

PRIVATE SECTOR SOCIAL SECURITY CONTRIBUTIONS –

What are Contribution Deductions?

At the end of each pay period, contributions must be deducted from employees' wages/salaries. Effective 1st February 2017, the total rate of contribution will be 12% of insurable earnings; of which the employee pays 5% if private sector employee. The employers pay 7%. The maximum insurable earnings is \$78,000 annually (\$6,500 per month or \$1,500 per week). In addition to salaries/wages, the earnings of an employee on which contributions are payable include overtime payments, **vacation pay**, cost of living bonus, housing allowance, shift work, holiday pay, bonuses, commissions, service charge, and danger or dirt money.

Remitting Contribution Deductions

All employers are required to pay Social Security contributions within 14 days after the end of the preceding month. Contribution payments must be paid when the monthly remittance form (R5A) is submitted and clearly indicates:-

- ◆ The name and registration number of the employer;
- ◆ The names and registration numbers of all employees and the month for which payment is being made;
 - If there are weekly or fortnightly paid employees, the amount earned for each week or fortnight should be indicated;

- ◆ Week-ending dates
- ◆ The reported earnings and total contributions;
- ◆ The total gross salary/wage;
- ◆ Vacation and/or **certified sickness periods** should be noted;
- ◆ The name and signature of the authorizing officer.

Explanation of Table

Rounding Off

The salary of the insured person is rounded to the nearest dollar for working out contributions. This is done by looking at the amount of cents in the wage.

If it is 49¢ or less then ignore the cents, but if it is 50¢ or more then add \$1.00 to the wage and figure out the contributions on this salary. For example, if the earning of a person is \$934.49, calculate the contribution on \$934.00. If it is \$934.50, then calculate the contribution on \$935.00.

Example for use of Table

If the monthly earnings of an employee is \$3,758.41, the contribution is worked out as follows:

Wage	Employee 5%	Employer 7%	Total 12%
\$3,500	\$175.00	\$245.00	\$420.00
200	10.00	14.00	24.00
50	2.50	3.50	6.00
8	0.40	0.56	0.96
\$3,758	\$187.90	+ 263.06	= \$450.96



The salary is broken up into \$3,500.00 + \$200.00 + \$50.00 + \$8.00 and contribution is worked out on each part separately. The amount of contribution is the sum of each part. Notice the contribution is based on \$3,758.00 with the cents ignored since it is less than 50¢. The total amount due for Social Security is $\$187.90 + \$263.06 = \$450.96$. The contribution of a weekly paid person is worked out in the same manner.

THE MAXIMUM EARNINGS FROM WHICH CONTRIBUTIONS ARE DEDUCTED IS \$6,500.00 FOR THE MONTHLY PAID EMPLOYEE AND \$1,500 FOR A WEEKLY PAID EMPLOYEE.

Below is the Deduction Table for Social Security Contributions for the Private Sector

Earnings	Employee's Contribution 5%	Employer's Contribution 7%	Total Contribution 12%
6,500	325.00	455.00	780.00
6,000	300.00	420.00	720.00
5,500	275.00	385.00	660.00
5,000	250.00	350.00	600.00
4,500	225.00	315.00	540.00
4,000	200.00	280.00	480.00
3,500	175.00	245.00	420.00

Earnings	Employee's Contribution 5%	Employer's Contribution 7%	Total Contribution 12%
3,000	150.00	210.00	360.00
2,500	125.00	175.00	300.00
2,000	100.00	140.00	240.00
1,500	75.00	105.00	180.00
1,000	50.00	70.00	120.00
900	45.00	63.00	108.00
800	40.00	56.00	96.00
700	35.00	49.00	84.00
600	30.00	42.00	72.00
500	25.00	35.00	60.00
400	20.00	28.00	48.00
300	15.00	21.00	36.00
200	10.00	14.00	24.00
100	5.00	7.00	12.00
90	4.50	6.30	10.80

Earnings	Employee's Contribution 5%	Employer's Contribution 7%	Total Contribution 12%
80	4.00	5.60	9.60
70	3.50	4.90	8.40
60	3.00	4.20	7.20
50	2.50	3.50	6.00
40	2.00	2.80	4.80
30	1.50	2.10	3.60
20	1.00	1.40	2.40
10	0.50	0.70	1.20
9	0.45	0.63	1.08
8	0.40	0.56	0.96
7	0.35	0.49	0.84
6	0.30	0.42	0.72
5	0.25	0.35	0.60
4	0.20	0.28	0.48
3	0.15	0.21	0.36
2	0.10	0.14	0.24
1	0.05	0.07	0.12

Very Important. –

- ◆ It is illegal for any employer to recover the employer's portion of the contribution from the employee. This constitutes an offence under the Social Security Act.
- ◆ Where an employee works concurrently for more than one employer - each employer is required to pay the Social Security contributions with respect to the wages paid to that employee.
- ◆ Any excess contributions paid in error are refundable on application to the Director.
- ◆ Contributions are not payable during periods when an employee is receiving Sickness or Maternity Benefit; or on Severance Pay or Travelling Allowance.
- ◆ It is imperative that the employer inform the ABSSB of pending business closures and re-openings, in writing.
- ◆ Deductions should be made from the initial wages or salary i.e. during the period of probation.
- ◆ Contributions should be deducted from persons age **16 years to 61 years up to 31 December 2018.**

N.B. Employers are encouraged to seek additional information from the Inspector assigned to their area.