

## Tax Newsletter

Timely news and information on national tax issues

# General aspects for payment of employer contributions to the pension system related to employee disabilities.



According to article 16 of the Comprehensive Pension System Law, *“Amount and distribution of the contributions,”* it is established that the subsidy benefit received by employees from the Salvadorian Social Security Institute (ISSS), whether due to maternity leave, illness, or accidents caused by common or workplace risk, **is considered subject to contributions to the pension system.**

Thus, in the case of enrollees that are receiving a subsidy, the ISSS deducts the percentage corresponding to the employee (7.25%), **and the employer has the obligation to cover the percentage (8.75%) that corresponds to them,** calculated based on the amount of the subsidy in question. In other words, the subsidy is considered as the base wage for calculating the employer’s percentage, which must be paid monthly to the Pension Fund Administrators (AFP per its Spanish acronym) during the time the employee is incapacitated.

For purposes of determining the amount of the subsidy subject to employer contributions to the pension system, the following may be considered:

1. The employer can calculate the amount of the subsidy based on the number of days that the employee is incapacitated, considering the legal provisions of the ISSS for its coverage.
2. The employer can request that the incapacitated employee provide proof of the amount of the subsidy received from the ISSS, to reconcile the information determined in point 1, or as a reference for the amount of the subsidy to be considered for calculating the employer’s contribution.

## How to report the payment of the employer contribution to the pension system in cases of employee disability subsidies in the Single Payroll System (SPU per its Spanish acronym)?

The reporting of the employer contributions to the pension system through the SPU should be recorded as follows:

- The information on the wages earned during the days worked should be recorded in the first line, using code 06.

- The information corresponding to the days and wages recognized by the ISSS as a subsidy, for which the employer will contribute 8.75% to the AFP, should be recorded in the second line using code 12.

It is important to mention that per the instructions issued by the AFP, if the process is carried out in the form and order mentioned above, the system will not allow the entry of the information.

Other considerations:

- In the case of an incapacity that lasts for an entire month, this should be declared using only code 12.
- When the employer offers the benefit of providing its employees a supplementary wage for the days they receive a disability subsidy from the ISSS, a third line must be recorded using code 22, and the employer must pay their corresponding portion for AFP contributions on this supplement.

It is recommended that all employers check and maintain compliance with the provisions on employer contributions to the employee disability pension system, to mitigate any type of risks or penalties in the event of reviews by the competent authorities.

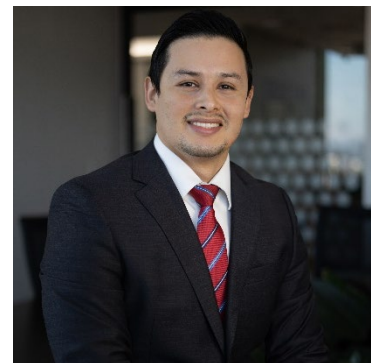
You can obtain more information about this, and other matters related to the SPU at the following links:

- SPU user manual:  
<https://ssf.gob.sv/SPU/Manual%20de%20Usuario.pdf>
- Frequent questions about the SPU:  
<https://ssf.gob.sv/wp-content/uploads/2023/07/Preguntas-frecuentes-sobre-el-SPU.pdf>

More information:



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# Tax Calendar

## August 2023.

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Tax Obligations before the Tax Office (Ministerio de Hacienda)



Municipal Tax Obligations



Payroll Management Obligations

August 2023

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

To learn more about **August's** obligations:



Download the 2023 Tax Calendar

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