

New Employee earnings threshold – an interesting article

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A new employee earnings threshold has been issued. What does this mean for employees?

Provided By [ARNOLD LAW - LEGAL CONSULTANCY](#)

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Introduction

Most people, from my own personal interactions with them, are not aware of the earnings thresholds nor do they know what an earning threshold is and how it impacts them as Employees. Briefly but concisely, an earnings threshold in South Africa refers to the gross annual earnings of any private person that form part of their Employee benefits package. It is a benchmark used to see if an Employee qualifies for some of the more basic protections entrenched in the [Basic Conditions of Employment Act 1997](#) (the “BCEA”) as well as certain protections in other legislation such as the [Labour Relations Act, 1995](#) (the “LRA”) and the [Employment Equity Act, 1998](#) (the “EEA”). “Earnings” means an Employee’s regular annual remuneration before the deduction of income tax, pension fund contributions, medical aid contributions and similar contributions.

What is the new earnings threshold?

The previous earnings threshold was a gross income of R205 433.30 a year (or R17 119.44 per month) and has not been increased for the past seven years. The [Minister of Employment and Labour](#) has published the new earnings threshold and stated that with effect from 1 March 2021, the BCEA earnings threshold will increase to R211 596.30 per annum (approximately R17 633.00 per month). More Employees will now be able to claim overtime work and for work over weekends and public holidays. This increase in the earnings threshold is long overdue and is certainly welcomed by workers who have in the past seven years just missed the earnings threshold, even by a few cents and unfortunately could not claim for overtime work and other protections by employment legislation.

Overtime work and the new earnings threshold

Using overtime work and pay as an example, being frequently the issue in a dispute, in terms of the BCEA and the new earnings threshold in effect from 1 March 2021, Employees earning in excess of the earnings threshold are excluded from the provisions which control ordinary hours of work, overtime hours and pay, compressed working weeks, averaging of hours of work, meal intervals, daily and weekly rest periods, weekend pay, night work pay and public holiday pay. However, Employees earning under the earnings threshold, who are low income workers, frequently working long hours, overtime and weekends, will be able to claim payment for services rendered outside of ordinary working hours if they earn under R211 596.30 per annum.

A quick trip to the Human Resources or Payroll department or the designated officer in charge of same, should clarify whether you earn under the new earnings threshold and alert the Employee and the Employer to the fact that if an Employee earns under the new threshold then certain changes to payroll need to be dealt with immediately, particularly in terms of overtime as in the example we have used.

Changes to the national minimum wage

1 March 2021 will also see the introduction of the increased national minimum wage. The Minister of Employment and Labour has determined the new minimum wage to be R21,69 for every ordinary hour worked. The amount is less for domestic workers for whom the minimum is set at R19,09 an hour. This is an increase of approximately 4.9%.

Conclusion

To ensure your rights as an Employee are protected and in particular that you are being paid for overtime work, consult a labour law professional. Your Employer must implement the changes commencing 1 March 2020.

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- [Unpacking probation – What are Employer’s obligations towards the Probationary Employee during the period of probation](#)
- [Undefined “benefits” the cause for unfair labour practices](#)
- [Constitutional Court ruling: Domestic workers and their legal rights](#)
- [DEL highlights UIF reduced work time benefit](#)
- [Basic Conditions of Employment Act 75 of 1997; National Minimum Wage Act 9 of 2018 & Regulations 3e](#)

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