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FREE GUIDE · EMPLOYMENT & HR COMPLIANCE

Hiring your first employee in South Africa: the legal checklist

Your first hire makes you an employer, with obligations under labour, tax and social security law from day one. In practice, that means nine steps: confirm the person is really an employee, give them a written contract, pay at least the minimum wage, register with SARS within 21 business days, register for UIF and with the Compensation Fund, set up payroll records, handle their personal information under POPIA, and keep the workplace safe.

REVIEWED BY THE ELS TEAM

Build on solid legal ground

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AT A GLANCE

- Register with **SARS within 21 business days** of becoming an employer (unless no employee is liable for tax).
- Register for **UIF** and with the **Compensation Fund** when you start employing.
- Pay at least **R30.23 an hour** (national minimum wage from 1 March 2026).
- Give **written particulars on day one** (BCEA section 29).

The checklist at a glance

STEP	WHAT TO DO	WHEN
1	Confirm the person is an employee, not a contractor	Before they start
2	Give written particulars (an employment contract)	Day one
3	Pay at least the national minimum wage	From the first pay run
4	Register with SARS (PAYE, plus SDL and UIF where they apply)	Within 21 business days
5	Register for UIF and declare the employee	On employing; monthly after
6	Register with the Compensation Fund (COIDA)	When you start employing
7	Set up payslips, records and leave tracking	From the first pay run
8	Give a POPIA notice and secure employee data	Day one
9	Meet health and safety duties	Day one

1. Confirm it's really employment

Be clear whether you're hiring an employee or engaging an independent contractor. The label you choose doesn't decide it: labour law and SARS look at how the relationship works in practice. See employee or independent contractor.

2. Give a written contract on day one

Section 29 of the Basic Conditions of Employment Act (BCEA) requires written particulars of employment when the employee starts, including pay, hours, leave and notice. A written contract is the practical way to do this, and it can't give less than the BCEA minimums. See what an employment contract must include.

3. Pay at least the minimum wage

From 1 March 2026, the national minimum wage is **R30.23 for each ordinary hour worked**. It's adjusted every year, and some sectors have their own minimums set by sectoral determinations or bargaining councils. Check what applies before you agree pay.

4. Register with SARS

You must register with SARS as an employer **within 21 business days** of becoming one, unless none of your employees is liable for income tax. Registration happens on eFiling and covers:

- **PAYE:** employees' tax you deduct from salaries and pay to SARS each month.
- **SDL (Skills Development Levy):** 1% of payroll, but only once your total payroll is expected to exceed R500,000 a year.
- **UIF:** if you register for PAYE or SDL, you also register to pay UIF contributions through SARS.

PAYE and UIF are paid monthly with your EMP201 return, and you reconcile the year with SARS.

5. Register for UIF and declare your employee

The Unemployment Insurance Fund covers almost every employee who works more than 24 hours a month. Contributions are **2% of pay**: 1% deducted from the employee and 1% paid by you, on earnings up to the UIF ceiling (currently R17,712 a month). You must also declare your employees to the UIF, usually through the Department of Employment and Labour's uFiling system.

6. Register with the Compensation Fund (COIDA)

The Compensation for Occupational Injuries and Diseases Act requires every employer to register with the Compensation Fund when they start employing. The Fund compensates employees for work-related injuries and diseases, and it's funded entirely by employers through an annual assessment based on payroll and industry.

> **Watch out.** If you're not registered and an employee is injured at work, the Fund can recover its costs from you.

7. Set up payslips, records and leave tracking

The BCEA requires every employer to keep a record of each employee's name, occupation, time worked, pay and date of birth (section 31), and to give a payslip on each pay day showing the pay period, hours worked, pay and every deduction (section 33). You must also display a statement of employees' basic rights at the workplace (section 30). Track leave as well: you'll need these records for SARS, UIF and any dispute.

8. Handle employee data under POPIA

You'll collect your employee's ID number, bank details, tax number and contact details, and possibly health information. Tell the employee how you'll use it (a privacy notice), keep it secure, limit who can see it, and have an internal policy that sets the rules. See the POPIA compliance checklist.

9. Keep the workplace safe

The Occupational Health and Safety Act applies to every employer. You must provide and maintain a workplace that is safe and without risk to health, as far as reasonably practicable: assess risks, provide safety equipment where needed and train staff.

Don't forget

- **Employment equity:** every employer must avoid unfair discrimination. Extra reporting duties apply to designated employers, generally those with 50 or more employees.
- **Workplace policies:** a disciplinary code, leave procedure and IT or social media policy make expectations clear.
- **Probation:** allowed, but it must be reasonable, and dismissal during probation still needs a fair reason and process.

Frequently asked questions

Do I need to register with SARS if my employee earns below the tax threshold?

SARS's 21-day rule doesn't apply if none of your employees is liable for income tax. You still need UIF, and many employers register with SARS anyway so they're ready when pay increases.

Do I need to register for COIDA for an office job?

Yes. COIDA applies to employers in almost every industry, not only high-risk work. The assessment rate is lower for low-risk work.

Can I pay my first employee as a contractor until things settle?

Not if the relationship is really employment. The law looks at the reality, and getting it wrong can lead to CCMA claims and liability for unpaid tax and contributions.

What does it cost to employ someone beyond their salary?

At a minimum: your 1% UIF contribution, your COIDA assessment and, once payroll exceeds R500,000 a year, 1% SDL. Leave and other BCEA entitlements are also part of the cost.

Get your first-hire documents

The ELS Employer Starter Pack includes the Employment Agreement plus the POPIA privacy notice and internal policy every employer needs. Need only the contract? Get the Employment Agreement on its own. Not sure what you need? Take the free Legal Health Check.

VIEW THE EMPLOYER STARTER PACK

TAKE THE FREE LEGAL HEALTH CHECK

INFORMATION, NOT ADVICE

ELS provides legal information, not legal advice. Nothing in this guide creates an attorney-client relationship. For advice on your specific situation, consult a qualified attorney. The law is stated as at 13 October 2026.

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Attorney-drafted legal documents and plain-English legal information for South African businesses. Not sure what your business needs? Take the free Legal Health Check.

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