



South Africa Cost-of-Living Pressure

A structured, three-month employer response to sustained cost-of-living pressure

A workforce resilience programme — continuously available; each employer's participation runs a fixed three-month term

A — SUSTAINED, MULTI-FACTOR COST-OF-LIVING PRESSURE

12.7%

TRANSPORT INFLATION, YoY
Sustained cost-of-living pressure

R2,941

MONTHLY TRANSPORT + ELECTRICITY
Typical cost for a minimum-wage worker

4 factors

SUSTAINED PRESSURE, NOT ONE
EVENT
Oil volatility · exchange rate · inflation · bank lending rates

The impact on your people

- After electricity and transport costs (R2,941/month), a minimum wage worker has only R2,378 left for food — against R3,668 needed for a basic nutritious basket.
- An 8–15% overnight effective pay cut for frontline staff earning R10,000/month — before food price inflation of 6–10% from diesel pass-through is added.
- The government's temporary fuel levy relief has been fully phased out, and no TERS-style commuter support programme has been announced. Petrol prices have since eased, but taxi and minibus fares have shown no material reduction — the underlying pressure on household budgets remains. Employers must act.

SmartCommute™ was designed as a direct response to sustained, multi-factor cost-of-living pressure — oil and petrol price volatility, exchange-rate movements, general inflation, and elevated bank lending rates — rather than any single fuel-price event. The programme is a continuously available, standing intervention. Each participating employer's involvement is a fixed, stand-alone **three-month term from their own start date**. It is not open-ended by default and does not auto-renew; continuation beyond the initial three months requires a new written agreement between the employer and CDII, per the Programme Participation & Master Agreement (PP&MA).

B — THE SMARTCOMMUTE™ PROGRAMME

Programme	SmartCommute™ — Commuter Resilience Partnership (CRP)	s11(a) Staff Welfare Deduction PRIMARY	Participation for your own employees is generally deductible as staff welfare expenditure under s11(a) of the Income Tax Act, subject to the usual requirements. No 10% cap. Confirm with your tax adviser. ~27% saving
Administered	Community Development Initiatives International NPC (CDII)	s18A Donation Deduction POOLED ONLY	Only for an unrestricted contribution to the Fund's pool, not directed to your own employees. Must be a bona fide donation; 10% cap. Confirm with your tax adviser. ~27% saving*
Credentials	PBO 930 041 456 · B-BBEE Level 1 · Reg. 2012/201981/08	B-BBEE SED	Not available for participation for your own employees. An unrestricted pooled contribution may qualify under Statement 500 or 605 (at least 75% black beneficiaries). Never together with s18A. Confirm with your Verification Agency.
Payment	R600/R575/R550 per employee per month (by salary Band: Band A R600 / Band B R575 / Band C R550)	King V / ESG	Documented, board-governed response to sustained cost-of-living pressure. Suitable for integrated reporting and ESG disclosure.
Duration	Continuously available; each employer's participation is a fixed 3-month term from their own start date	Tax code	PAYE Code 3601 — ex gratia gross remuneration
Eligibility	Determined by salary Band (A/B/C) only — commute distance, travel allowance, fuel card, company vehicle, and WFH/hybrid status are not eligibility criteria	Character	Non-contractual · Non-recurring · Not remuneration · No precedent
Admin fee	CDII charges 7.5% of total monthly disbursement value	Renewal	Ends at the close of the employer's 3-month term unless renewed in writing; or on CDII's written notice following its determination of a material macroeconomic or company-specific change

"The Company acknowledges the real economic challenges staff face while recognising and valuing their contribution to the organisation."



SmartCommute™ — Employer Guide & Cost Reference

C — THE THREE-PARTY ARCHITECTURE

EMPLOYER	CDII (PBO)	EMPLOYEE
- Approves the programme - Contributes to CDII - Processes payroll - Claims s11(a) deduction - Pooled: s18A or SED	- Administers programme - Verifies eligibility - Issues s18A certificate (pooled gifts) - Issues Disbursement Notice - Prepares B-BBEE documentation	- Signs Acceptance Form (EAF v6.6) - Receives ex gratia payment - Salary unchanged - No expectation created

D — TAX TREATMENT — PLAIN LANGUAGE

What PAYE code?	Code 3601 — gross remuneration. Correct code for ex gratia welfare payments.
Does PAYE apply?	Yes. PAYE applies at the employee's marginal rate. Employees above R99,000 per year pay PAYE. Sub-threshold employees pay nil PAYE arithmetically.
What does that mean?	On a Band A R600 payment at 18% marginal rate: PAYE = R108. Employee nets R492. On a Band C R550 payment at 18%: PAYE = R99. Employee nets R451.
Low earners?	Below R99,000 p.a.: zero PAYE — their total income falls below the tax threshold.
IRP5 and EMP201?	Both required. Code 3601 on the IRP5. EMP201 submitted each month. Payroll records must reflect correctly.
Language discipline?	Never call it 'tax-free', a 'benefit', an 'allowance', or a 'grant'. Always: 'Social Ex Gratia Payment'.
s11(a) deduction	PRIMARY — for your own employees. No 10% cap. Confirm with your tax adviser.
s18A deduction	Pooled contributions only; 10% cap. Confirm with independent tax advice.

MONTHLY PAYE REFERENCE — TIERED PAYMENTS

Monthly salary	Annual	PAYE on R600	PAYE on R575	PAYE on R550
Below R8,250	<R99,000	Nil	Nil	Nil — sub-threshold
R10,000	R120,000	~R45	~R72	~R90 / nets R410
R12,000	R144,000	~R45	~R72	~R90 / nets R410
R15,000	R180,000	~R45	~R72	~R90 / nets R410
R18,000	R216,000	~R45	~R72	~R90 / nets R410
R22,000 (BCEA)	R264,000	~R57	~R91	~R114 / nets R386

UIF, SDL, and COIDA do NOT apply to Code 3601 Social Ex Gratia Payments. Configure payroll exclusion before first run.

E — COST ESTIMATOR

Number of qualifying employees ×	_____
Payment amount per employee per month (R600/R575/R550, per Disbursement Notice) ×	_____
Number of months (maximum 3) =	_____
Total disbursement (A)	R _____
CDII administration fee — 7.5% of (A)	R _____
Total to contribute to CDII (A + fee)	R _____
Less: s11(a) tax saving — ~27% of total (own employees)	– R _____
Or: s18A tax saving — ~27% (pooled contribution only; 10% cap)	– R _____
Effective net cost to the company =	R _____

Code 3601 — consult your payroll team re PAYE, UIF and SDL. Verify figures against actual employee numbers and your company's tax position. s11(a): usual requirements apply. s18A: pooled contributions only. SED: never for own employees. Confirm eligibility with your own advisers.

REQUIRED DOCUMENTATION — THREE ITEMS:

- Board Resolution** (CRP/BR/2026/001 v7.6): authorises the ex gratia programme; confirms non-contractual, non-recurring character; records tax election
- Programme Participation & Master Agreement** (CRP/PPMA/2026/001 v1.1): establishes CDII as independent Programme Principal; employer acts as Disbursement Agent only
- Employee Acceptance Form** (CRP/EAF/2026/001 v6.6): employee acknowledges ex gratia nature; Band confirmed by employer payroll records; no expectation of continuation