

CTC vs. Gross Salary



CTC PACKAGE

- The abbreviation CTC stands for “Cost to Company.”
- This is the total amount of money that an organisation is willing to pay to have an employee work for them, inclusive of benefits.
- A CTC is structured with a basic salary, plus benefits such as:
 - Medical aid
 - Provident/ pension fund
 - Car/ fuel allowance
 - Cellphone allowance
 - Housing allowance
 - Guaranteed 13th cheque
- The difference between a guaranteed 13th cheque and an annual performance bonus:
 - Guaranteed 13th cheque: this is an additional month’s salary that is paid to an employee, usually in December or a month decided by the employer. You would need to make tax provisions for this additional amount.
 - A performance bonus is based on an employee’s performance and is subject to the employer’s discretion or as the employment contract prescribes. It is not possible to make tax provisions for performance bonuses as this is discretionary.

Gross SALARY

- A gross salary or otherwise known as a basic salary.
- This is your earnings before deductions such as PAYE and UIF.
- One can earn a basic salary plus have additional benefits such as medical aid, provident/ pension fund, etc. Note that these benefits are not included in your basic salary but is rather an additional benefit on top of your basic.
- If you are in a sales working environment, you could also expect to receive a commission. Some roles offer both a basic salary plus commission, whilst others are commission based only.