

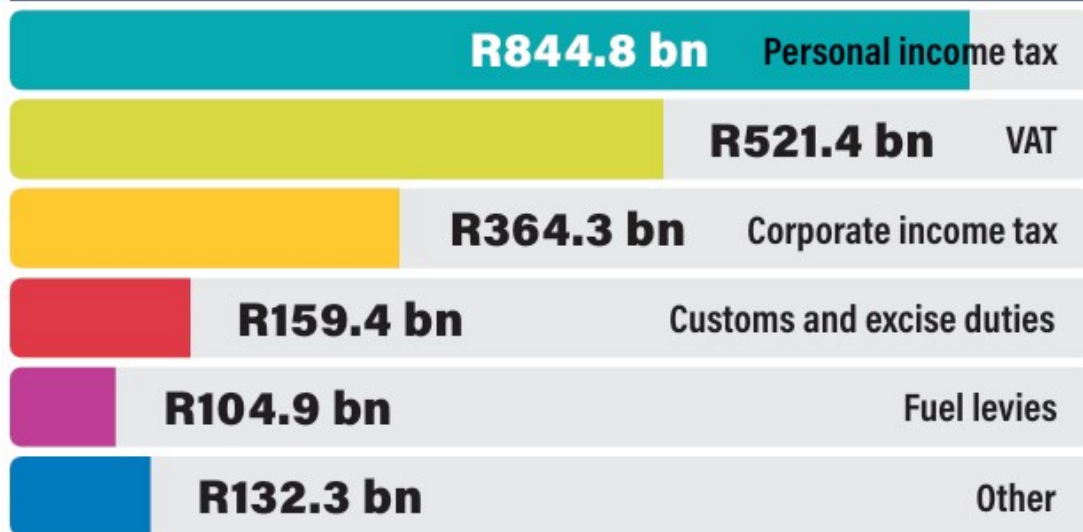
The Professional

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National Budget 2026/2027

TAX REVENUE, 2026/27



Special points of interest:

- Income Tax brackets and rebates will be adjusted for inflation.
- Mandatory VAT registration threshold increases from R1 million to R2.3 million.
- Capital gains tax exemption for the sale of a small business for older persons increases from R1.8 million to R2.7 million.
- General fuel levy will increase by 9 cents per litre for petrol and 8 cents per litre for diesel.
- The tax-free investments annual limit is increased from R36 000 to R46 000

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R283.9bn
ECONOMIC DEVELOPMENT



R274.6bn
PEACE AND SECURITY



R84.4bn
GENERAL PUBLIC SERVICES



R310.4bn
HEALTH



R527.2bn
LEARNING AND CULTURE





R446.6bn
SOCIAL DEVELOPMENT



R294.3bn
COMMUNITY DEVELOPMENT



Increase in social grants

		2025/26	2026/27
	OLD AGE GRANT	R2 315	R2 400
	WAR VETERANS GRANT	R2 335	R2 420
	DISABILITY GRANT	R2 315	R2 400
	FOSTER CARE GRANT	R1 250	R1 295
	CARE DEPENDENCY GRANT	R2 315	R2 400
	CHILD SUPPORT GRANT	R560	R580
	GRANT-IN-AID	R560	R580

Income tax—Individuals

Tax payable by individuals for the tax year ending between 1 March 2026 and 28 February 2027 is calculated as follows:

**One day or day
one. You
decide.**

Taxable Income (R)	Rate of Tax (R)
R0 to R245 100	18% of taxable income
R245 101 to R383 100	R44 118 + 26% of taxable income above R245 100
R383 101 to R530 200	R79 998 + 31% of taxable income above R383 100
R530 201 to R695 800	R125 599 + 36% of taxable income above R530 200
R695 801 to R887 000	R185 215 + 39% of taxable income above R695 800
R887 001 to R1 878 600	R259 783 + 41% of taxable income above R887 000
R1 878 601 and above	R666 339 + 45% of taxable income above R1 878 600

Source: National Treasury

TAX THRESHOLDS	TAX YEAR: 2026/27
Below age 65	R99 000
Age 65 to 74	R153 250
Age 75 and over	R171 300

The tax rebates for individual taxpayers are as follows:

TAX REBATES	TAX YEAR: 2026/27
Primary (all individuals)	R17 820
Secondary (age 65 and over)	R9 765
Tertiary (age 75 and over)	R3 249



Retirement Fund Lump Sum Withdrawal Benefits

Retirement fund lump sum withdrawal benefits consist of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on withdrawal (including assignment in terms of a divorce order).



Tax on a specific retirement fund lump sum withdrawal benefit (lump sum X) is equal to:

- The tax determined by the application of the tax table to the aggregate of lump sum X, plus all other retirement fund lump sum withdrawal benefits accruing from March 2009, all retirement fund lump sum benefits accruing from October 2007, and all severance benefits accruing from March 2011; less
- The tax determined by the application of the tax table to the aggregate of all retirement fund lump sum withdrawal benefits accruing before lump sum X from March 2009, all retirement fund lump sum benefits accruing from October 2007, and all severance benefits accruing from March 2011.

Taxable income from lump sum	Rate of tax
R 1 - R 27 500	0% of taxable income
R 27 501 - R 726 000	18% of taxable income above R 27 500
R 726 001 - R 1 089 000	R 125 730 + 27% of taxable income above R 726 000
R 1 089 001 and above	R 223 740 + 36% of taxable income above R 1 089 000

Retirement Fund Lump Sum Benefits or Severance Benefits

Retirement fund lump sum benefits consist of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on death, retirement, or termination of employment due to reaching the age of 55, sickness, accident, injury, incapacity, redundancy or termination of the employer’s trade.

Severance benefits consist of lump sums from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person’s office or employment.

Taxable income from lump sum benefits	Rate of tax
R 1 - R 550 000	0% of taxable income
R 550 001 - R 770 000	18% of taxable income above R 550 000
R 770 001 - R 1 155 000	R 39 600 + 27% of taxable income above R 770 000
R 1 155 001 and above	R 143 550 + 36% of taxable income above R 1 155 000

We can't become what we need to be by remaining what we are.
Oprah Winfrey

Provisional tax

A provisional taxpayer is any person who earns income that is not remuneration, an allowance or advance payable by the person’s principal; or income by way of remuneration from an unregistered employer.

An individual is not required to pay provisional tax if he or she does not carry on any business, and the individual’s taxable income:

- will not exceed the tax threshold for the tax year; or
- from interest, dividends, foreign dividends, rental from the letting of fixed property, and remuneration from an unregistered employer, will be R30 000 or less for the tax year.

Deceased estates are not provisional taxpayers.





Other income

Tax free investments

Investments in tax-free investment financial instruments or policies by individuals, deceased estates, and insolvent estates of individuals are limited to R46 000 per tax year. Amounts received by or accrued on tax free investments are exempt from income tax (including tax on capital gains).

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

Most foreign dividends received from foreign companies by individuals (if the shareholding amounts to less than 10% in the foreign company) are taxable at a maximum effective rate of 20%. No deductions are allowed for expenditure to produce foreign dividends.

Interest

Interest from a South African source, earned by any natural person under 65 years of age

or by an estate of a deceased person, is exempt up to R23 800 per year. For persons who are 65 years and older, this exemption applies to interest of up to R34 500 per annum.

Interest income earned by non residents who are not physically present in South Africa for more than 183 days during the 12-month period before the interest accrues or is received is also exempt. This exemption only applies if the interest-bearing debt is not effectively connected to a permanent establishment (such as a fixed place of business) in South Africa.

**As you start to
walk on the
way, the way
appears.
Rumi**

Deductions

Medical and disability expenses

Individuals can deduct a rebate based on monthly contributions to medical schemes. The rebate can be used only by the individual who paid the contributions, up to R376 for each of the first two persons covered by those medical schemes, and R254 for each additional dependant. This rebate is referred to as a medical scheme fees tax credit.

A further rebate that is available for medical expenses is the additional medical expenses tax credit. In the case of:

- An individual who is 65 years and older, or an individual, his or her spouse, or his or her child, who is a person with a disability, the individual is allowed a medical expenses tax credit to the value of 33.3% of the sum of qualifying medical expenses paid by the individual, and the amount by which the medical-scheme contributions paid by the individual exceeds three times the medical scheme fees tax credits for the tax year; or
- Any other individual, who is allowed a medical expenses tax credit to the value of 25% of the sum of the qualifying medical expenses paid by the individual, and the amount by which the medical scheme contributions paid by the individual exceeds four times the medical scheme fees tax credits for the tax year, limited to the amount that exceeds 7.5% of taxable income (excluding retirement fund lump sums and severance benefits).

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.

Retirement fund contributions

Amounts contributed to pension, provident, and retirement annuity funds during a year of assessment are deductible by members of those funds.



Deductions

Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employees. The deduction is limited to 27.5% of the greater of:

- the amount of remuneration for employees' tax, or
- taxable income (both exclude retirement fund lump sums and severance benefits).

The deduction is further limited to the lower of R430 000 or 27.5% of taxable income, before the inclusion of a taxable capital gain. Any contributions exceeding the limitations are carried forward to the immediately following year of assessment, and are deemed to be contributed in that following year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and retirement annuities.



Travelling allowance

Rates per kilometre, which may be used in determining the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined using the following table:

Value of the Vehicle (Including VAT) (R)	Fixed Cost (R p.a.)	Fuel Cost (c/km)	Maintenance Cost (c/km)
0 – 115 000	38 344	132.9	49.1
115 001 – 230 000	68 487	148.4	61.4
230 001 – 345 000	98 689	161.2	67.8
345 001 – 460 000	125 393	173.4	74.0
460 001 – 575 000	152 097	185.5	86.9
575 001 – 690 000	180 078	212.8	102.0
690 001 – 805 000	208 106	216.5	114.5
805 001 – 920 000	237 679	220.1	126.9
exceeding 920 000	237 679	220.1	126.9

Note that:

- 80% of the travelling allowance must be included in the employee's remuneration to calculate PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business.
- No fuel cost is allowed if the employee has not borne the full cost of fuel used in the vehicle, and no maintenance cost can be claimed if the employee has not borne the full cost of maintaining the vehicle (e.g. if the vehicle is covered by a maintenance plan).
- The fixed cost must be reduced proportionally (pro rata) if the vehicle is used for business for less than a full year. • The actual distance travelled during a tax year, and the distance travelled for business, proven by a logbook, are used to determine the costs that are allowed against a travelling allowance.

Alternatively, if an allowance or advance is based on the actual distance travelled by the employee for business, no tax is payable on an allowance paid by an employer to an employee, up to R4.95 per kilometre, regardless of the value of the vehicle.

However, this alternative is not available if the employer paid the employee other compensation in the form of an allowance or reimbursement (other than for parking or toll fees) regarding the vehicle.

*The only
person that can
really motivate
you is you.
Shaquille
O'Neal*





Fringe benefits

Employees are, generally, taxed on the benefits they receive from their employers.

Employer-owned vehicles

The taxable value is 3.5% of the cash cost, including VAT, of each vehicle per month.

If the vehicle is:

- Under a maintenance plan when the employer acquired it, the taxable value is 3.25% of the determined value; or
- Acquired by the employer under an operating lease, the taxable value is the cost incurred by the employer under the operating lease plus the cost of fuel.

80% of the fringe benefit must be included in the employee's remuneration to calculate PAYE. The percentage is re-

duced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business.

On assessment, the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business, proven by a logbook, divided by the actual distance travelled during the tax year.

On assessment, there is further relief for the cost of the licence, insurance, maintenance, and fuel for private travel — if the full cost was borne by the employee, and if the distance travelled for private purposes is proven by a logbook.

Loans

The difference between interest charged at the official rate

and the actual amount of interest charged must be included in gross income. From 1 December 2025, the official interest rate decreased from 8% to 7.75%.

Housing

The value of the fringe benefit to be included in gross income is the lower of the benefit calculated by applying a prescribed formula, or the cost to the employer if the employer does not have full ownership of the accommodation.

The formula will apply if the accommodation is owned by the employee, but it does not apply to holiday accommodation hired by the employer from non-associated institutions.

**Be the change
you want to
see in the
world.
Gandhi**



Subsistence allowances and advances

Where the recipient is required to spend at least one night away from his or her usual place of residence on business, and the accommodation to which that allowance or advance relates is in the Republic of South Africa, and the allowance or advance is granted to pay for:

- Meals and incidental costs, an amount of R595 (previously R570) is deemed to have been expended per day;
- Incidental costs only, an amount of R184 (previously R176) is deemed to have been expended per day.

If the accommodation to which that allowance or advance relates is outside the

South Africa, a specific amount per country is deemed to have been expended. The list of allowances was published in Government Gazette No. 54218 on 27 February 2026 and includes:

- China (707 Yuan)
- Germany (125 Euro)
- India (6 149 Indian Rupee)
- Kenya (138 US Dollar)
- United Kingdom (114 Pounds)
- USA (178 US Dollar)

For countries that are not on the list, the daily amount is 215 USD.

Advance/reimbursement

If the recipient is, by reason of the duties of his or her office or employment, obliged to spend a part of a day away from his or her usual place of work or employment, a reimbursement or advance for expenditure actually incurred by the recipient is exempt if the recipient is allowed by his or her principal to incur expenditure on meals and other incidental costs for that part of the day, and the amount of the reimbursement does not exceed R184 (previously R176).

Maximum effective rate of tax for individuals and special trusts — 18%

Transfer duty

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

Value of Property (R)	Rate
1 – 1 210 000	0% of the value
1 210 001 – 1 663 800	3% of the value above R1 210 000
1 663 801 – 2 329 300	R13 614 + 6% of the value above R1 663 800
2 329 301 – 2 994 800	R53 544 + 8% of the value above R2 329 300
2 994 801 – 13 310 000	R106 784 + 11% of the value above R2 994 800
13 310 001 and above	R1 241 456 + 13% of the value exceeding R13 310 000



Estate duty

Estate duty is levied on the property of residents and the South African property of non-residents, less allowable deductions. The duty is levied on the dutiable value of an estate, at a rate of 20% on the first R30 million, and at a rate of 25% above R30 million.

A basic deduction of R3.5 million is allowed in determining an estate's liability for estate duty, as well as deductions for liabilities, bequests to public benefit organisations, and property accruing to surviving spouses.

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;
- 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. In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R20 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.

Other taxes

Securities Transfer Tax

This tax is imposed at a rate of 0.25 % on the transfer of listed or unlisted securities.

Securities consist of shares in companies or members' interests in close corporations.

Skills Development Levy

SDL is payable by employers at a rate of 1% of the total remuneration paid to employees.

Employers that pay an annual remuneration of less than R500 000 are exempt from paying SDL.

Unemployment Insurance Contributions

Unemployment insurance contributions (UIF) are payable monthly by employers, based on a contribution of 1% by employers and 1% by employees, based on the employees' remuneration below a certain amount.

Employers that are not registered for PAYE or SDL must pay the contributions to the Unemployment Insurance Commissioner

*Don't go
through life,
grow through
life.
Eric
Butterworth*



Withholding taxes

Royalties

A final tax at a rate of 15% is imposed on the gross amount of royalties from a South African source payable to non-residents.

Interest

A final tax at a rate of 15% is imposed on interest from a South African source, payable to non-residents.

Interest is exempt if it is payable by any sphere of the South African government or bank, or if the debt is listed on a recognised exchange.

Foreign Entertainers and Sportspersons

A final tax at a rate of 15% is imposed on gross amounts payable to non-residents for activities that they exercise in South Africa as entertainers or sportspersons.

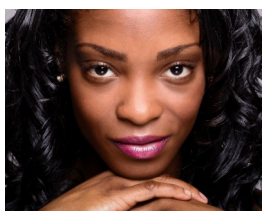
Disposal of Immovable Property

A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa, to be set off against the normal tax liability of the non-residents.

The tax to be withheld from payments to the non-residents is at the following rates:

- 7.5% for a non-resident individual,
- 10% for a non-resident company, and
- 15% for a non-resident trust that is selling the immovable property.

**Change is inevitable.
Growth is optional.
John C. Maxwell**



Amendments relating to individuals

Capital allowance rollover

Section 9HB of the Income Tax Act regulates the transfer of assets between spouses. This provision establishes a rollover mechanism for the transfer of trading stock, live-stock and capital assets between spouses. However, the recoupment component of the rollover for allowance assets is not provided for, as section 9HB does not prevent the recoupment of capital allowances in the hands of the transferor spouse under section 8(4)(k) of the act, nor does it allow the transferee spouse to take over the accumulated allowances previously claimed.

It is proposed that section 9HB be amended to prevent the recoupment of capital allowances on the transfer of allowance assets between spouses and to provide for the carry-over of accumulated allowances to the transferee spouse.

Limitation on donation tax exemption for spouses

Section 56 of the Income Tax Act exempts donations between spouses from donations tax.

Government became aware of tax avoidance arrangements, particularly involving high-net-worth individuals planning to cease to be South African tax residents. The arrangement involves deliberately staggering the cessation of tax residence between spouses where significant assets are transferred to a spouse who has already become non-resident before the remaining spouse ceases residence.

In these circumstances, the donations tax exemption applies, while the subsequent cessation of tax residence by the remaining spouse results in a reduced income tax liability under section 9H of the act. Since these arrangements are designed to avoid both

donations tax and the income tax on cessation of residency, and undermines the original policy intent of these provisions, it was proposed that the donations tax exemption rules applicable to spouses be limited to donations made to a spouse who is a resident effective from 25 February 2026.

Living annuities

The Income Tax Act allows a living annuity to be commuted and paid as a lump sum when the value of the assets falls below the prescribed de minimis limit, currently set at R125 000. Applying the limit on a per-policy basis could undermine retirement income security by enabling the early commutation of multiple small annuities and facilitating tax-driven restructuring of retirement assets. It is therefore proposed that the definition of "living annuity" in section 1 of the act be amended to explicitly provide that the prescribed de minimis limit must be determined cumulatively where an annuitant holds multiple living annuities with the same insurer or fund.

Income tax proposals for business

Rehabilitation fund regime

The rehabilitation fund regime was introduced in 2006 for the tax treatment of mining environmental rehabilitation funds with the objective of applying their assets solely for rehabilitation on premature closure, decommissioning, final closure and post-closure coverage of any latent and residual environmental impacts.

As a result, under certain conditions, all cash contributions to the mining rehabilitation fund are tax deductible and the growth in the fund is exempt from tax. Like mining operations, nuclear facilities are subject to strict legislative requirements for environmental rehabilitation and decommissioning through adequate financial provisioning to support environmental preservation. It is proposed that the rehabilitation fund regime be extended to allow nuclear facilities to also be eligible for the rehabilitation fund regime.

CFC v DTMC rules

Section 9D(6) of the Income Tax Act requires that the net income of a controlled foreign company (CFC) be determined in its functional currency (for example, US dollars). When including the relevant amount in the income of a South African shareholder, this amount must be translated into rands by applying the average exchange rate for the CFC's foreign tax year.

Section 25D(5) of the act, however, provides that, where the South African shareholder is a domestic treasury management company (DTMC) (for example, with a US dollar functional currency), any amount received in a currency other than its functional currency (such as the rand attribution of an amount of net income) must first be determined in the DTMC's functional currency (US dollars) and thereafter translated back into rands using the average exchange rate applicable to the DTMC's year of assessment.

The current interaction between section 9D(6) and section 25D(5) of the act may inadvertently create onerous translation requirements, resulting in distortions in the taxable income ultimately reflected in South Africa.

To resolve this anomaly, it is proposed that legislation be amended to ensure that where a DTMC is the resident shareholder of a CFC, section 9(6) of the act does not require the translation of an amount of net income to rands.

Urban development zones

As part of the review of the urban development zone tax incentive and in line with Operation Vulindlela's objective to reduce spatial inequality, government will explore targeting the incentive to better support affordable housing developments in areas that are close to jobs, public transport and essential services. A workshop will be held with relevant stakeholders during 2026.



**No problem
can withstand
the assault of
sustained
thinking.
Voltaire**

VAT Proposals

Registration threshold

The VAT registration threshold will increase from R1 million to R2.3 million with effect from 1 April 2026.

Services supplied to CCAE and SEZ operators

It is proposed that section 11(2)(k) of the VAT Act be amended to reflect that the services supplied to customs controlled area (CCA) or special economic zone (SEZ) operators must be physically rendered in the customs controlled area to qualify for zero-rating.

Supply of gold

Refineries rely on pooled contributions from various depositors to achieve the required purity and volume of gold. The input includes low-grade by-products, recycled bullion, previously manufactured gold from jewellery, coins and dental alloys. Section 11(1)(f) of the VAT Act provides for the zero-rating of gold, in specific forms, supplied to the listed entities that has not "undergone any manufacturing process other than the refining thereof or the manufacture or production in order to achieve such specific forms". It is complex to trace or isolate unprocessed, prima-

ry-source gold, and the refined product will likely have both components of primary and secondary gold that have gone through the process of manufacturing. Consequently, it is proposed that section 11(1)(f) of the VAT Act be repealed.

Deduction of notional input tax

A vendor is allowed a notional input tax deduction on the acquisition of second-hand goods when such goods are acquired under a non-taxable supply from a resident of South Africa for the purpose of making taxable supplies in terms of section 16(3) of the





VAT proposals (continued)

VAT Act. When the vendor subsequently exports the second-hand goods, the vendor may apply zero-rating in terms of section 11(1)(a) of the VAT Act unless the supplier of the second-hand goods or a connected person has deducted notional input tax on the acquisition thereof under section 16(3) of the VAT Act. Similarly, in the case of an indirect export by a qualifying purchaser, the VAT Refund Administrator may only refund the qualifying purchaser to the extent that the VAT charged exceeds the notional input tax deduction.

Where the seller had not claimed the notional input tax at the date of sale but obtained a valid and completed VAT 264 as per section 20(8) of the VAT Act, the presumption is that there is an intention to claim the notional input tax at a later stage, so the sale cannot be zero-rated and must be standard rated instead.

The limitation on the refund and the implication on the zero-rating only apply when the supplier claimed the notional input tax, and the supplier has five years to claim the tax. This creates a risk that the fiscus will incur a

financial loss if SARS refunds the full amount including the notional input tax portion on the basis that it was not claimed by the seller, and the vendor later claims the notional input tax. It is proposed that section 16(3) of the VAT Act be amended to restrict the deduction of the notional input tax to a tax period not later than the tax period in which the supply of the second hand goods takes place, subject to the five-year prescription rule.

Electronic services

Where a principal makes a supply of electronic services via an intermediary's platform, the intention was to hold the intermediary liable to account for the VAT on the electronic services provided. It has come to government's attention that this poses compliance risks for SARS in that SARS must engage the principal to recover the VAT, and intermediaries may have difficulty in entering into agreements with smaller foreign electronic principals, who are often also most likely to be non-compliant, to account for the VAT on their behalf.

It is thus proposed that section 54(2B) of the VAT Act be

amended to state that the default situation is that the intermediary accounts for the VAT, unless there is an agreement to the contrary. The joint and several liability will still apply.

Leasehold improvements

A problem arises where leasehold improvements are supplied for no consideration to a lessor who is not a vendor (for example, a lessor who is below the VAT registration threshold or only makes exempt supplies). The adjustment under section 18C of the VAT Act must be made by a lessor who is a vendor where leasehold improvements are applied for non-taxable purposes. Based on the current wording of the provision, if the lessor is not a vendor, section 18C does not apply. This means that a lessor who is not a vendor will receive the benefit of leasehold improvements in respect of VAT that was effectively not incurred by that lessor.

It is proposed that the VAT Act be amended so this treatment is no longer restricted to lessors who are vendors and that a specific declaration channel be made available in this regard.

I never lose. I either win or learn,
Nelson Mandela

Second-hand goods

Second-hand goods remain part of the illicit economy. Currently, there is no requirement under the VAT Act or Tax Administration Act (2011) for second-hand goods dealers to be licensed or have documents prescribed under any other relevant acts, such as the Second-Hand Goods Act (2009).

The Second Hand Goods Act seeks "to regulate the business of dealers in second-hand goods and pawnbrokers, in

order to combat trade in stolen goods; to promote ethical standards in the second-hand goods trade; and to provide for matters connected therewith".

Section 21 of the Second-Hand Goods Act requires dealers to keep a record in a prescribed form containing certain information, with additional information prescribed under section 24 of that act for dealers in second-hand motor vehicles.

To mitigate the risk of fraudulent notional input tax claims, it is proposed that the documentation requirements for second-hand goods vendors under section 20(8) of the VAT Act be extended to those prescribed under the Second-Hand Goods Act and its regulations.

Subsequent supply of second hand goods

The zero-rate on exports does not apply to second-hand goods on which the sup-



Second hand goods (continued)

The zero-rate on exports does not apply to second-hand goods on which the supplier has deducted notional input tax. In this case, the supplier must levy VAT equal to the notional input tax deducted to recoup the notional input tax.

Similarly, in the case of an indirect export by a qualifying

purchaser, the VAT Refund Administrator may only refund the qualifying purchaser to the extent that the VAT charged exceeds the notional input tax deduction.

To ease compliance for purchasers and administration, it is proposed that section 20 of the VAT Act be amended to require that the tax invoice

issued by the supplier on the subsequent supply of second-hand goods on which a notional input tax was claimed must reflect the purchase price paid by the vendor on acquisition and the amount of notional input tax previously claimed.



VAT Return filing

To encourage vendors to submit returns and make payments electronically, vendors using eFiling are permitted to do so on the last business day of the month in which filing is required, rather than on the 25th of that month. As the vast majority of VAT vendors now make use of eFiling, the objective of increasing uptake has been achieved. Hence, it is proposed that the distinction be removed by creating a single, simplified system requiring all VAT vendors to submit returns and make payments on the last business day of the month.

Provisional tax penalty regime

To trigger the penalty for underestimating provisional tax, a taxpayer must first underestimate their taxable income outside acceptable tolerances. If the taxpayer submits an estimate that is within the acceptable tolerance but pays no provisional tax, the underestimation penalty cannot be imposed. The only penalty applicable in these instances is the lesser late payment penalty. It is proposed that, with effect from 25 February 2026, timely payment of the amount of the estimate be required before it may be relied on.

There are existing rules to ensure that there is no duplication of the underestimation and the late payment penalties. Furthermore, the R1 million cap for relying on amounts based on historical assessments, rather than current estimates, will be increased to R1.8 million for years of assessment commencing on or after 1 March 2026.

*Learn to work
harder on
yourself than
on your job.
Jim Rohn*

Non-resident employers

The Fourth Schedule of the Income Tax Act was amended by the Tax Administration Laws Amendment Act (2023) to extend the obligation to withhold employees' tax to non-resident employers conducting business through a permanent establishment (PE) in South Africa.

It has been argued that this amendment can have anomalous consequences if the employee in question is not also effectively connected to the PE. For ex-

ample, a non-resident employer with a PE in South Africa could employ a South African resident employee in its home country who does not have any connection to the South African PE. In such circumstances, the non-resident employer would have a withholding obligation in relation to the South African resident employee although employment is not exercised in South Africa. Hence it is proposed that the PE requirement for non-

-resident employers should be amended to include an additional requirement that the employee is effectively connected to the PE in South Africa.





Carbon tax proposals

The 2025 Taxation Laws Amendment Bill provides for refunds of taxes paid on greenhouse gas emissions exceeding the mandatory carbon budgets if companies comply with the five-year carbon budget. To provide policy certainty to taxpayers and remove any ambiguity in the legislation, it is proposed that the reference to “the immediately preceding tax period” be deleted.

Furthermore, it is proposed that the legislation clarify that a refund may be claimed in the third year for the first two tax periods and for the remaining tax periods. Therefore, from

year three to five, and over the five-year carbon budgeting period, a refund may be claimed in the sixth year. This will address concerns about inaccuracies in the emissions and tax liability assessments for the first two tax periods and over the five-year carbon budgeting period. The proposed amendments will come into effect on a date to be determined by the Minister of Finance.

Diesel generators

Commercial and institutional sector entities have invested in back-up diesel generators to address concerns about

load-shedding and electricity supply shortages. The generators are mainly used during supply disruptions for short periods of time and the additional capacity is not fully utilised. To ease the compliance burden on companies, it is proposed that the capacity-based threshold for the commercial/institutional activity be replaced with an emissions threshold of 25 000 tonnes of carbon dioxide equivalent effective from 1 January 2026.

*In the middle
of difficulty lies
opportunity.
Harry Golden*



Proposed Customs and Excise amendments

Temporary admission carnets

The ATA Carnet system, established under the ATA and Istanbul Conventions, enables the temporary admission of certain goods such as commercial samples, professional equipment and exhibition items into foreign territories without the payment of duties or taxes. Carnets were historically issued in paper form by the National Guaranteeing Associations and manually processed at border posts.

The World Customs Organization and the International Chamber of Commerce have launched an electronic ATA Carnet Project, which mandates fully digitised carnets.

To ensure that South Africa can implement the new requirements of the international agreement, an amendment to the Customs and Excise Act is proposed to enable the Commissioner to issue rules relating to the issuing, use and submission of international carnets when goods are temporarily imported or exported.

Carbon tax refunds

The insertion of section 17A in the Carbon Tax Act in 2025 provides for a refund where an entity complies with carbon budgets over a five-year period. Carbon tax refunds are administered in terms of the Customs and Excise Act and a two-year prescription period applies for customs and excise refund claims. It is therefore proposed that the Customs and Excise Act be amended to facilitate the administration of carbon tax refunds claimed over a longer period.

Discretion to exempt non-compliance

Section 75(10) of the Customs and Excise Act gives the Commissioner broad discretion to exempt or condone non-compliance by taxpayers who fail to meet conditions or requirements prescribed by rule or in the notes to Schedules No. 3, 4 and 6 in respect of any goods specified in an item of these Schedules.

The modern legislative approach is to move away from broad discretions and provide criteria for the exercise of

discretions to enhance clarity and certainty. It is proposed that the discretion be redrafted accordingly.

Carbon fuel levy

When the carbon fuel levy was introduced under the Carbon Tax Act, SARS systems were not designed to facilitate the separate payment of these levies. As a result, the carbon fuel levy applicable to petrol and diesel was included as part of the general fuel levy provided for in Part 5A of Schedule No. 1 to the Customs and Excise Act.

Since the implementation of the carbon fuel levy, new tariff items attracting this levy have been introduced by the Taxation Laws Amendment Act (2024). Systems changes were required to accommodate the integration of these new tariff items, and the carbon fuel levy can now be separated from the general fuel levy.

It is proposed that a new Part 5C be inserted into Schedule No. 1 of the act to provide separately for the administration of the carbon fuel levy.

Proposed Customs and Excise amendments (continued)



Electronic heated tobacco products

It is proposed that the statistical unit of measure “per 10 sticks” be changed to “per kilogram net” for electronic heated tobacco products.

Tax Administration Act — Proposed amendments

Refund screening

The Tax Administration Act requires banks to report suspicious tax refunds to SARS and hold the refunds for up to two business days while SARS investigates.

SARS is working with banks to explore screening potential refunds prior to their deposit in taxpayers’ accounts. This will expedite legitimate refunds. It is therefore proposed to explicitly permit pre- or post-deposit screening of refunds by banks.

Interest relief

In the recent *Medtronic International Trading S.A.R.L* case, the Constitutional Court held that it is not possible to combine a voluntary disclosure application with a request for remission of interest under the various tax acts without legislative authority to this effect.

It is proposed that provision

be made to specifically permit applicants for voluntary disclosure relief to simultaneously apply for the separate remission of interest, under the provisions of the relevant tax act, in respect of the defaults disclosed in the voluntary disclosure application.

It is further proposed that this amendment take effect from 1 March 2026 to assist potential applicants without affecting existing applications.

Tax compliance status

Section 164(6) of the Tax Administration Act suspends the taxpayer’s obligation to pay tax pending SARS’ decision on the suspension of payment request.

In terms of section 256 of the act, a taxpayer must be indicated as “tax compliant” during this interim period.

Section 256 of the act does not provide for a scenario where a taxpayer’s obligation

to pay tax is automatically suspended pending the outcome of a request for remission of penalties in accordance with section 215 (3) of the act.

It is proposed that this anomaly be addressed.

It is further proposed that the periods for which a suspension under sections 164 and 215 of the act continues after a request has been rejected by SARS be aligned to 10 business days.

**Great works
are performed,
not by strength,
but by
perseverance.
Samual
Johnson**

Turnover tax

Turnover Tax is a simplified system aimed at making it easier for small businesses to meet their tax obligations. It replaces Income Tax, VAT, Provisional Tax, Capital Gains Tax and Dividends Tax for small businesses with a qualifying annual turnover of up to R1 million. Small businesses that qualify for Turnover Tax must register for Pay-As-You Earn (PAYE) if they have employed qualifying employees.

Benefits

- Reduced administrative and compliance burden
- Reduced tax rates as tax is calculated on turnover instead of profit
- Tax savings for qualifying small businesses.

Registration

A person qualifying as a small business may apply to register as a small business with SARS

by submitting the application form (TT01). The registration must be submitted before the year of assessment (i.e. before 1 March) or within 2 months from the date the business started its business activities.

Payment of tax

- The 1st payment is due on the last business day of August.
- The 2nd payment is due on the last business day of February.

- The submission of TT03 Turnover Tax returns is in line with the submission of the annual income tax returns between 1 July and 31 January of the following year.

The first two interim payments must be made based on the estimated taxable turnover of the business for that tax year.



Welcome to our new members

STUDENT ON LEARNERSHIP		
MEMBERSHIP NUMBER	SURNAME	NAME
2855629	Maphumulo	Bongokule
5611475	Myende	S'thabile
2562076	Sinotsho	Phila
9164109	Thabagae	Kearabelwe
STUDENT		
MEMBERSHIP NUMBER	SURNAME	NAME
1144195	Cele	Samkelo
9818798	Chetty	Shamika
2827113	Ramhlala	Kabelo

**Every moment
is a fresh
beginning.
T.S. Elliot**

National online gambling tax

The National Treasury published a draft national online gambling tax discussion paper for public comment in November 2025. It proposed a tax of 20 per cent on gross gambling revenue generated by online gambling. This tax would be in addition to the current taxes paid to provinces.

The public comment period was extended to close on 27 February 2026. Following receipt of the comments, the National Treasury will hold a workshop with those who commented. A proposal, including any revisions from the consultation, will be included in draft legislation that will be made available for public comment later in the year.

SARS update

Court cases

- *CSARS v Erasmus* (864/2024) [2026] ZASCA 22 (5 March 2026) - General anti-avoidance rule (GAAR) under the Income Tax Act.
- *Democratic Alliance v Minister of Finance and Others* (2025/045530) [2026] ZAWCHC 102 (5 March 2026) - Section 7(4) of the VAT Act 89 of 1991 declared unconstitutional and invalid as it constitutes an impermissible delegation of legislative power to the Minister.

Reporting

- On 1 March 2026, South Africa implemented the Crypto Asset Reporting Framework (CARF), which is a global standard developed by the OECD to strengthen tax transparency in the crypto asset environment. The CARF requires Crypto Asset Service Providers to report certain crypto asset transaction information to SARS. This data may also be exchanged with other participating jurisdictions to support international tax compliance.
- Individual taxpayers do not report directly under the CARF and must continue declaring crypto to asset transactions through their normal income tax returns.

Publications

- Special edition: Tax Exempt Institutions and Tax Practitioners newsletter (March 2026)
- Tax Exempt Institutions newsletter (March 2026)
- The Business Requirements Specification (BRS) for the Global Anti-Base Erosion (GLOBE) programme has now been published on the GLOBE webpage.



Welcome to our new members



CERTIFIED BUSINESS RESCUE PRACTITIONER/CERTIFIED TAX PRACTITIONER

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
8026410 (CBRP/CTP)	Amod	Ahmed

FINANCIAL ACCOUNTANT IN PRACTICE/CERTIFIED TAX PRACTITIONER

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
5468497 (FAP/CTP)	Pita	Melissa
9075385 (FAP/CTP)	Müller	Lea

FINANCIAL ACCOUNTANT IN COMMERCE

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
3478527(FAC)	Lurie	Sean
575149 (FAC)	Shang	Xiao

CERTIFIED TAX PRACTITIONER

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
78952772 (CTP)	Brown	Roger
2190237(CTP)	Kahn	Kyle

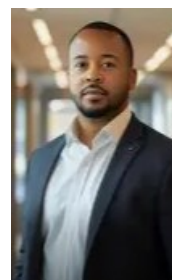
TECHNICAL ACCOUNTANT/CERTIFIED TAX PRACTITIONER

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
6357486 (TA/CTP)	Baker	Brigette
5379456(TA/CTP)	Futcher	Suné
4369074(TA/CTP)	Lindt	Charné
9478304 (TA/CTP)	Mason	Alison
4944411 (TA/CTP)	Mbatha	Sibonakonke
7941769 (TA/CTP)	Nosworthy	Graham
7737982 (TA/CTP)	Rouse	Samantha
1246951 (TA/CTP)	van der Schyff	Gertuida
1994873 (TA/CTP)	van der Merwe	Engela

TECHNICAL ACCOUNTANT

<u>MEMBERSHIP NUMBER</u>	<u>SURNAME</u>	<u>NAME</u>
7725675 (TA)	Moeng	Kulwano

*It never get
easier. You just
get better.
Jordan
Hoechlin*



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Vision

To be a dynamic world class Professional Accounting Institute (incorporating related fields) at the forefront of technology and an integrated approach to the profession.

Mission

It is the aim of the Institute to be recognised as the pre-eminent Professional Body for Accountants and other related professionals by actively promoting the effective utilization and development of qualified professionals, through the achievement of excellence in standards of professional competence and socially acceptable ethical conduct amongst its members, through a dynamic integrated approach to the legislative and environmental arena.

Tax thresholds and limits

Description (R)	Last amended	Current monetary amount	Proposed monetary amount
Small businesses			
Value-added tax (VAT) compulsory registration threshold	2009	1 000 000	2 300 000
Annual turnover limit for the turnover tax	2009	1 000 000	2 300 000
Voluntary VAT registration threshold	2009	50 000	120 000
Capital gains tax (CGT)			
CGT exclusion for small business asset disposal	2012	10 000 000	15 000 000
Exclusion amount on disposal of small business when person over 55 years	2012	1 800 000	2 700 000
Exclusion at death	2012	300 000	440 000
Exclusion in respect of disposal of primary residence	2012	2 000 000	3 000 000
Annual exclusion	2017	40 000	50 000
Savings and retirement			
Tax-free investments: annual limit	2021	36 000	46 000
Retirement fund contribution deduction limit	2016	350 000	430 000
Retirement interest de minimis threshold for annuitisation	2016	247 500	360 000
Living annuity commutation	2020	125 000	150 000
Donations tax			
Exemption for donations made by entities	2002	10 000	20 000
Exemption for donations made by individuals	2007	100 000	150 000
Tax-exempt employment benefits			
Bursaries / Scholarships: annual remuneration ceiling for all employees including persons with disabilities (PwD) ¹	2017	600 000	900 000
Bursaries / Scholarships: annual ceiling for employee relatives' primary / secondary education (PwD)	2017	20 000 (30 000)	30 000 (45 000)
Bursaries / Scholarships: annual ceiling for employee relatives' tertiary education (PwD)	2017	60 000 (90 000)	90 000 (130 000)
Remuneration proxy (cap): employee loans for immovable property	2018	250 000	360 000
Market value of property: employee loans for immovable property	2018	450 000	650 000
Maximum compensation exemption for employees dying in fulfilment of duties	2007	300 000	800 000
Awards for bravery and long service	2003	5 000	16 000

1. Thresholds in brackets are for persons with disabilities (PwD)

Source: National Treasury