) of COIDA 130 of 1993 on their respective online platforms.

The annual returns known as Return of Earnings (RoE) comprise the company's total salary and wage report as per the relevant payroll. The employer captures both the actual salary expenses for the completed financial year and the provisional salary expenses for the next financial year. Thus, during the submissions for 2023, the RoE will reflect the actual payroll for the period 1 March 2022 to 28 February 2023 and the provisional payroll for the period 1 March 2023 to 28 February 2024.

Each of the above assurance providers has a different submission period as listed below:

- RMA's submission period is between 1 March 2023 to 31 March 2023.
- WCA's submission period is between 1 April 2023 to 31 May 2023.
- FEMA's submission period is between 1 May 2023 to 31 May 2023.

Once the annual returns have been submitted, the employer is issued with a Notice of Assessment (NoA) identifying the amount payable to the applicable assurance company.

Once payment is received, a Letter of Good Standing valid for 12 months will be issued.

What is the implication of late or non-submission and late payment?

If the submission deadline and payment deadlines are not met, the assurance companies will raise penalties against the company. Any late payment will also accrue interest on the late fee.

The penalty fee will be approximately 10% of the total value of the NoA, while interest is calculated accumulating as from the first month at 15% of the outstanding balance.

What if an employer cannot pay the full amount?

Companies do not always have sufficient cashflow to make the payment to obtain the necessary Letter of Good Standing and may apply for payment arrangements to the relevant assurance company as per section 86 of COIDA 130 of 1993.

The payment arrangement process starts with by the company paying 20% of the amount due to the assurance company and submitting proof of payment along with a letter requesting such arrangement. Should the payment arrangement be accepted, the Letter of Good Standing will be issued after each payment made until the end of the 12 months and when the next RoE becomes due.

Should you default on any payment, the payment arrangement is cancelled and the full amount is due. This will also affect any future requests for payment arrangements.

Conclusion

COIDA is administrated by the Compensation Commissioner who forms part of the Department of Labour. Thus, the Letter of Good Standing and proof of payment of the latest RoEs are request by the Labour Inspector during their labour audits and visits. Should the employer fail to present the requested proof, the Labour Inspector may issue a Non-Conformance or Contravention Notice, which may lead to additional fines and/or even imprisonment.

It remains a daunting task as the information provided must be accurate and non-compliance could have detrimental financial implications for any business.

SERR Synergy provides a wide range of health and safety services to businesses that are committed to full compliance with health and safety regulations. We have a dedicated team of COIDA experts ready to assist, advise and submit the necessary information to ensure compliance. Do not be caught off guard, be ready and be compliant, and avoid unnecessary financial implications that may negatively impact your business.

About the Author: Fikile Mahlangu is an experienced COID Advisor who started her journey with SERR in 2020 as a COID Admin Assistant. She strives for excellence and results, obtaining claim numbers and resolving complex scenarios presented by Workmen's Compensation effortlessly and efficiently. She recently completed a Business Administrative Programme with SERR and is motivated to improve, empower and develop herself through continuous learning. She is also regularly nominated as Employee of the Month, and was Employee of the Year in 2022. She is known as the COID Queen of SERR.

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