

How to calculate the total premium declarations for the National Ordinance Sickness Insurance (ZV) and the National Ordinance Accident Insurance (OV)

Employer booklet

The purpose of this booklet is to assist anyone who manages the salary administration of your business/entity.

The information can assist you in determining the total wages for the declaration of the ZV and the OV premiums.

In addition, the information presented in this booklet can be used to guide you in the submission of changes in the employment status of your employees.

By law, you must submit your employees' employment status changes to SZV (such as commencement, termination, increases in wages etc.). Submission of these changes is only possible via the Employer Portal.

Required steps

To determine who is covered by the ZV and the OV, the following (summarized) verification steps are required:

- Step 1. Determine who is an employee according to the ZV and the OV;
- Step 2. Determine what is considered wages ('loon');
- Step 3. Calculate the wages;
- Step 4. Convert the wages into daily wages;
- Step 5. Determine if there are family members who can also be insured under the ZV and the OV.

Step 1: Determine who is an employee according to the ZV and the OV.

ZV:

An employee is anyone who performs work for an employer, in an employment contract, or personally in contracted work. Exceptions are:

- the person who personally performs contracted work if he/she himself/herself is an employer;
- the parents and children of the employer living at home, unless it involves normal employment with customary wages;
- the domestic- and home workers;
- the casual workers, by which is meant workers who in general are not in the service of the employer for 12 consecutive days, not including Sundays and (National) holidays per the Labor Regulation;
- the captain and crew on marine vessels registered in Sint Maarten;
- the person who is employed by a public law body and who can derive an entitlement to sickness compensation from the regulations regarding his/her employment legal status.

OV:

An employee is anyone who performs work for an employer, in an employment contract, or personally in contracted work. Exceptions are:

- the person who personally performs contracted work if he/she himself/herself is an employer;
- the parents and children of the employer living at home, unless it involves normal employment with customary wages;
- the domestic workers;
- home workers, unless they work with hazardous substances designated by National decree, containing general measures;
- the captain and crew on marine vessels registered in Sint Maarten;
- the person who is employed by a public law body and who can derive an entitlement to sickness compensation from the regulations regarding his/her employment legal status.

Attention: Sole Proprietors and (Statutory) Directors

Sole proprietors:

- The owner of a sole proprietorship is not an employee for the ZV nor the OV;
- The spouse of the owner of a sole proprietorship cannot be an employee.

(Statutory) directors: *Effective September 1, 2022*

The (statutory) director of a company is also an employee for the ZV and the OV, unless:

- a. the (statutory) director (and his/her wife/husband) directly or indirectly hold(s) more than 50% of the shares of the company and can cast more than 50% of the votes at the general meeting of the company;
- b. the relatives by blood and marriage up to and including the third degree of the (statutory) director (and his/her wife/husband) jointly hold two-thirds or more of the shares of the company;
- c. the (statutory) director (and his/her wife/husband) cannot be dismissed against his/ her will, because an increased majority of votes is required, which cannot be achieved without the votes of the (statutory) director (and his/her wife/husband);
- d. the directors of a company who, in addition to being a director, are also 50% shareholders of the company and who cannot be dismissed against their will because of their say in the decision-making process.

No rights can be derived from the information contained in this booklet. The National Ordinances ZV (AB 2013 GT 802) and OV (AB 2013 GT 801) prevail.

Note: Notwithstanding the above (see page 2), the (statutory) director of a company who does not qualify to be insured under the ZV and the OV, but who was already insured by SZV up until August 31, 2022, will retain his/her rights. These rights will be retained; a.) unless otherwise decided by the (statutory) director, b.) until amendment of the applicable laws, or c.) until the implementation of the General Health Insurance.

Step 2: Determine what is considered wages.

ZV:

Wages include all payment in any form, which the employee receives as compensation for work to the account of the employer. This also includes monies received from third parties, which have an influence on the conditions of the employment contract. Exceptions are:

- Overtime pay;
- The employer's allowance on the employee's wages, that are based on the General Old Age, Widows' and Orphans' Insurances (AOV/AWW);
- Social insurance premiums that are for the account of the employer;
- Compensations for temporary activities that are not part of the normal work;
- Incidental compensations for extraordinary work performance;
- The components which cannot be included as wages according to article 6, third paragraph sub d to h of the National Ordinance of Wages Tax ('Loonbelasting').
- Mandatory contributions by the employer to savings funds;
- Allowances for training courses or studies of children;
- Bonuses for birthdays or jubilees;
- Cancellation of loans granted by the employer;
- Financial benefits/loans with low interest rates granted by the employer.

OV:

Wages include all payment in any form, which the employee receives as compensation for work to the account of the employer. This also includes monies received from third parties, which have an influence on the conditions of the employment contract. Exceptions are:

- Overtime pay;
- The employer's allowance on the employee's wages, that are based on the General Old Age, Widows' and Orphans' Insurances (AOV/AWW);
- Social insurance premiums that are for the account of the employer;
- Compensations for temporary activities that are not part of the normal work;
- Incidental compensations for extraordinary work performance.

Attention: An employee with wages higher than the established wage limit is not covered by the ZV, but by the OV. The annual maximum wage limit is available via www.szv.sx

The following non-limitative components are considered part of the wages' calculation:

a) Components expressed in money in the employment contract

- The agreed upon basic wages per period (hour, day, week, fortnight, month);
- Various allowances associated with certain functions (e.g. dark hour allowance etc.);
- Vacation allowance;
- Child allowance;
- Bonus not related to work anniversary (jubilees) and birthdays;
- Transportation allowance.

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b) Components that are not expressed in money

Wages in kind

c) Components that are variable

- Commissions;
- Tips;
- Profit sharing.

In short, wages comprises of all benefits or compensations agreed upon in the employment contract (verbal or written) which the employee receives for performing work.

Step 3: Calculate the wages.

Some guidelines:

a) Components that are expressed in money in the employment contract

You can calculate them in a simple manner based upon the agreed monetary compensation in the employment contract.

b) Components that are not expressed in money (Wages in kind)

The wages in kind should be expressed in money. For the following non-limitative components SZV uses the following guidelines and minimum values:

- Breakfast, daily.....ANG. 2.50;
- Sandwich meal, daily:.....ANG. 2.50;
- Warm meal, daily.....ANG. 5.00;
- Free lodging, monthly:.....ANG. 300.00 (domestic workers etc.);
- General free lodging is determined by applying the following rules:
 - market rent value of the lodging made available to the employee for free → thus amount paid to the landlord (not being the employer);
 - in case the lodging is owned by the employer, the rent value can be approached by → calculating 4.8% (6% of 80%) of the market value of the lodging per year;
- if the employer can prove that the savings by the employee is less than the determined minimum, it should contact the Inspectorate of Taxes for a ruling. This is reviewed yearly and can also be used as basis for the valuation of the wages in kind for the calculation of the premiums ZV and OV.
- Company phone, monthly:.....ANG. 40.00 (480/12) (not valid for allowance);
- Internet expenses, monthly:ANG. 50 (600/12);
- Company car: 15% of the catalogue value (new condition);
- 2nd and 3rd company cars: all expenses related to these company cars are considered as wages;
- Compensation for a maid, electricity and water (the entire fee).

c) Components which are variable

For the calculation of the variable components, an estimation is required for the period not yet paid. The amount paid in the previous periods (preferably years) can serve as a basis, provided that these periods are representative (e.g. Commissions, gratuities and profit sharing).

Step 4: Convert the wages into daily wages.

It is possible that in the calculation of the wages, components are expressed in different periods, such as the monthly salary, the free daily expenses and bonuses annually. All of these components must be converted to daily wages, to determine whether someone is below or above the wage limit for the ZV and the OV. Before making the conversion, you must first determine the number of hours per day (usually 8) and the number of working days per week (usually 5 or 6). When the number of hours per day and/or the number of working days varies, you must determine an average number based on the figures from experience (such as the previous year).

Table 1 shows how a certain period should be converted into an amount per day (daily wages):

Table 1			
Conversion Chart: period, to amount per day (daily wages)			
Amount		Quantity	Wages component per day
Per hour	X	Number of hours per workday	
Per day	X	1	
Per week	X	1/(number of workdays per week)	
Bi-weekly	X	26/(number of workdays per week x 52)	
Per month	X	3/(number of workdays per week x 13)	
Per year	X	1/(number of workdays per week x 52)	
Total			Daily Wages

Example: (see table 2)

An employee earns a gross salary of ANG. 6,000.00 per month, receives an annual bonus of ANG. 2,000.00 and earns a commission and a sales incentive. This employee has an 8-hour workday and works five days a week. What is the daily wages of the employee?

Since the commission and the sales incentive are variable wage components, you will have to calculate an estimate amount based on the annual figures from the previous year.

If an employee earned ANG. 36,000.00 in commission in the previous year, this amount should be divided by 12 months resulting in the average amount of ANG. 3,000.00 per month.

If an employee earned ANG. 18,000.00 in sales incentive in the previous year, this amount should be divided by 12 months resulting in the average amount of ANG. 1,500.00 per month.

Table 2				
Component	Period	Amount	Conversion	Amount per day
Regular Salary	month	6,000.00	x 3/ (5 x 13)	276.92
Commission	month	3,000.00	x 3/ (5 x 13)	138.46
Bonus	year	2,000.00	x 1/ (5 x 13)	7.69
Sales incentive	month	1,500.00	x 3/ (5 x 13)	69.23
Daily Wages				492.30

This employee will only be insured for the OV in 2022, because the daily wages is higher than the maximum daily wages for 2022. The annual maximum wage limit is available via www.szv.sx

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Step 5: Determine if there are family members who can also be insured under the ZV and the OV.

Principles governing the provision.

- ZV covers all employees who earn less than or equal to the amount of the maximum wages limit;
- All employees (as determined in step 1) are covered by the OV;
- If the employee is ZV insured and he/she is the breadwinner of the family, then his/her family members can also be insured against sickness provided they are not employees themselves or have rights to another insurance. SZV will establish, if this employee can indeed be considered the breadwinner of the family;
- The total premium for the ZV insurance is 12.5%. 8.3% is paid by the employer, and 4.2% is withheld from the employee.

Reference date (November 1st of the previous year).

November 1st is used as reference date to determine who is insured by the ZV for the following calendar year. As soon as an employee changes employer or commences employment for the first time or re-enters employment, his new employer will determine the daily wages at the moment of commencement of his/her employment to determine whether the employee is insured by the ZV.

Important!

The daily wages earned by an employee should be compared on November 1st (reference date) with the maximum wage limit of the following calendar year. In case the daily wages does not exceed the maximum wage limit, then the employee is covered by the ZV for the following calendar year. This is regardless of whether the employee's wages surpasses the maximum wage limit after November 1st.