TAX ELVES
TAX ACCOUNTING REVIEWS

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 save 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 the 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 limit 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 increased 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 takeaways 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

Disclaimer Notice

Designed for salaried employees and SMEs, this guide provides general tax information and does not constitute formal tax or legal advice. Because tax laws change continuously, this content is not exhaustive. For advice on complex or specific tax matters, always consult a tax practitioner.

SECTION A: 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 2026

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 R	2026 R
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 R	2013 R
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

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

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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).

Download the ITR-DD Form:
https://www.sars.gov.za/wp-content/uploads/SARS_ITR-DD_PD_E_v2023.13.00.pdf

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

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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
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

Company-Provided Vehicles (Right of Use)

When you are given a company car, you are taxed on the "Right of Use" of that vehicle as a fringe benefit. The taxable value is calculated at 3.5% per month of the vehicle's original retail value (including VAT). If the car was purchased with a bona-fide maintenance plan, this rate drops slightly to 3.25%.
On your monthly payslip, your employer will tax either 80% (the standard rate) or 20% (if they are satisfied you do significant business travel) of this benefit.

To pay the least amount of tax possible when you file your annual return, you must keep a meticulous, SARS-compliant logbook. Without one, SARS assumes all your driving was for pleasure and taxes you on the full amount. With a logbook, you can reduce your final tax liability in two ways:

The Mileage Reduction (No out-of-pocket costs required):

Even if your employer pays for absolutely everything (fuel, insurance, maintenance), you can reduce the fringe benefit value based on your business mileage. SARS will reduce the annual taxable value of the vehicle by the exact percentage of your business use. For example, if your logbook proves that 30% of your total mileage was for business, 30% of the fringe benefit value is completely deducted from your taxable income.

The Out-of-Pocket Expense Reduction:

If you are required to pay for the car's running costs out of your own pocket without reimbursement, you can claim an additional reduction against the fringe benefit. You can use the SARS deemed rates (tax tables) to claim back self-funded fuel, but you must keep actual invoices and statements to claim self-funded maintenance, insurance, or licensing.

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 RequirementExclusive 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 CriteriaStandard 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.

Commission Earners (Section 23(M) Exemption)

Standard salaried employees are strictly limited by Section 23(m) of the Income Tax Act regarding what they can deduct (mostly limited to retirement contributions, travel allowances, and strict home office rules).

However, if you are a **Commission Earner**—meaning your variable commission makes up **more than 50% of your total remuneration**—you are exempt from this strict limitation.

What this means for you: You operate almost like an independent contractor for tax purposes. You can deduct a wide array of expenses incurred in the production of your income, provided they are not capital or personal in nature. This includes:

- Client entertainment and business gifts
- Accounting and tax practitioner fees
- Telephone, internet, and stationery costs
- Wear-and-tear on personal assets used for work (e.g., cellphones, laptops)

A Quick Warning for Standard Salaried Employees

A very common misconception during tax season is that if you work from home or use your personal phone for business, you can automatically deduct those costs to lower your tax bill. Unfortunately, if you earn a standard salary (and do not earn the majority of your income from commissions), South African tax law is very strict on this.

Under Section 23(m) of the Income Tax Act, standard employees are legally prohibited from claiming everyday working expenses. This means you cannot deduct costs like your monthly home internet, cell phone contracts, stationery, or the coffee you buy for your home desk. Unless your employer reimburses you directly, or you meet the extremely strict requirements for a formal Home Office or Travel Allowance, these general out-of-pocket expenses cannot be deducted from your taxable income.

How a Side Hustle Can Change the Tax Game

If you are feeling restricted by the rules of standard employment, starting a side hustle (operating as a sole proprietor) introduces a completely different set of tax rules.

While your salary is locked down by Section 23(m), the income you generate from carrying on a "trade" (like freelance writing, consulting, or selling baked goods) falls under general business deduction rules. This means you can deduct the legitimate, day-to-day expenses incurred to produce that specific side-hustle income.

What this means for you:
Suddenly, a portion of your everyday expenses can become tax-deductible against your side business earnings. If you use your home internet, a personal laptop, a cell phone, or a dedicated home office space to run your side hustle, you can claim those costs proportionally against your business profits.

💡 **Tax Elves Tip:** You will only pay tax on the net profit of your side hustle, not the gross income. However, be careful not to start a "business" just to create tax losses to lower your salary tax. SARS expects your side hustle to have a genuine profit motive. If you consistently declare losses, SARS can "ring-fence" those losses, meaning you will be strictly blocked from offsetting them against your regular day-job salary!

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.

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.

SECTION B CRYPTOCURRENCY & DIGITAL ASSETS

Cryptocurrency and digital assets are no longer a regulatory "grey area" in South Africa. SARS treats crypto assets as financial instruments (intangible property) for tax purposes rather than official currency or foreign tender.

1. The Core Tax Rules You Need to Know

No "3-Year Rule":

Equity shares held for 3 years become capital assets automatically under Section 9C, but this rule does NOT apply to crypto assets. Every transaction is assessed on its own merits and intention.

No Personal-Use Exemption:

Because crypto assets are defined as financial instruments, they are explicitly excluded from the "personal-use asset" exclusion for Capital Gains Tax (CGT). Any disposal of crypto held on capital account is subject to CGT.

Record Keeping is Mandatory:

You are legally required to keep detailed records of all transactions, wallet addresses, cost bases, and exchange statements for at least 5 years.

2. What Triggers a Tax Event?

Many taxpayers incorrectly believe that tax is only due when crypto is cashed out into South African Rands (ZAR). In reality, SARS views the following as taxable disposals:

- Selling crypto for fiat currency (e.g., selling Bitcoin for ZAR or USD).
- Crypto-to-Crypto Swaps: Exchanging one crypto asset for another (e.g., swapping Ethereum for Solana) is classified as a barter transaction. You are taxed on the profit or loss made on the crypto asset given up at the moment of the swap.
- Buying Goods or Services: Paying for everyday items or services directly with crypto (or via crypto payment apps) triggers a disposal of the crypto asset at its current market value.
- Earning Income in Crypto: Receiving crypto as a salary, employer benefit, or payment for freelancing/services rendered must be declared in your gross income at fair market value on the date of receipt.

3. Income Tax vs. Capital Gains Tax (CGT)

How your crypto profits are taxed depends on whether SARS classifies your activity as Trading (Revenue Account) or Investing (Capital Account):

Tax Type	When It Applies	Tax Rates
Income Tax	High-frequency trading, crypto arbitrage, active portfolio rebalancing, mining, or buying with the main intention to resell at a profit.	18% – 45% (Added to your normal taxable income)
Capital Gains Tax (CGT)	Long-term holdings, inherited crypto, or assets held purely as a store of value.	Effective 18% max for individuals

Loss Ring-Fencing Warning (Section 20A):

If you trade crypto as an individual and incur net trading losses, SARS may "ring-fence" those losses under Section 20A. This means you cannot use crypto trading losses to reduce the tax you owe on your regular employment salary; the loss can only be carried forward to offset future crypto trading profits.

4. Mining, Staking, Airdrops & Hard ForksMining & Staking Rewards:

Validating transactions on Proof-of-Work (mining) or Proof-of-Stake protocols creates an immediate gross income inclusion at the fair market value of the crypto earned on the date received.

Airdrops & Hard Forks:
If you receive a new token fortuitously without performing any work or promotional tasks, the initial receipt is generally capital in nature with a R0 cost base. However, if you performed promotional tasks or social media actions to earn the airdrop, the value of the received tokens is taxed as normal revenue income.

5. SARS Data Enforcement: No More Hiding Offshore

Under the global Crypto-Asset Reporting Framework (CARF), implemented in South Africa from 1 March 2026, local and international Reporting Crypto-Asset Service Providers (exchanges, brokers, and platforms) automatically transmit customer transaction data directly to SARS and foreign tax authorities.
💡**Tax Elves Tip:** Whether you trade on local exchanges like Luno and VALR or international platforms like Binance and Coinbase, SARS will receive reports detailing your transactions. Disclosing your crypto profits accurately on your annual income tax return or provisional tax returns is essential to avoid severe understatement penalties and interest.

SECTION C 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)

SBCs 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 a tax levied by SARS and payable by the purchaser on the acquisition of fixed property in South Africa. While property acquisitions below the current R1.1 million threshold are exempt, values exceeding this amount are taxed on a progressive sliding scale. Importantly for estate planning, transferring a personally owned property into a trust or company also triggers a transfer duty liability based on the property's fair market value.

info@taxelves.co.za

💡 **Tax Elves Tip:** Always consult with us before restructuring your real estate assets to ensure you don't trigger unexpected transfer duty liabilities.

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

Transfer Duty 2027

Range			floor amount		rate		prev end range
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

SECTION D TRUSTS & ESTATE PLANNING

Trusts remain one of the most powerful tools in South Africa for asset protection, succession planning, and preserving wealth across generations. However, because they are so effective, SARS has implemented strict tax rates and anti-avoidance rules to prevent them from being used solely to dodge taxes.

If you are considering registering a trust, or already have one, here are the critical tax rules and planning strategies you need to navigate.

1. Trust Tax Rates: The "Taxpayer of Last Resort"

It is a common misconception that all trust income is automatically heavily taxed. In reality, under South African tax law, a trust is considered the taxpayer of last resort. This means the trust itself is only taxed on the income and capital gains that are left over (retained in the trust) after taking into account amounts attributed back to donors or distributed to beneficiaries.

However, if income or gains are retained within the trust, they are hit with severe penalty rates from the very first Rand:

- Income Tax: Flat rate of 45%.

- Capital Gains Tax (CGT): Trusts have an 80% inclusion rate, resulting in a maximum effective CGT rate of 36% (double the rate of natural persons).

1.1 The Exception: Special Trusts

SARS recognizes that some trusts are designed out of necessity to protect vulnerable individuals, rather than for tax avoidance. If a trust successfully registers as a "Special Trust," it escapes the harsh 45% flat income tax rate and is instead taxed on the same individual sliding scale (18% to 45%) applicable to natural persons.

However, SARS strictly divides Special Trusts into two categories, and their Capital Gains Tax (CGT) treatments are vastly different:

Special Trust Type A (For Beneficiaries with Disabilities)

Who Qualifies: Created solely for the benefit of a person (or persons) with a severe mental or physical disability. The disability must make it impossible for them to earn enough money to care for themselves or manage their own financial affairs.

How They Are Formed: They can be established as an inter vivos (living) trust during the founder's lifetime or as a testamentary trust (created via a Will).

The CGT Benefit: Type A trusts receive the exact same CGT relief as natural persons. This includes a lower maximum effective CGT rate of 18%, an annual CGT exclusion of R40,000, and a R2 million primary residence exclusion when selling a property.

Special Trust Type B (For Minors)

Who Qualifies: Created specifically to hold assets for the benefit of minor relatives of a deceased person. The youngest beneficiary must be under 18 years old on the last day of the tax year.

How They Are Formed: Unlike Type A, a Type B trust can only be a testamentary trust created through a Will upon death.

The CGT Catch: While a Type B trust enjoys the lower income tax sliding scale, it does not qualify for natural person CGT exemptions. It remains subject to the penalty 80% inclusion rate (a maximum effective CGT rate of 36%).

Expiration of Status: The trust automatically ceases to qualify as a Special Trust Type B at the beginning of the tax year in which the youngest beneficiary turns 18.

2. The Conduit-Pipe Principle

Because the trust is the taxpayer of last resort, trustees possess a unique and powerful tax mechanism known as the "conduit-pipe principle" (governed by Section 25B and Paragraph 80 of the Income Tax Act).

When a trust earns income (like rental or interest) or makes a capital gain, the trustees can choose to distribute that income or gain to the beneficiaries within the same tax year. When they do this, the income retains its nature and flows through the trust directly to the beneficiary.

The Result: The trust pays R0 tax on that distributed amount. Instead, the beneficiary declares the income on their personal tax return and is taxed at their own, much lower marginal tax rate (and can utilize their own annual rebates and exemptions).

3. Advanced Planning & Pitfalls

Navigating trust law requires specialized knowledge. Misunderstanding how trusts interact with recent tax amendments or poorly drafting the trust deed can lead to severe financial consequences:

The Emigration Trap (Non-Resident Beneficiaries):

Effective 1 March 2024, the conduit-pipe principle was heavily restricted. Income and capital gains distributions made to non-resident beneficiaries can no longer flow through to them for tax purposes. Instead, these amounts are now taxed strictly inside the trust at the 45% income tax or 36% CGT penalty rates. Because the non-resident beneficiary might also be taxed on this distribution in their new home country, this creates a severe risk of double taxation.

Vesting vs. Discretionary Trust Deeds:

The distinction between a beneficiary having a vested right versus a discretionary right is crucial. Discretionary trusts give trustees total control over who receives income and capital, providing maximum asset protection. However, many outdated template trust deeds inadvertently grant vested rights. This not only destroys the asset protection of the trust but also triggers premature tax liabilities for the beneficiaries.

Estate Duty Freezing:

While trusts face high income tax rates, their primary financial value lies in Estate Duty savings. When you sell an appreciating asset (like a business) to a trust on a loan account, the purchase price remains in your personal estate. However, all future capital growth of that asset occurs inside the trust. This legally "freezes" the value of your personal estate, shielding all future growth from Estate Duty (20% to 25%) and Executor's Fees upon your death.

4. Anti-Avoidance Trap: Section 7 & Section 7C

SARS is fully aware that people use trusts to artificially lower their tax bills, which is why strict attribution rules apply:

Section 7 (Income Attribution):

If you transfer an asset to a trust via a donation, settlement, or other gratuitous disposition, the income or capital gain generated by that asset may be taxed back in your hands as the donor—not in the trust, and not in the hands of the beneficiaries.

Section 7C (Interest-Free Loans):

Historically, estate planners sold massive assets to a trust on an interest-free loan account to freeze their estate. SARS closed this loophole. Now, if you grant a low-interest or interest-free loan to a trust, the difference between the interest you actually charged and the official SARS interest rate is treated as a deemed annual donation to the trust. You will be liable for 20% Donations Tax on this shortfall every single year, to the extent that it exceeds your R150,000 annual exemption.

5. The New Era of Strict Compliance

Being a trustee is no longer just a title; it carries severe fiduciary and statutory duties. Recent greylisting and FATF interventions have forced massive compliance changes to ensure trusts are run as transparent, separate entities:

IT3(t) Reporting: SARS now requires trustees (or their tax practitioners) to submit automated IT3(t) third-party data returns, detailing every single distribution made to beneficiaries.

Beneficial Ownership: Trustees must maintain and submit real-time Beneficial Ownership registers to the Master of the High Court. Failure to do so can result in massive fines or imprisonment.

💡Tax Elves Tip: Trust deeds must be drafted with absolute precision. A poorly drafted trust deed can trap income inside the trust at the 45% rate, trigger unintended Section 7C donations tax, or fail to protect assets from creditors. Always use a specialist independent trustee and drafter to ensure your trust is compliant and optimized.

SECTION E ESTATE DUTY & DEATH TAXES

When a person passes away in South Africa, their estate is subject to various taxes and administrative costs before any heirs can inherit. Understanding these costs is critical for effective estate planning and liquidity management.

1. Estate Duty Rates & The Primary Abatement

Estate Duty is a tax levied on the net dutiable value of a deceased person's worldwide estate. It is calculated at the following rates:

- 20% on the first R30 million of the net dutiable estate.
- 25% on any amount exceeding R30 million.

The Primary Abatement:

Every individual's estate is entitled to a primary abatement (a deduction) of R3.5 million. This means the first R3.5 million of the net dutiable estate is entirely free of estate duty.

2. The Spousal Exemption & Rollover (Section 4(q))

South African tax law provides significant relief for spouses:

The Exemption: Any assets bequeathed to a surviving spouse are 100% exempt from Estate Duty under Section 4(q) of the Estate Duty Act. (Note: SARS defines a "spouse" broadly to include a permanent life partner, not just a legal spouse.)

The Abatement Rollover: If a person leaves their entire estate to their surviving spouse, they use none of their R3.5 million abatement. This unused abatement automatically rolls over to the surviving spouse. When the surviving spouse eventually passes away, their estate can benefit from a combined abatement of up to R7 million.

3. Capital Gains Tax (CGT) on Death

Death triggers a "deemed disposal" for CGT purposes. SARS treats the deceased as having disposed of all their assets at market value on the date of death.

The Relief: The standard annual CGT exclusion increases significantly in the year of death. Following the 2026 Budget updates, this death exclusion has increased from R300,000 to R440,000.

Spousal Transfers: Any assets transferred to a surviving spouse do not trigger CGT immediately. The assessment of the capital gain is deferred until the surviving spouse sells the asset or passes away.

4. Executor's Fees (The Hidden Cost)

Estate Duty is not the only cost that depletes an estate. By law, an appointed executor is entitled to charge a fee of up to 3.5% (plus VAT) on the gross value of the estate's assets. While executor fees are deductible from the estate before estate duty is calculated, this fee still applies to the gross estate regardless of whether the assets are subject to Estate Duty.

5. Assets Exempt from the Estate

Certain assets bypass the deceased estate entirely, providing immediate liquidity to dependents and avoiding both Executor’s Fees and Estate Duty:

Retirement Funds: Proceeds from pension, provident, and retirement annuity funds are paid directly to nominated beneficiaries (subject to trustee approval) and do not attract estate duty.

Living Annuities: If a living annuity has a nominated beneficiary, the proceeds bypass the winding-up process and become immediately available to chosen individuals, circumventing the deceased's estate and avoiding estate duty.

Domestic Life Insurance to a Spouse: If a domestic life policy pays out to the surviving spouse as the nominated beneficiary, it is deductible from the gross estate and does not attract estate duty or executor's fees.

💡 **Tax Elves Tip: The True Value of Proper Structuring**
Losing 20% of your life's work to Estate Duty and 3.5% to Executor's fees can devastate generational wealth. This is exactly why specialized estate planning is non-negotiable. By establishing a Trust and moving appreciating assets out of your personal estate during your lifetime, you legally "freeze" your estate's value—ensuring all future growth is completely shielded from death taxes. However, the exact wording of a Trust Deed can make or break this strategy. At Tax Elves, our independent trustee and

specialized deed drafting services ensure your trust is legally bulletproof, tax-optimized, and structured to protect your family's legacy when it matters most. Let us review your estate plan today.

SECTION F ADMINISTRATION AND PROCEDURES

SARS Interest Rates

Table 1 Rates: Outstanding taxes and delayed refunds

This is the standard interest rate table used when someone owes SARS money, or when SARS owes a taxpayer money. It dictates the penalty interest charged if you pay your taxes, duties, or levies late. Conversely, it also sets the rate at which SARS will compensate you if they delay your tax refund or owe you money following a successful tax appeal.

Date From	Date 2		Rate
01/ 09/2023	31/ 12/2024		11.75%
01/ 01/2025	28/ 02/2025		11.50%
01/ 03/2025	30/ 04/2025		11.25%
01/ 05/2025	31/ 08/2025		11.00%
01/ 09/2025	31/ 10/2025		10.75%
01/ 11/2025	28/ 02/2026		10.50%
01/ 03/2026	31/ 08/2026		10.25%
01/ 09/2026	until change in PFMA		10.50%

Table 2: Provisional tax overpayments

Indicates the interest rate SARS pays you under Section 89quat(4) on any overpaid provisional tax prior to final assessment.

Date From	Date 2		Rate
01/ 09/2023	31/ 12/2024		7.75%
01/ 01/2025	28/ 02/2025		7.50%
01/ 03/2025	30/ 04/2025		7.25%
01/ 05/2025	31/ 08/2025		7.00%
01/ 09/2025	31/ 10/2025		6.75%
01/ 11/2025	28/ 02/2026		6.50%
01/ 03/2026	31/ 08/2026		6.25%
01/ 09/2026	until change in PFMA		6.50%

Table 3 Low-Interest / Interest-Free Loans

This table sets the "official rate of interest" (typically linked to the repo rate) for tax purposes. It is primarily used when an employer gives an employee a low-interest or interest-free loan, or for certain loans made to trusts. It helps calculate the taxable "fringe benefit" or deemed donation, allowing SARS to tax the financial benefit you received from getting a loan below market rates.

Date From	Date 2		Rate
01/ 06/2023	30/ 09/2024		9.25%
01/ 10/2024	30/ 11/2024		9.00%
01/ 12/2024	31/ 01/2025		8.75%
01/ 02/2025	31/ 05/2025		8.50%
01/ 06/2025	31/ 08/2025		8.25%
01/ 09/2025	30/ 11/2025		8.00%
01/ 12/2025	31/ 05/2026		7.75%
01/ 06/2026	until change in Repo rate		8.00%

Full interest rate tables: click here

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 in 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.

Change In SARS VAT And PAYE Registration Process

SARS has recently implemented several digital security enhancements and threshold adjustments to streamline the process and prevent fraud.

💡 Important Setup Tip:

Before initiating a new VAT or PAYE registration, ensure your eFiling profile contact details are strictly up to date and that you are using a device with a working camera. You will be required to complete a facial recognition step, and failing to have these ready will stall your application.

New Biometric Facial Recognition (eFiling)

The most significant change to the registration process is the introduction of Biometric Facial Authentication, rolled out in August 2025.

How it works:

When applying for VAT or PAYE on eFiling, the system now requires secure identity verification. You will be prompted to use a camera-enabled device (like a smartphone or laptop) to follow on-screen facial positioning instructions.

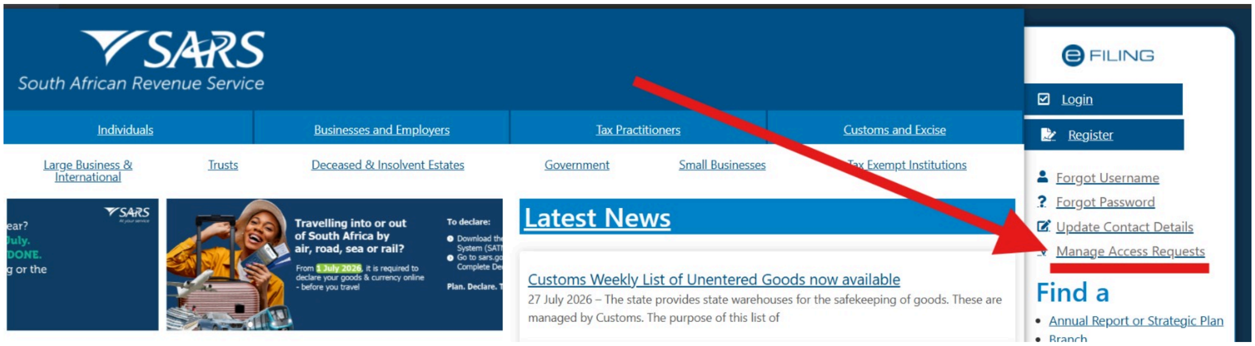
Step 1: The tax practitioner will access your RAV01 and select the appropriate tax type to be registered (VAT, PAYE or both).

Step 2: *The public officer (companies) or the taxpayer (sole proprietor) will receive a message via SMS or email stating that the relevant tax registration request has been received. The message will then direct the taxpayer/representative taxpayer to the SARS website to complete the Manage Access Request page.*

Crucially - the message will contain a unique identifier code - you must use your **ID number** together with this **unique identifier code** to initiate the biometric verification process.

info@taxelves.co.za

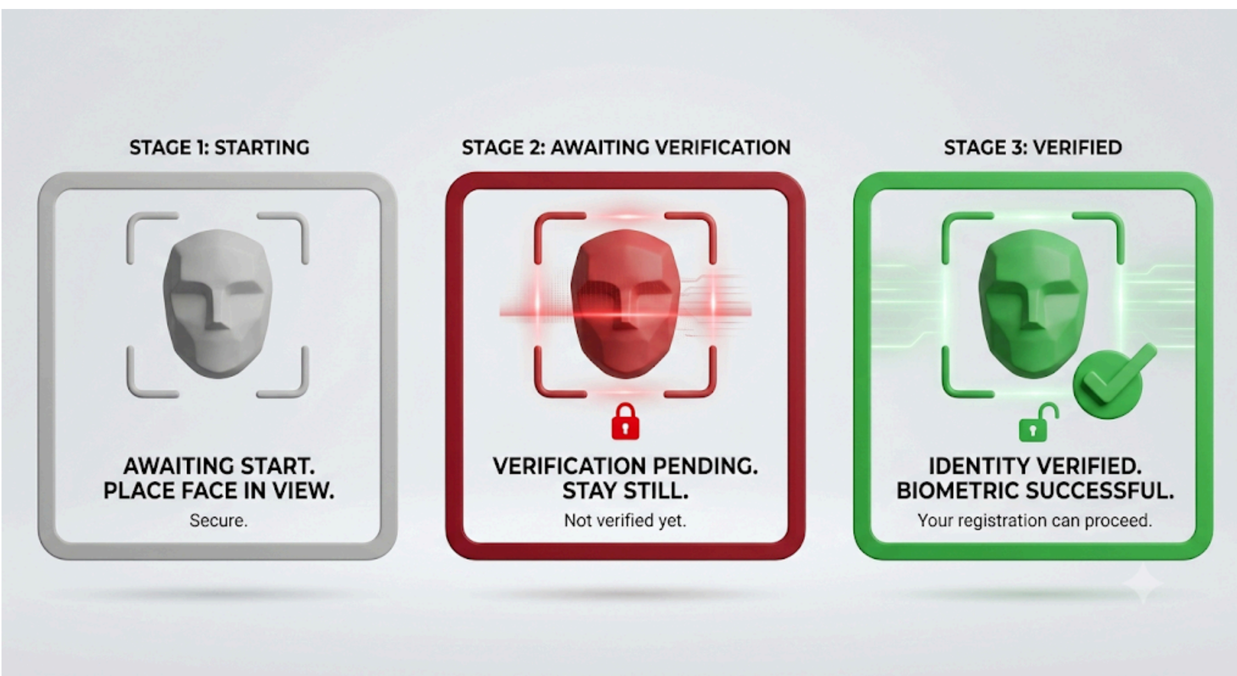
Visit the SARS webpage: https://www.sars.gov.za/
Find the Manage Access Requests link



Select the appropriate option **Yes** or **No** to the question about citizenship and fill out your ***ID or passport number*** together with the ***unique identifier code*** you initially received.

Step 3 Complete the biometric verification

Complete the biometric verification - you need good lighting and a camera.
Then approve the request.



Step 4: The RAV01

Your tax practitioner or the taxpayer/public officer who has access to the company/taxpayer profile can now complete the registration on the RAV01 and submit it.

The filer will then receive a OTP via email or SMS to complete the registration.

info@taxelves.co.za

Most likely you will now also receive a letter acknowledging the application to register and there will be some documentation needed to be uploaded either on the link in the submission history or via the SARS SOQS system using the case reference number from the letter.

How To Register For Income Tax

1. Option 1: Using Efiling, click on Register for Efiling.
2. Option 2: Using SARS SOQS, click on Register
3. Option 3: Register using Whatsapp: 0800 011 7277
4. Option 4: Download the SARS e-Filing Mobi App from the IOS, Android or Huawei app stores.
5. Option 5: Use your phone and dial the SARS USSD code: `*134*7277#`
6. Option 6: Visit your nearest local SARS community branch.

Most Common Source codes

Source Code	Description	Tax Implication
3601	Basic Salary / Income	Fully taxable standard income.
3605	Annual Payment / Bonus	Fully taxable (usually taxed at a higher marginal rate when paid).
3606	Commission	Fully taxable (but allows for specific Section 23(m) deductions if over 50% of total income).
3616	Independent Contractor	Income earned as a contractor (allows for business expense deductions).
3701	Travel Allowance	Taxable, but you can claim against it using a detailed SARS logbook.

3702	Re-imbursive Travel Allowance	Taxable - An allowance paid to an employee to reimburse them for actual business-related travel expenses incurred while using their personal vehicle. This specific code is used when the reimbursement is considered taxable (typically because the rate paid per kilometre exceeds the SARS prescribed rate, or the employee receives another form of travel compensation).
3801	General Fring Benefit	Taxable fringe benefit for a company-provided vehicle (valued at 3.5% per month of the determined value, unless reduced via a valid business travel logbook).
3805	Use of company vehicle	Fully taxable fringe benefit for miscellaneous employer perks not covered by other specific codes (e.g., employee gifts, grocery hampers, overseas incentive trips, or the private use of a general asset).

Every single input on SARS consists of a source code, always use the SARS source code finder to easily find the correct source code.

Find a Source code tool:

Use the find a source code tool to search for source codes - click here