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Basic Guide to Compensation Fund Assessment Fees

All employers must register with the Compensation Fund and pay an annual assessment fee based on their workers' earnings and the risks associated with the type of work being done. Certain employers do not have to pay assessment fees.

Fees may increase or decrease according to an employer's accident costs. Employers with low costs may qualify for assessment fee rebates.

Application

The Compensation for Occupational Injuries and Diseases Act applies to:

- all employers; and
- casual and full-time workers who, as a result of a workplace accident or work-related disease:
 - are injured, disabled, or killed; or
 - become ill.

This excludes -

- workers who are totally or partially disabled for less than 3 days;
- domestic workers;
- anyone receiving military training;
- members of -
 - the South African National Defence Force, or
 - the South African Police Service;
- any worker guilty of wilful misconduct, unless they are seriously disabled or killed;
- anyone employed outside the RSA for 12 or more continuous months; and
- workers working mainly outside the RSA and only temporarily employed in the RSA.

See

- Compensation for Occupational Injuries and Diseases Act
Workers who are affected by occupational injuries and diseases are entitled to compensation

Who Must Pay Assessment Fees?

All employers who employ 1 or more part- or full-time workers must register with the Compensation Fund and pay annual assessment fees.

Based on Legislation in Section 80, of the Compensation for Occupational Injuries and Diseases Act

Calculation of Assessment Fees

Before 31 March each year, all employers (including contractors) must submit a statement of earnings paid to all their workers from the beginning of March to the end of February.

The annual assessment fee is calculated on workers' earnings and an assessment tariff based on the risks associated with the type of work being done.

Based on Legislation in Section 82, of the Compensation for Occupational Injuries and Diseases Act

Formula

Assessment fee = total workers' pay ÷ 100 x assessment tariff.

Based on legislation in Section 83, of the Compensation for Occupational Injuries and Diseases Act

Assessment Tariffs

Assessment tariffs, reviewed annually, are based on the risks related to a particular type of work.

Employers fall into one of over a hundred subclasses, each with its own assessment tariff. (See the Compensation Fund Assessment Tariffs document)

If an employer's accident costs are higher than others in the same subclass, the assessment tariff may be increased. If costs are lower, the rate may be reduced.

Based on Legislation in Section 85 of the Compensation for Occupational Injuries and Diseases Act

Payments

Assessment fees are payable in advance within 30 days of the date on the assessment notice sent to employers each year.

Based on Legislation in Section 86, of the Compensation for Occupational Injuries and Diseases Act

Method of Payment

Payments can be made by –

- posting a cheque to the Compensation Commissioner; or
- deposit into the Compensation Commissioner's ABSA bank account; or
- Internet banking transfer (client code 0170151).

Failure to Pay

If employers do not pay their assessment fees, they will be fined.

Based on Legislation in Section 87 of the Compensation for Occupational Injuries and Diseases Act

Employers Exempt from Assessment

The following employers do not have to pay assessment fees:

- national and provincial governments;
- local authorities who have exemption certificates;
- municipalities; and
- employers who are fully insured by a mutual association.

Based on Legislation in Section 84, of the Compensation for Occupational Injuries and Diseases Act

Mutual Associations

There are 2 mutual associations:

- Federated Employers Mutual Assurance (FEMA), for the building industry; and
- Rand Mutual Assurance Company (RMA), for the mining industry.

Merit Rebates

The Compensation Commissioner may refund employers with a **merit rebate** if–

- employers actively prevent accidents;
- employers show favourable costs over a 3-year cycle; and
- there are excess funds.

Contractors

Employers who give work to contractors must obtain a letter of good standing from the contractor to prove that the contractor is registered and that assessment payments are up to date.

Based on Legislation in Section 89, of the Compensation for Occupational Injuries and Diseases Act