



MIBCO SHARED SERVICES CENTRE

REGISTERED UNDER THE LABOUR RELATIONS ACT 66 OF 1995
Reg. No. LR2/6/6/1

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CIRCULAR NO: 2014/10

27 June 2014

TO ALL MIBCO EMPLOYERS

RE: The Non-Payment of Pension/ Provident Fund Contributions – serious consequences.

Please be advised that in terms of the Pension Funds Act (section 13A) read with the Financial Services Laws General Amendment Act (45 Of 2013), employers are bound to pay over retirement fund contributions to retirement funds by the seventh day of the following month (for example, June contributions are due by the 7th of July etc.).

Failure to pay retirement fund contributions is now a criminal offence in terms of the new sections 13(8) and (9) that have recently been added to the Pension Funds Act.

If convicted, large fines and/or imprisonment may be imposed on the responsible party.

In addition to criminalising the non-payment of contributions, the person at the employer responsible for not paying the contributions over to the Fund is held personally liable for the non-compliance.

The effective date was as from 28 February 2014.

The penalties for non-compliance if convicted, is a fine of up to R 10 million and/or imprisonment of up to 10 years may be imposed on the responsible party.

The other consequences of non-compliance could also be personal liability for certain individuals/pay roll administrators within the employer for the non-payment of contributions.

A defaulting employer is also liable to pay interest on contributions that have not been paid timeously. In order to avoid possible legal action please ensure that all contributions reach MIBCO timeously!

The MIBCO Team

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