

May 15, 2025

MAINTAINING A LETTER OF GOOD STANDING WHILE MANAGING A LARGE WORKMEN COMPENSATION BILL



Running a business in South Africa comes with many challenges but compliance with workplace safety laws should not be one of them.

One critical document that all businesses owners should prioritise is the Letter of Good Standing.

In a previous article we discussed *why having a Letter of Good Standing is important for businesses* and what could go wrong if you don't have one. Having said this, receiving a hefty invoice from the Compensation Fund after *submitting your Return of Earnings* can be overwhelming.

As a result, there may be many employers who worry about how they will manage the large payment, especially since failing to pay within 30 days means losing their Letter of Good Standing.

If you're facing a substantial Workmen's Compensation bill and are unable to pay the full amount upfront, an instalment plan entered into with the Workmen Compensation Fund may be a helpful solution. This arrangement allows businesses to break down payments into manageable instalments while remaining in good standing.

In this article, we explore how a Workmen Compensation instalment plan works, the qualification criteria, and how your business can apply while maintaining your Letter of Good Standing.

Managing a large Workmen Compensation bill by means of an instalment plan

An instalment plan is a structured financial arrangement where a large bill is divided into smaller, manageable portions payable over a specific period. This helps employers maintain workmen compensation compliance without straining their cash flow.

Before applying for an instalment plan, here is what you need to know:

- Employers must pay **at least 20%** of the total outstanding balance upfront.
- The remaining **80% must be paid within the financial year**, which ends on **March 30** (applying earlier in the cycle allows for a longer repayment period).
- The **size of your outstanding balance** may determine the duration of your instalment plan.

If payments are made on time, your company remains in **good standing**, and a monthly Letter of Good Standing will be issued.

How can employers apply for an instalment plan?

To set up an instalment plan, employers must provide--

- **proof of payment** of the initial 20% deposit.
- **a formal request letter** (on company letterhead, signed by a director), specifying the preferred number of instalments.

What are the consequences of defaulting on your instalment plan?

- o **No payment = No Letter of Good Standing;**
- o **Partial payment = No Letter of Good Standing;**
- o **Defaulting on payments will have a negative impact on your Workmen Compensation account and future applications.**

Conclusion

For employers struggling with a large Workmen Compensation invoice, instalment plans offer a practical way to maintain compliance without financial stress. If paying the full amount upfront is not feasible, apply for an instalment plan and secure your *Letter of Good Standing* today!

*SERR Synergy provides a wide range of **health and safety services**, including assisting employers to register with the Compensation Fund. A team of COIDA experts is ready to assist, advise, and submit the necessary information to ensure compliance. Don't be caught off-guard—stay prepared and compliant to avoid unnecessary financial implications that could negatively impact your business.*

About the Author: Fikile Mahlangu is an experienced COID Practitioner who started her journey with SERR in 2020 as a COID Admin Assistant. She strives for excellence and results, obtaining claim numbers and resolving complex scenarios presented by Workmen Compensation effortlessly. She recently completed a Business Administrative Programme and is motivated to improve, empower and develop through continuous learning. She is known as the COIDA Queen of SERR Synergy.

©SERR Synergy, www.serr.co.za