

South African Payroll Association
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Late salary payments - Know your rights

The South African Labour Law allows employers leeway to pay their employees until the seventh day of the following month.

However, the majority of companies in South Africa have set a precedent by paying their employees by the 25th of the month, says Arlene Leggat, President of the South African Payroll Association (SAPA).

The law

The law stipulates that employers must pay their employees within seven days of the end of a pay period.

If we take March, the pay period is 1 March to 31 March, therefore the employer legally has until 7 April to pay his employees.

The precedent

In South Africa there is a precedent to pay employees on the 25th of each month and in the light of that, people have organised to have their debit orders go off from the 26th of each month.

“In effect it does not give payroll any leeway. If people are not paid on the 25th they can get into trouble because they may not have sufficient funds to honour their debit orders.”

Although employers are not legally obliged to pay their employees on the 25th of each month they have created an expectation that they will.

“Companies are now obliged to meet the expectation that has been created. You really have to pay your employees at the 25th of each month, because people have so much dependent on it.”

Financial distress

South African companies have been suffering financial difficulties because of the lack of economic growth. Cash flow problems have led to some being unable to pay their staff on time.

“It does happen more often than we want to believe, and it does happen to a lot of smaller companies. I do not understand why, but for some reason people think they can delay payment to small businesses, and they can’t.”

Any debtor who delays payment to a small company is putting their employees at risk.

Late payment

It is extremely rare to have an entire company’s payroll being paid late. “You may find that one or two people are being paid late because their paperwork did not arrive on time,” says Leggat.

Payroll administrators may not have been alerted to a new employee on time, and the paperwork is not done timeously. This happens quite often, she Leggat.

Habitual late payer

Employees who find their employer habitually pays a day or two late, find themselves in a difficult position.

The company is not breaking the law, because they have the seven-day leeway.

However, employees should use their employee forums, employee representatives or unions to take the matter up with the human resource department or even management.

The employee has very little recourse if they are not paid “on time”, as long as they are paid by the 7th of the next month.

“My recommendation to all employees is to ensure that their debit orders go off at the first of the next month. That gives everybody a little bit of time when payment is a day or two late.”

ENDS

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