



2026 Budget Tax Guide

Empowering people
Helping businesses thrive
Helping you prosper

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Introduction

On 25 February 2026, Finance Minister Enoch Godongwana delivered the 2026 budget speech, highlighting the good news about South Africa being removed from the Financial Action Task Force's (FATF) Grey list 4 months earlier on 24 October 2025, signaling that South Africa is a safe and good place for foreign investors. He also highlighted that South Africa received its first credit rating upgrading in 16 years and for the first time in 17 years, our debt is starting to stabilise and projected to start declining in the 2026/2027 year.

Highlights

- The government reported a tax revenue increase of R21.3 billion higher than previous estimates, allowing for the withdrawal of R20 billion in proposed tax increases.
- Tax brackets are adjusted fully for inflation and national Treasury's official projected inflation rate for the 2026/2027 is 3.4%, easing on the bracket creep situation we were in over the past 2 years.
- The mandatory VAT registration threshold amount which was last increased in 2009, has now been raised from R1 million to R2.3 million signalling government wanting to support small businesses.
- The retirement annuity contribution limit for allowable deductions has been raised from R350,000 to R430,000.
- The tax free investments annual contribution limits was raised from R36,000 to R46,000, but the annual life-time limit remains unchanged at R500,000.
- General fuel levies increased, for petrol it increased by 9 cents per litre, from R4.01, to R4.10 and diesel increases by 8 cents per litre from R3.85 to R3.93 per litre.
- The Road Accident Fund (RAF) levy increases by 7 cents per litres for both petrol and diesel, bringing the total new levy to R2.25 per litre.
- The carbon fuel levy increases by 5 cents per litre for petrol and by 6 cents per litre for diesel, bringing the total new carbon fuel levy for petrol to 16 cents per litre for petrol and 19 cents per litre for diesel.
- Single discretionary allowance increases to R2 million per calendar year from previous R1 million

That concludes some of the most important key take aways for this budget, although there is more to unpack, you can visit the treasury website to learn more about the budget speech at <https://www.treasury.gov.za/documents/National%20Budget/2026/>

The budget speech hasn't yet been codified into law, and so this is the budget tax guide based on the budget speech, we'll need to wait and see whether there are any other specific changes once the Taxation Laws Amendment Act comes through along with some other acts that might also change, but we'll keep you in the loop

INDIVIDUALS

TAX TABLES FOR 2027

Income Tax Tables for individuals and special trusts for the tax year ended 28 February 2027

| Start Bracket | End Bracket | Base amt | plus | Marginal Tax % | above | Prev End Bracket |
|---------------|-------------|------------|------------|----------------|-------|------------------|
| R0 | to | R245,100 | R0 + | 18% | | |
| R245,101 | to | R383,100 | R44,118 + | 26% | above | R245,100 |
| R383,101 | to | R530,200 | R79,998 + | 31% | above | R383,100 |
| R530,201 | to | R695,800 | R125,599 + | 36% | above | R530,200 |
| R695,801 | to | R887,000 | R185,215 + | 39% | above | R695,800 |
| R887,001 | to | R1,878,600 | R259,783 + | 41% | above | R887,000 |
| R1,878,601 | to | and more | R666,339 + | 45% | above | R1,878,600 |

TAX TABLES FOR 2026

Income Tax Tables for individuals and special trusts for the tax year ended 28 February 2027

| Start Bracket | End Bracket | Base amt | plus | Marginal Tax % | above | Prev End Bracket |
|---------------|-------------|------------|------------|----------------|-------|------------------|
| R0 | to | R237,100 | R0 + | 18% | | |
| R237,101 | to | R370,500 | R42,678 + | 26% | above | R237,100 |
| R370,501 | to | R512,800 | R77,362 + | 31% | above | R370,500 |
| R512,801 | to | R673,000 | R121,475 + | 36% | above | R512,800 |
| R673,001 | to | R857,900 | R179,147 + | 39% | above | R673,000 |
| R857,901 | to | R1,817,000 | R251,258 + | 41% | above | R857,900 |
| R1,817,001 | to | and more | R644,489 + | 45% | above | R1,817,000 |

REBATES

| | 2027 | 2026 |
|---------------------------------|---------|---------|
| Primary rebate (65 and younger) | R17,820 | R17,235 |
| Secondary rebate (65 and older) | R9,765 | R9,444 |
| Tertiary rebate (75 and older) | R3,249 | R3,145 |

TAX THRESHOLDS

| | 2027 | 2026 |
|---------------------------------|----------|----------|
| Primary rebate (65 and younger) | R99,000 | R95,750 |
| Secondary rebate (65 and older) | R153,250 | R148,217 |
| Tertiary rebate (75 and older) | R171,300 | R165,689 |

INTEREST RATE EXEMPTION

Local interest exemption for South African natural persons:

| | Since 2014 | 2013 |
|-----------------|------------|---------|
| Younger than 65 | R23,800 | R22,800 |
| 65 and older | R34,500 | R33,000 |

*The interest rate exemption is not expected to change as it is being phased out by inflationary pressure as it was replaced by the tax free investment scheme.

TAX FREE INVESTMENTS

| | 2027 | 2026 |
|-------------------------------|----------|----------|
| Annual contribution limit | R46,000 | R36,000 |
| Lifetime limit | R500,000 | R500,000 |
| Penalty on over-contributions | 40% | 40% |

MEDICAL EXPENSE TAX CREDITS

Medical tax credits on medical aid contributions

| | 2027 | 2026 |
|---------------------------------|------|------|
| Per person per month | | |
| Main member and first dependent | R376 | R364 |
| Every other dependent | R254 | R246 |

Additional medical expense tax credit

For persons 65 and older or anyone who is disabled or has an immediate family member who is disabled:

33% of the sum of:

- Qualifying medical expenses paid*

- Plus the amount by which the medical aid contributions exceed 3 times the medical aid tax credit for the year

*Qualifying expenses means expenses not recovered from the medical aid or prescription medications paid out of pocket or certain other expenses to alleviate a person's disability.

According to Section 6B(1) of the Act, "qualifying medical expenses" include specific costs officially listed by the Commissioner. These are expenses that you necessarily paid during the tax year because you, your spouse, or a dependant has a physical impairment or disability. However, you can only claim these if the costs are not recoverable from elsewhere, such as being paid back to you by a medical aid scheme.

Eligibility to claim the additional medical tax credit as someone with a disability

You, your spouse, or your dependant must have a "moderate to severe" impairment (physical, sensory, mental, etc.) that has lasted—or is expected to last—at least one year.

The ITR-DD Form

- This is your mandatory proof of disability for SARS.
- Completion: You fill in Part A; a registered medical practitioner qualified to diagnose the condition must complete Parts B, C, and D.
- Validity: Permanent: Valid for 10 years (if diagnosed on/after 1 March 2019).
- Temporary: Valid for 1 year (must be renewed annually).
- Submission: Do not post or upload it with your tax return. Keep the original for 5 years, as SARS will ask for it during an audit or verification.
- Quick Tip: Make sure the doctor's practice number is clearly visible on the form, otherwise SARS may reject your claim during a "vets" (verification).

For anyone else below 65 years of age:

25% of the sum of:

- Qualifying medical expenses paid
- Plus the amount by which the medical aid contributions exceed 4 times the medical aid tax credit for the year.

TRAVEL ALLOWANCE

The taxpayer needs to keep a DAILY logbook of travel activities and include total kilometres and total business kilometres travelled. These are for employee owned vehicles. This should be read in conjunction with other regulations of the act setting out the terms and conditions.

Use of own vehicle

2027 Deemed expenditure tax table

| VALUE OF VEHICLE (INCL VAT) | | | Fixed Cost | Fuel (c/km) | Maintenance (c/km) |
|-----------------------------|---|----------|------------|-------------|--------------------|
| R0 | - | R115,000 | R38,344 | 132.90 | 49.10 |
| R115,001 | - | R230,000 | R68,487 | 148.40 | 61.40 |
| R230,001 | - | R345,000 | R98,689 | 161.20 | 67.80 |
| R345,001 | - | R460,000 | R125,393 | 173.40 | 74.00 |
| R460,001 | - | R575,000 | R152,097 | 185.50 | 86.90 |
| R575,001 | - | R690,000 | R180,078 | 212.80 | 102.00 |

| VALUE OF VEHICLE (INCL VAT) | | | Fixed Cost | Fuel (c/km) | Maintenance (c/km) |
|-----------------------------|---|----------|------------|-------------|--------------------|
| R690,001 | - | R805,000 | R208,106 | 216.50 | 114.50 |
| R805,001 | + | | R237,679 | 220.10 | 126.90 |

2026 Deemed expenditure tax table

| VALUE OF VEHICLE (INCL VAT) | | | Fixed Cost | Fuel (c/km) | Maintenance (c/km) |
|-----------------------------|---|----------|------------|-------------|--------------------|
| R0 | - | R100,000 | R33,940 | 146.70 | 47.40 |
| R100,001 | - | R200,000 | R60,688 | 163.80 | 59.30 |
| R200,001 | - | R300,000 | R87,497 | 177.90 | 65.40 |
| R300,001 | - | R400,000 | R111,273 | 191.40 | 71.40 |
| R400,001 | - | R500,000 | R135,048 | 204.80 | 83.90 |
| R500,001 | - | R600,000 | R159,934 | 234.90 | 98.50 |
| R600,001 | - | R700,000 | R184,867 | 238.90 | 110.50 |
| R700,001 | + | | R211,121 | 242.90 | 122.50 |

Employer Provided Vehicle

The tax is usually calculated at **3.5% per month** of the vehicle's original value (including VAT). If the car has a maintenance plan, the rate drops slightly to **3.25%**. On your payslip, your employer will tax either 80% or 20% of this benefit each month, depending on how much business travel you do. To pay the least amount of tax possible when you file your return, you **must keep a meticulous logbook** to prove your business kilometres; otherwise, SARS will assume all your driving was for pleasure and tax you on the full amount.

RETIREMENT FUNDS

Allowable deductions for contributions made

Contributions to retirement funds (pensions, provident funds or retirement annuities) are deductible, but it's limited to the lesser of:

- R430,000 (2026: R350,000)
- 27.5% of the greater of:
 - Remuneration (excluding retirement, withdrawal or severance lump sums)
 - Taxable income (excluding retirement, withdrawal or severance lump sums) prior to the deduction of donations and foreign tax.

Any unused contributions can be carried over to the following tax year. Contributions made by an employer on behalf of an employee are treated as a taxable fringe benefit for that employee; however, these are then regarded as having been paid by the employee when calculating their allowed tax deduction. Furthermore, the deduction an employer can claim for contributions made for an employee is no longer restricted, whereas it was previously limited to 20% of remuneration in 2016.

2-Pot retirement system

The 2 pot system is a new framework designed specifically to address the issue of building a retirement nest egg, while balancing the short term emergency needs faced by South Africans during difficult times.

Previously employees would resign their jobs to simply access the pension or provident funds they belonged to through their employer. Retirement annuities that are generally privately taken out with wealth management companies, typically cannot be touched as it wasn't a contract through an employer.

Under the 2 pot retirement system, your retirement savings falls in "2 pots," namely:

1. Savings Pot: One Third of your contributions goes into this pot, it's a more liquid and more accessible component and you can withdraw from this pot without quitting your job.
2. Retirement Pot: Two thirds of your contributions goes here and it is strictly preserved - you cannot touch this component even if you do quit your job to try and access it, it will need to be transferred to a new brokerage account.

Vested amount

There is a "third pot" - this is the legacy component that still operates under the old framework, meaning, it contains all your retirement savings up to 31 August 2024. As this vested portion functions under the old framework, you can access the contributions made by quitting your job.

A crucial warning however is that this cash is heavily taxed according to the withdrawal tax tables and it drastically reduces the tax-free amount you can take out when you do retire and most importantly, it destroys the growth through compound interest and reinvested dividends, destroying your retirement nest egg over the long term.

Since you aren't taxed on the contributions made to retirement savings you will be taxed if you attempt to withdraw from it.

Withdrawals: Retirement Lumpsum withdrawal benefits

As from 1 March 2009, the taxable portion of a pre-retirement lump sum from a pension or provident fund is the amount withdrawn less any transfer to a new fund plus all withdrawal lump sums previously received. This amount is subject to tax at the following rates less any tax on the previous lump sums which is calculated in accordance with the current table regardless of the tax actually paid on previous lump sums:

Lump sums accruing between 1 March 2023 and 28 February 2027

| Taxable income | | | Rate of Tax | | | | |
|----------------|---|------------|-------------|---|-----|-------|------------|
| R1 | - | R27,500 | | | 0% | above | |
| R27,501 | - | R726,000 | | | 18% | above | R27,500 |
| R726,001 | - | R1,089,000 | R125,730 | + | 27% | above | R726,000 |
| R1,089,001 | + | | R223,740 | + | 36% | above | R1,089,000 |

To calculate the tax on a specific retirement withdrawal (known as "Lump Sum X"), the South African Revenue Service (SARS) uses a cumulative approach to ensure you don't bypass tax brackets by taking multiple small payouts

The Aggregation Principle: SARS looks at your entire history of payouts rather than treating "Lump Sum X" as an isolated event.

- Step 1 (Total Tax): First, they add Lump Sum X to every other retirement withdrawal you've received since March 2009, every retirement benefit since October 2007, and every severance benefit since March 2011. They then apply the current tax table to this massive combined total.
- Step 2 (Previous Tax): Next, they perform the same calculation but exclude the current Lump Sum X. This determines how much tax "should" have been paid on all your previous benefits combined.
- Step 3 (Final Amount): Your final tax bill for Lump Sum X is simply the difference between the Step 1 total and the Step 2 total.

Therefore, you are taxed on the "new" money at the highest marginal rate reached by your "old" money. This prevents taxpayers from "resetting" their tax-free threshold (currently the first R27,500 for withdrawals) every time they change jobs or withdraw from their savings pot.

Retirement Fund Lump Sum Benefits or Severance Benefits

Retirement Fund Lump Sum Benefits:

These are one-off payments from your pension, provident, or retirement annuity funds. They are triggered by retirement, death, or leaving work due to "ill-health" (sickness/injury) or reaching age 55. They also apply if you are made redundant or if your employer's business closes down.

Severance Benefits:

This refers to cash payments made directly by an employer when a contract is terminated or "varied". Common examples include being retrenched or losing your position due to a cancellation of your employment agreement

Lump sums accruing between 1 March 2023 and 28 February 2027

| | | | | | | | |
|------------|---|------------|----------|---|-----|-------|------------|
| R1 | - | R550,000 | | | 0% | above | |
| R550,001 | - | R770,000 | | | 18% | above | R550,000 |
| R770,001 | - | R1,155,000 | R39,600 | + | 27% | above | R770,000 |
| R1,155,001 | + | | R143,550 | + | 36% | above | R1,155,000 |

To calculate the tax on a specific Retirement Benefit or Severance Benefit (Benefit Y), SARS uses a cumulative method to ensure that your total lifetime benefits are taxed as a single progression through the tax brackets.

The Lifetime Aggregation Principle: SARS treats Benefit Y as the "latest addition" to a lifelong pot of payouts rather than a standalone payment.

- Step 1 (The Total View): First, SARS adds Benefit Y to every retirement benefit you have received since October 2007, every withdrawal benefit since March 2009, and every severance benefit since March 2011. They then calculate the tax on this entire combined amount using the current tax table.
- Step 2 (The Previous View): Next, they perform the exact same calculation, but they exclude the current Benefit Y. This determines the total tax that should have been paid on all your previous payouts.
- Step 3 (The Final Tax Bill): The tax you actually pay on Benefit Y is the difference between these two figures (Step 1 minus Step 2).

This method ensures that Benefit Y is taxed at the higher tax rates you "reached" with your previous payouts. It effectively uses up your lower tax brackets (and your tax-free portion, currently R550,000 for retirement) across your lifetime so that you cannot "double-dip" on tax-free limits.

OTHER TAX MATTERS

Donations

Deductions for donations to certain public benefit organisations are limited to 10% of taxable income (excluding retirement fund lump sums and severance benefits). The amount of donations exceeding 10% of the taxable income is treated as a donation to qualifying public benefit organisations in the following tax year.

Donations Tax

Donations tax is levied at a flat rate of 20% on the cumulative value of property donated since 1 March 2018, not exceeding R30 million; and at a rate of 25% on the cumulative value of property donated since 1 March 2018, exceeding R30 million. The first R150 000 of property donated during each tax year by a natural person is exempt from donations tax (2026 and before: R100,000). In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R20 000 (2026 and before: R10,000) in total per tax year. Dispositions between spouses, where the recipient is a tax resident; donations between companies forming part of a South African group of companies; and donations to certain public benefit organisations are exempt from donations tax.

Dividends

Local dividends

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax, at a rate of 20%, must be withheld by the entities paying the dividends to the individuals. Dividends received by South African-resident individuals from REITs (listed and regulated property-owning companies) are subject to income tax, and non-residents in receipt of those dividends are subject only to dividends tax.

Foreign dividends

- **Effective Tax Rate:** Foreign dividends received from foreign companies (where the individual holds less than 10% of the total equity and voting rights) are taxed at a maximum effective rate of 20%.
- **Mechanism of Taxation:** This is achieved by exempting a portion of the dividend. For individuals, the current ratio ensures that the dividend is taxed at 20% rather than the individual's higher marginal income tax rate.
- **The 10% Threshold:** If an individual holds 10% or more of the equity and voting rights in a foreign company (often referred to as a "participation exemption"), the dividends are generally fully exempt from tax.
- **No Deductions:** As you noted, no deductions are allowed for expenses incurred in the production of these foreign dividends (such as interest on a loan used to buy the shares).

Residence based tax system

Since January 2001, South African residents have been taxed on their income from anywhere in the world. You are considered a resident if:

- You are "Ordinarily Resident": This means South Africa is your true home or where you naturally return to after your travels.
- The "Physical Presence" Test: Even if you aren't ordinarily resident, you are deemed a resident if you spend a significant amount of time in the country. Specifically, you must be in South Africa for more than 91 days in the current tax year AND each of the five previous years, plus a total of more than 915 days across those five previous years.
- Legal Entities: Any company or trust that is registered or managed from within South Africa is also a resident.

You are excluded from residency if:

- Extended Absence: You were a "deemed resident" but have been physically out of the country for a continuous period of at least 330 full days since you left.
- Double Taxation Agreements (DTA): You are officially considered a resident of another country under a treaty designed to prevent you from being taxed twice on the same income.

Even if you are a resident, some foreign income is not taxed:

- Foreign Earnings: Since March 2020, the first R1.25 million of your foreign salary is tax-free, provided you were outside South Africa for more than 183 full days in a 12-month period (and at least 60 of those days were continuous).
- Pensions: Certain foreign pensions and social security payments are exempt, depending on specific conditions.

Ceasing Residency (The "Exit Tax")

If you change your status and stop being a South African tax resident (whether by moving away permanently or through a DTA tie-breaker rule), there are major consequences:

- Deemed Disposal: SARS treats it as if you "sold" all your worldwide assets (excluding South African property) on the day you left.
- Capital Gains Tax (CGT): This "pretend sale" can trigger a significant CGT bill.
- Formal Process: You must formally disclose this change to SARS and complete a specific application process.

Home office expenses

The rules for claiming home office expenses are very strict. If you want to claim a tax deduction, you must meet the following "onerous" requirements:

1. *The Physical Space Requirement***Exclusive Use:** The room or area must be used solely for your work. You cannot claim for a dining room table or a spare bedroom that also doubles as a guest room.**Specifically Equipped:** The space must be properly set up for your trade (e.g., with a desk, computer, or specialized equipment).**The Proportion Rule:** Your claim is limited to the ratio of the office's floor area to the total floor area of your home. For example, if your office is 15m^2 and your house is 150m^2 , you can only claim 10% of your qualifying costs.
2. *Employment Criteria***Standard Employees:** If you earn a salary, you can only claim if you spend more than 50% of your total working hours working from that home office.**Commission Earners:** If you earn mostly commission, your work must be performed primarily outside of your employer's office (which includes your home office).

3. *The "CGT Trap"*: It is vital to remember that claiming a home office deduction has a sting in the tail. When you eventually sell your home: The portion of the house used as an office is seen as a business premises rather than part of your "primary residence."
4. You will lose a pro-rata portion of the R3 million primary residence exemption (for the 2027 tax year) for Capital Gains Tax, which could result in a much higher tax bill when you sell.

Double Taxation Agreements

Double taxation occurs when two different countries both claim the right to tax the same income. To prevent this, South Africa has negotiated specific agreements—known as DTAs—with many countries around the world. The primary goal of these treaties is to ensure that a taxpayer is not taxed twice on the same money.

*The treatment of taxation for non-resident taxation is beyond the scope of this tax guide, as is much of the tax landscape to keep this tax guide informative, but short as possible.

Married In Community Of Property

For taxpayers married in community of property, the total interest, dividends, rental income and capital gains are combined and then taxed equally between the spouses, regardless of the spouse in whose name the assets are registered (other than assets excluded from the joint estate). All other taxable income is taxed only in the hands of the spouse who received it or to whom it accrues.

Provisional tax

You are generally considered a provisional taxpayer if you earn income that is not subject to standard monthly tax (PAYE). This includes:

- Non-salary income: Any person who earns income that is not a salary, an allowance, or an advance paid by an employer.
- Unregistered employers: Any person who earns a salary from an employer that is not registered with SARS to deduct tax (for example, if you work for a foreign embassy).
- Companies and Trusts: These are automatically classified as provisional taxpayers.

Even if you earn extra income, you do not have to pay provisional tax if you do not run a business and your total taxable income for the year falls into one of these two categories:

- Below the Tax Threshold: Your total income is less than the amount at which you start paying tax (for 2026/27, this is R99,000 if you are under 65).
- Small "Other" Income: Your combined income from interest, dividends, rental from property, and unregistered salary is R30,000 or less for the year.

If you are a provisional taxpayer, you cannot wait until the end of the year to file. You must:

- Estimate your income: You are required to submit an estimate of your total expected taxable income for the year of assessment.
- Submit an IRP6: This is the specific form used to declare your estimates and make your payments (usually twice a year, in August and February).

Capital Gains Tax

CGT is not a separate tax but a part of your income tax. It is triggered when you "dispose" of an asset (such as selling, donating, or even losing it). For South African residents, this applies to assets held anywhere in the world.

CGT Tax Rates (Effective for 2026 & 2027)

Only a portion of your total capital gain is added to your taxable income. The "Maximum Effective Rate" is what you actually end up paying on the total profit:

- Individuals & Special Trusts: 18%
- Companies: 21.6%
- Other Trusts: 36%

*Note: Retirement funds remain completely exempt from CGT.

Exemptions & Exclusions

:

Annual Exclusion:

This has been increased from R40,000 in 2026 to R50,000 in 2027.

Primary Residence:

If you sell the house you live in, the first R2 million (2026) or R3 million (2027) of the gain or loss is ignored for tax purposes.

Small Business Relief:

If you are over 55 and sell your small business (valued under R15m), you get a massive exclusion of R1.8 million (2026), which increases to R2.7 million in 2027.

Death:

In the year a person passes away, their annual exclusion is significantly higher to ease the burden on the estate. This increases from R300,000 (2026) to R440,000 in 2027.

Personal Use Assets:

Most everyday items, like your private motor vehicle or household furniture, are exempt.

New Incentive: Green Energy & Electric Vehicles

To support the transition to green energy, the 2026 rules include specific allowances:

- Solar PV: You can claim up to 125% of the cost for renewable energy assets brought into use by February 2025.
- Electric Vehicles: A new 150% cost allowance is available for businesses producing battery electric or hydrogen-powered vehicles from March 2026.

Assets bought before 2001:

Since CGT only started in October 2001, there are special formulas (like the "Time Apportionment" method) to ensure you aren't taxed on growth that happened before the tax existed.

Important Hidden Disposals

Be careful of Deemed Disposals, where SARS treats it as a sale even if no money changed hands:

- Emigration: If you stop being a South African tax resident, you are treated as having sold your worldwide assets on the day you left (the "Exit Tax").
- Death: A person is deemed to have sold their assets to their estate at market value on the date of their death.

Exchange Control (Circular 3/2026)

Nine draft circulars to effect the proposed changes made during the 2026 budget speech have been put forward by SARB for comment, which closed on 17 March 2026, while National Treasury will also publish their updated draft regulations.

Travelling abroad

1. The Single Discretionary Allowance (SDA) has Doubled

The most important change is that the Single Discretionary Allowance (SDA) has been increased from R1 million to R2 million per adult resident, per calendar year.

What this means: You can now transfer up to R2 million offshore annually for travel, gifts, offshore investments, or maintenance without needing to apply for a Tax Compliance Status (TCS) PIN from SARS.

Couples: Because this allowance applies per adult, a married couple can now easily externalise up to R4 million per calendar year with minimal red tape.

2. Physical Cash Travel Limits Increased

If you are physically traveling out of South Africa and want to take cash with you, the limit for carrying South African bank notes across the border has been quadrupled.

Old limit: R25,000 and the new limit is R100,000

3. The Foreign Investment Allowance (FIA)

- Remains R10 Million
- If you want to move more than the R2 million SDA out of the country, you can still use your Foreign Investment Allowance.

This allows you to transfer an additional R10 million per calendar year.

However, unlike the SDA, utilizing the FIA still strictly requires you to obtain an Approval for International Transfer (AIT) PIN from SARS, which means going through a rigorous tax compliance and source-of-funds verification process.

(Combining the R2 million SDA and the R10 million FIA means an individual in good standing with SARS can legally move up to R12 million offshore per year).

4. Credit Card Offshore Purchases

As part of the same foreign exchange relaxations, the limit for miscellaneous imports or subscription payments made via your local credit or debit card has increased from R50,000 to R100,000 per transaction.

Important Note: While the National Treasury announced this on 25 February 2026, the South African Reserve Bank (SARB) and local banks are currently processing the final circulars to implement the new R2 million SDA limit on their banking systems.

For minors (individuals under the age of 18), the rules are a bit different because they do not qualify for the Single Discretionary Allowance (SDA).

5. Allowances for minors

5.1. The Travel Allowance has Doubled

The annual travel allowance for residents under the age of 18 has been doubled from R200,000 to R400,000 per calendar year.

5.2. Strict Usage (No General Investments)

Unlike adults, minors cannot use their allowance to generally externalise wealth, buy offshore property, or make offshore investments. The R400,000 limit is strictly a travel allowance (or a study allowance, if they are attending school abroad) meant to cover their living and holiday expenses while out of the country.

5.3. How the Funds Can Be Moved

If a minor is traveling with you, you don't necessarily have to open a separate bank account for them. Their R400,000 travel allowance can be conveniently transferred directly into the parents' or legal guardians' overseas bank account. Alternatively, it can be transferred to the minor's own offshore account or taken in authorized physical cash.

COMPANIES

DEFINITION

The definition includes the following categories:

- Domestic Entities: Any association, corporation, or company (excluding close corporations) incorporated or deemed incorporated under South African law, as well as any body corporate formed under such laws.
- Foreign Entities: Any association, corporation, company, or body corporate incorporated, formed, or established under the laws of any country other than South Africa.
- Co-operatives: Any co-operative entity is formally classified as a company for tax purposes.
- Public Interest Associations: Any association (not covered elsewhere) formed in South Africa to serve a specific purpose that is beneficial to the public or a section of the public.
- Investment Portfolios: * Portfolios from investment schemes outside South Africa that are comparable to local collective investment schemes where the public holds participatory interests (like shares or units).
- Portfolios of collective investment schemes in property that qualify as a REIT (Real Estate Investment Trust) under the Financial Markets Act.
- Close Corporations: While specifically excluded from paragraph (a), close corporations are expressly included in the broader definition of a "company" under paragraph (f).

Foreign Partnerships: The definition explicitly states that a "company" does not include a foreign partnership.

COMPANY TAX RATES

| Type | Years of assessment ending before 30 March 2023 | Years of assessment Ending on or after 31 March 2023 |
|-------------------------------------|---|--|
| Company | 28% | 27% |
| Personal Service Provider Companies | 28% | 27% |
| Local branch of foreign company | 28% | 27% |

Assessed losses

The treatment of company assessed losses continues to follow these "base-broadening" rules:

The 80% Rule

Companies can only offset carried-forward losses against the higher of R1 million or 80% of their current taxable income. This ensures that profitable companies with income over R1 million pay tax on at least 20% of those earnings immediately.

Key Takeaways

- Carrying Forward: You don't lose the unused portion of the loss; it simply rolls over to the next tax year.

- The "Use It or Lose It" Trade Rule: To keep your assessed loss alive, your company must continue trading. If you stop trading for a full tax year, the entire loss balance is forfeited.
- Capital Gains: The 80% limit applies to your total taxable income, including any taxable capital gains.

In short: This system ensures the fiscus collects a minimum amount of tax from profitable firms, even if they have large historical losses.

SMALL BUSINESS CORPORATIONS (S12E ITA)

SBC's for years of assessment between 1 April 2026 and 31 March 2027

| Range | | | floor amount | | rate | | prev. end range |
|----------|---|----------|--------------|---|------|-------|-----------------|
| R1 | - | R99,000 | | | 0% | | |
| R99,001 | - | R365,000 | | | 7% | above | R99,000 |
| R365,001 | - | R550,000 | R18,620 | + | 21% | above | R365,000 |
| R550,001 | + | | R57,470 | + | 27% | above | R550,000 |

SBC's for years of assessment between 1 April 2025 and 31 March 2026

| Range | | | floor amount | | rate | | prev. end range |
|----------|---|----------|--------------|---|------|-------|-----------------|
| R1 | - | R95,750 | | | 0% | | |
| R95,751 | - | R365,000 | | | 7% | above | R95,750 |
| R365,001 | - | R550,000 | R18,848 | + | 21% | above | R365,000 |
| R550,001 | + | | R57,698 | + | 27% | above | R550,000 |

Qualifying Requirements

To qualify for the lower SBC tax rates, your business must meet four main criteria throughout the entire tax year:

- Natural Shareholders: All shareholders or members must be "natural persons" (individuals). They cannot hold an interest in any other private company or close corporation, unless that other company is inactive (assets < R5,000) or is in the process of being liquidated.
- Gross Income Limit: Your total gross income for the year must not exceed R20 million.
- The 20% "Tainted Income" Rule: No more than 20% of your total receipts (plus capital gains) can come from "investment income" (like interest, dividends, or rental income) and "personal services" combined.
- Not a Personal Service Provider: The business cannot be a "personal service provider" or a venture capital company.

The "Personal Service" Exception

Even if you work in a professional field (like accounting, law, engineering, IT, or consulting), you can still qualify as an SBC if you employ three or more full-time, unconnected employees who are directly involved in the core operations of the business.

Investment Incentives

SBCs enjoy "accelerated depreciation," which helps with cash flow when buying assets: Manufacturing Assets: You can deduct 100% of the cost of new and unused machinery or plant in the very first year it is

brought into use, provided it is used directly in a manufacturing process. Other Assets: For all other depreciable assets (like computers or vehicles), you can choose to write them off over three years on a 50/30/20 basis (50% in Year 1, 30% in Year 2, and 20% in Year 3).

TURNOVER TAX

Turnover Tax applies to individuals from 1 March 2026 to 28 February 2027 and to years assessment of companies that end on any date from 1 April 2026 to 31 March 2027

| Range | | | floor amount | | rate | | prev. end range |
|------------|---|------------|--------------|---|------|-------|-----------------|
| R1 | - | R600,000 | | | 0% | | |
| R600,001 | - | R950,000 | | | 1% | above | R600,000 |
| R950,001 | - | R1,400,000 | R3,500 | + | 2% | above | R950,000 |
| R1,400,001 | + | R2,300,000 | R12,500 | + | 3% | above | R1,400,000 |

Turnover Tax applies to individuals from 1 March 2015 to 28 February 2026 and to years assessment of companies that end on any date from 1 April 2015 to 31 March 2026

| Range | | | floor amount | | rate | | prev. end range |
|----------|---|------------|--------------|---|------|-------|-----------------|
| R1 | - | R335,000 | | | 0% | | |
| R335,001 | - | R500,000 | | | 1% | above | R335,000 |
| R500,001 | - | R750,000 | R1,650 | + | 2% | above | R500,000 |
| R750,001 | - | R1,000,000 | R6,650 | + | 3% | above | R750,000 |

The Turnover Tax remains an elective (voluntary) simplified tax system. It replaces income tax, VAT (in most cases), provisional tax, and capital gains tax with a single tax based on your business's gross turnover.

1. Eligibility and Thresholds

The New Limit: The system now applies to qualifying sole proprietors, partnerships, and incorporated businesses (including close corporations) with an annual turnover of less than R2.3 million (up from R1 million).

Aligning with VAT: This change ensures that the Turnover Tax threshold and the compulsory VAT registration threshold are identical, simplifying the transition for growing businesses.

2. System Rules: Entry and Exit

Voluntary Exit: A micro-business can choose to exit the system at the end of any year of assessment.

The "Lock-Out" Rule: While the old three-year "lock-in" period was removed years ago, it remains true that once a taxpayer voluntarily exits or is forced out of the system, they are generally not permitted to re-enter.

businesses that are "obliged" to exit because their turnover has exceeded the new R2.3 million limit mid-year.

3. Key Exclusions

Not every small business qualifies. The system specifically excludes:

- Professional Services: Businesses such as accounting, law, consulting, and engineering (unless they meet specific "personal interest" requirements).
- Employment-like Conditions: Personal services rendered under conditions that resemble an employer-employee relationship are not eligible.

VALUE ADDED TAX (VAT)

- VAT is levied at the standard rate of 15% on the supply of goods and services by registered vendors.
- A vendor that makes taxable supplies of more than R2.3 million per annum must register for VAT.
- A vendor that makes taxable supplies of more than R120 000, but not more than R2.3 million per annum, can apply for voluntary registration. Certain supplies are subject to a zero rate, or are exempt from VAT.

TRANSFER DUTY

Transfer duty is payable at the following rates on property transactions that are not subject to VAT.

For the 2027 year of assessment

| | | | | | | | |
|-------------|---|-------------|------------|---|-----|-------|-------------|
| R1 | - | R1,210,000 | | | 0% | | |
| R1,210,001 | - | R1,663,800 | | | 3% | above | R1,210,000 |
| R1,663,801 | - | R2,329,300 | R13,614 | + | 6% | above | R1,663,800 |
| R2,329,301 | - | R2,994,800 | R53,544 | + | 8% | above | R2,329,300 |
| R2,994,801 | - | R13,310,000 | R106,784 | + | 11% | above | R2,994,800 |
| R13,310,001 | - | | R1,241,456 | + | 13% | above | R13,310,000 |

TRANSFER DUTY 2026

| Range | | floor amount | | | rate | | prev. end range |
|-------------|---|--------------|------------|---|------|-------|-----------------|
| R1 | - | R1,100,000 | | | 0% | | |
| R1,100,001 | - | R1,512,500 | | | 3% | above | R1,100,000 |
| R1,512,501 | - | R2,117,500 | R12,375 | + | 6% | above | R1,512,500 |
| R2,117,501 | - | R2,722,500 | R48,675 | + | 8% | above | R2,117,500 |
| R2,722,501 | - | R12,100,000 | R97,075 | + | 11% | above | R2,722,500 |
| R12,100,001 | | and above | R1,128,600 | + | 13% | above | R12,100,000 |

SARS INTEREST RATES

| Interest rates from 1 December 2025 | Rate p.a. |
|--|-----------|
| Fringe benefits — interest-free or low-interest loan in rand (official rate) | 7.75% |
| Interest rates from 1 March 2026 | 6.25% |
| Refund of overpayment of provisional tax | 10.25% |
| Late or underpayment of tax | 10.25% |

| | |
|---|--------|
| Refund of tax on successful appeal or where the appeal was conceded by SARS | 10.25% |
| Refund of VAT after prescribed period | 10.25% |
| Late payment of VAT | 10.25% |
| Customs and excise | 10.25% |

WEAR & TEAR SCHEDULE

Summarised version of most common write-off items in IN47

| Asset Category | Write-Off Period | Annual Deduction (Straight-Line) |
|---|------------------|----------------------------------|
| Personal Computers & Laptops | 3 Years | 33.30% |
| Computer Software (Personal PCs) | 2 Years | 50% |
| Computer Software (Mainframe) | 3 Years | 33.30% |
| Cellular Telephones | 2 Years | 50% |
| Office Furniture & Fittings (Desks, chairs, etc.) | 6 Years | 16.60% |
| Office Equipment (Photocopiers, fax machines, etc.) | 5 Years | 20% |
| Passenger Vehicles | 5 Years | 20% |
| Delivery Vehicles & Motorcycles | 4 Years | 25% |
| Security Systems | 5 Years | 20% |
| Air-Conditioners (Window/room units) | 6 Years | 16.60% |
| Shop Fittings | 6 Years | 16.60% |
| Generators (Portable) | 5 Years | 20% |

Note: A Full schedule is available on interpretation note 47

Important Exceptions to the Table Above:

- **The R7,000 "Small Items" Rule:** If any individual, standalone asset on this list cost you less than R7,000, ignore the table completely. You can write off **100% of the cost** in the very first year.
- **Solar Energy Systems (Section 12B):** As mentioned earlier, solar doesn't fall under standard wear-and-tear. For the 2026 tax year, it falls under Section 12B. You write it off over three years at **50% in Year 1, 30% in Year 2, and 20% in Year 3.**
- **Shorter Lifespans:** If you use an asset much harder than normal (for example, a delivery bakkie used in a harsh farming environment that will be destroyed in 2 years instead of 4), you can apply to SARS to use a shorter write-off period, but you must get their approval *before* you submit your tax return.