HVM
REGISTERED ACCOUNTANTS

TAX GUIDE

2026 | 2027

HVM

REGISTERED ACCOUNTANTS

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2026/2027 BUDGET HIGHLIGHTS

- VAT
  - Compulsory VAT registration threshold will be adjusted from R1 m to R2.3 m, voluntary VAT registration threshold will be adjusted from R50 000 to R120 000, effective from 1 April 2026.
- Personal income tax
  - Personal income tax brackets and rebates will be adjusted in line with inflation.
- Medical tax credits
  - Medical tax credits will increase from R364 to R376 for the first two members, and from R246 to R254 for additional members.
- Excise duties
  - Increase of excise duties on alcohol and tobacco products by 3.4% in line with inflation, effective from 1 April 2026.
- Fuel and RAF levies

  The following changes will be made with effect from 1 April 2026.
  - Increase the general fuel levy by 9c/ℓ to R4.10/ℓ for petrol and by 8c/ℓ to R3.93/ℓ for diesel, below inflation.
  - Increase in the RAF Levy on both petrol and diesel by 7c/ℓ to R2.25/ℓ, in line with inflation.
- Tax thresholds and limits

  The following are among the tax limits adjusted with effect from 1 March 2026.
  - Annual deduction for contributions to retirement funds from R350 000 to R430 000
  - Annual exclusion of capital gains or losses for natural persons from R40 000 to R50 000
  - Exclusion of capital gains or losses on death from R300 000 to R440 000
  - Exclusion of capital gain or loss on disposal of primary residence from R2m to R3m.
  - Turnover of micro business for turnover tax from R1m to R2.3m.
  - Annual contribution to tax free investment from R36 000 to R46 000.
- Exchange control
  - The single discretionary allowance limit for individuals is increased from R1m to R2m.

COMPARATIVE TAX RATES

CATEGORY	2025	2026	2027
NATURAL PERSONS			
■ Maximum marginal rate	45%	45%	45%
■ Reached at a taxable income	1 817 000	1 817 000	1 878 600
■ Minimum rate	18%	18%	18%
■ Up to taxable income of	237 100	237 100	245 100
■ CGT inclusion rate	40%	40%	40%
COMPANIES & CC's			
■ Normal tax rate	27%	27%	27%
■ Dividends Tax	20%	20%	20%
■ CGT inclusion rate	80%	80%	80%
TRUSTS (other than special trusts)			
■ Flat rate	45%	45%	45%
■ CGT inclusion rate	80%	80%	80%
DONATION TAX			
■ First R30m cumulative donations	20%	20%	20%
■ Cumulative donations in excess of R30m	25%	25%	25%
ESTATE DUTY			
■ Dutiable estate up to R30m	20%	20%	20%
■ Dutiable estate in excess of R30m	25%	25%	25%
VAT	15%	15%	15%
SMALL BUSINESS CORPORATIONS			
■ Maximum marginal rate	27%	27%	27%
■ Reached at a taxable income	550 000	550 000	550 000
■ Minimum rate	0%	0%	0%
■ Up to a taxable income of	95 750	95 750	99 000

NATURAL PERSON TAX RATES: 28 FEBRUARY 2027

TAXABLE INCOME	RATES OF TAX
R0 – R245 100	+ 18% of each R1
R245 101 – R383 100	R44 118 + 26% of the amount above R245 100
R383 101 – R530 200	R79 998 + 31% of the amount above R383 100
R530 201 – R695 800	R125 599 + 36% of the amount above R530 200
R695 801 – R887 000	R185 215 + 39% of the amount above R695 800
R887 001 – R1 878 600	R259 783 + 41% of the amount above R887 000
R1 878 601 and above	R666 339 + 45% of the amount above R1 878 600

NATURAL PERSON TAX RATES: 28 FEBRUARY 2026

TAXABLE INCOME	RATES OF TAX
R0 – R237 100	+ 18% of each R1
R237 101 – R370 500	R42 678 + 26% of the amount above R237 100
R370 501 – R512 800	R77 362 + 31% of the amount above R370 500
R512 801 – R673 000	R121 475 + 36% of the amount above R512 800
R673 001 – R857 900	R179 147 + 39% of the amount above R673 000
R857 901 – R1 817 000	R251 258 + 41% of the amount above R857 900
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000

NATURAL PERSON TAX RATES: 28 FEBRUARY 2025

TAXABLE INCOME	RATES OF TAX
R0 – R237 100	+ 18% of each R1
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R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000

Rebates: Natural persons	2025	2026	2027
Primary	R17 235	R17 235	R17 820
Secondary (Persons 65 and older)	R9 444	R9 444	R9 765
Tertiary (Persons 75 and older)	R3 145	R3 145	R3 249

Thresholds: Natural persons	2025	2026	2027
Below age 65	R95 750	R95 750	R99 000
Age 65 to below 75	R148 217	R148 217	R153 250
Age 75 and over	R165 689	R165 689	R171 300

Interest Exemption: Natural persons	2025	2026	2027
Below age 65	R23 800	R23 800	R23 800
Age 65 and above	R34 500	R34 500	R34 500

Travelling allowance for the tax year ending 2027

When a travel allowance has been received, the employee must determine the allowable deduction for business travel. There are two ways in which this could be done:

- Using actual business expenditure (The value of the vehicle is limited to R920 000 for purposes of calculating wear and tear, which must be spread over seven years, while finance costs are also limited to a debt of R920 000. For a leased vehicle the instalments in a year of assessment may not exceed the fixed cost component in the table), or
- Using a deemed cost per kilometre as per the following table:

WHERE THE VALUE OF THE VEHICLE IS (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: The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.

The actual distance travelled during a tax year and the distance travelled for business purposes substantiated by a log book are used to determine the costs which may be claimed against a travel allowance.

Employees' tax is based on 80% of the travel allowance. However, if the employer is satisfied that at least 80% of the use of a motor vehicle will be for business purposes, employees' tax may be based on 20% of the travel allowance.

When the following criteria are met, no employees' tax is payable on a reimbursive travel allowance paid by an employer to an employee:

Description	2025	2026	2027
Maximum distance travelled for business purposes per annum:	unlimited	unlimited	unlimited
Maximum rate per kilometre paid (cents):	484	476	495

This alternative is not available if other compensation in the form of a travel allowance or reimbursement (other than for parking or toll fees) is received from the employer in respect of the vehicle. In such an instance the reimbursive travel allowance will be taxable and expenditure for business travel could be claimed in the same manner as with a normal travel allowance.

Right of use of motor vehicle

When an employee receives the right to use a motor vehicle the following provisions apply:

- Where the vehicle is owned by the employer, the taxable value is 3,5% of the determined value (Vehicles purchased before 1 March 2015: The cash cost including VAT; Vehicles purchased on/after 1 March 2015: Retail market value) per month of each vehicle. Where the vehicle is the subject of a maintenance plan at the time that the employer acquired the vehicle the taxable value is 3,25% of the determined value.
- Where the vehicle is rented by the employer, the monthly taxable value is equal to the actual costs incurred by the employer under the lease (rental and insurance for example) as well as the cost of fuel for the vehicle.
- 80% of the fringe benefit must be included in the employee's remuneration for the purposes of calculating 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 purposes.

- On assessment the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business purposes substantiated by a log book divided by the actual distance travelled during the tax year.
- On assessment further relief is available for the cost of licence, insurance, maintenance and fuel for private travel if the full cost thereof has been borne by the employee and if the distance travelled for private purposes is substantiated by a log book.

Subsistence allowances and advances

Where an advance or allowance is received by an employee for meals and other incidental costs, he / she can deduct either:

- The amount actually spent (limited to the advance or allowance), or
- For a day trip where employee is not spending at least one night away from his/her normal place of residence, an amount not exceeding R184.
- The daily amounts set out in the table below where the employee is obliged to spend at least one night away from his/her usual place of residence on business. When the deemed amounts are used, the employee does not have to produce proof of the amounts spent and the allowance is not subject to employees' tax.

Cost	2025	2026	2027
Meals and incidental cost in South Africa	R548	R570	R595
Incidental cost only in South Africa	R169	R176	R184
Daily amount for travel outside South Africa	As per SARS website		

Residential accommodation

The fringe benefit to be included in gross income is calculated in the following different ways, depending on the circumstances:

- Using a formula less the amount paid by the employee
- Using the lower of a formula or the cost borne by the employer less the amount paid by the employee
- When holiday accommodation has been provided, the fringe benefit will be the rental cost of the employer or prevailing market rate per day depending on the circumstances

Low-cost housing

No fringe benefit will arise if an employee acquires a house from their employers at a discount (i.e. at a price below market value) if the following requirements are met:

- The employee does not earn more than R250 000 in salary during the year of assessment in which the acquisition took place
- The market value of the property that is acquired may not exceed R450 000, and
- The employee may not be a connected person in relation to the employer

Interest-free or low-interest loans

The difference between interest charged at the official rate and the actual amount of interest charged on employee loans, is to be included in gross income. Short-term loans granted at irregular intervals to employees are, however, exempted to the extent that it does not exceed R3 000.

Interest-free or low interest loans to finance property with a market value of less than R650 000, where the employee does not earn more than R360 000 per year, will not be regarded as a fringe benefit if the loan also does not exceed R650 000.

Bursaries

Bursaries are exempt from tax where:

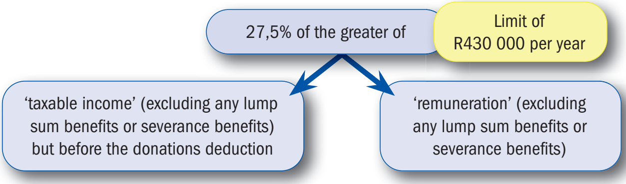
- the bursary is granted to an employee who agrees to reimburse the employer for the bursary if the employee fails to complete his studies for reasons other than death, ill-health or injury, or
- the bursary is granted to a relative of an employee that earns less than R900 000 per annum and to the extent that the bursary does not exceed R30 000 (R45 000 for disabled relative) grade R to matric and R90 000 (R130 000 for disabled relative) for further education. The bursary cannot be as a result of any salary deduction taken by the employee.

Medical fund contributions

Medical fund contributions paid on behalf of an employee is a fringe benefit. As a result the employee is deemed to have made the payment to the scheme and may get a tax credit.

Contributions to pension, provident and retirement annuity funds

With effect 1 March 2016, the tax deduction calculation for the three different funds, pension, provident and retirement annuity funds are identical. The deduction will be limited to:



The above deduction is however limited to taxable income before this deduction and before any taxable capital gain. This deduction can therefore not create an assessed loss.

Excess contributions not allowed as deductions are carried forward to the following year of assessment. Contributions made by employers on behalf of employees would be a taxable fringe benefit in the hands of the employees but will also be regarded as a contribution made by the employee, therefore deductible in the hands of the employee subject to the above limitations.

Medical and disability expenses

All taxpayers are entitled to a monthly "tax rebate" (i.e. credit) in respect of any medical scheme contributions made for the benefit of themselves and their dependants as follows:

	2025	2026	2027
Taxpayer	R364	R364	R376
First dependant	R364	R364	R376
Per additional dependant	R246	R246	R254

For additional (e.g. out-of-pocket) medical expenses incurred by individual taxpayers, a tax rebate is available as follows:

- Where the taxpayer is 65 and older or where the taxpayer, taxpayer's spouse or child is a person with a disability: 33.3% of the value of the amount by which the aggregate of the medical scheme fees that exceed 3 × the standard medical scheme credits, and all qualifying medical expenses (other than medical scheme contributions)
- Other taxpayers: 25% of the value of the amount by which the aggregate of the medical scheme fees that exceed 4 × the standard medical scheme credits, and all qualifying medical expenses (other than medical scheme contributions), exceed 7.5% of the taxpayer's taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit including capital gains)

HOME OFFICE COST

Employees:

For an employee to claim home office cost deduction, the home office must be specifically equipped for the purpose of the employee's trade, regularly and exclusively used for such purposes, and:

- if the remuneration earned is mainly in the form of commission or other similar variable payments, then home office cost can be deducted if the duties of such employee are mainly performed otherwise than in an office provided by his or her employer, or
- If the remuneration earned is not mainly in the form of commission or other similar variable payments, then home office cost can be deducted if the duties of such employee are mainly performed in such home office

Independent contractors:

Taxpayer not earning income from employment can deduct home office cost incurred in the production of income from a trade being carried on that is not of a capital nature. However, private and domestic expenditure cannot be deducted.

TWO-COMPONENT RETIREMENT FUND SYSTEM

The two-component system became effective on 1 September 2024, consisting of the following components:

Vesting component

- Starts with the balance of retirement fund savings on 31 August 2024.
- Members will not be able to make contributions to their Vested Component (unless older than 55 on 1 March 2021).
- Seed capital, calculated as the lower of 10% of the Vested Component, or R30 000, is transferred from the Vested Component to the Savings Component.
- Lump sums are taxed per either the current Withdrawal or Retirement tables.
- Annuities taxed at marginal income tax rates.

Savings component

- Seeding finance for Savings Component (maximum R30 000).
- An amount of one-third of the retirement fund contributions post 31 August 2024 goes to the Savings Component.
- It can be accessed without any conditions, but only one withdrawal can be made during any 12-month period. The minimum withdrawal amount is R2 000.
- Withdrawals are taxed at the marginal income tax rates, except upon death or retirement.

Retirement component

- Individuals will be required to contribute an amount of two-thirds of the retirement fund contributions post 31 August 2024 to the Retirement Component".
- Cannot be accessed before the retirement date.
- On retirement date, the total value must be paid in the form of an annuity (including a living annuity).
- Annuities taxed at marginal income tax rates.

Retirement Fund Lump Sum Benefits

Retirement fund lump sum withdrawal benefits

BENEFIT	RATES OF TAX
R0 – R27 500	0% of benefit
R27 501 – R726 000	18% of benefit above R27 500
R726 001 – R1 089 000	R125 730 + 27% of benefit above R726 000
R1 089 001 and above	R223 740 + 36% of benefit above R1 089 000

- tax determined by applying the tax table to the aggregate of that lump sum plus all other retirement fund lump sum withdrawal benefits accruing from March 2009 and all retirement fund lump sum benefits accruing from October 2007 plus severance benefits accrued from March 2011, less
- tax determined by applying the tax table to the aggregate of benefits mentioned above excluding lump sums withdrawals received for the year

Retirement fund lump sum benefits or severance benefits

BENEFIT	RATES OF TAX
R0 – R550 000	0% of benefit
R550 001 – R770 000	18% of benefit above R550 000
R770 001 – R1 155 000	R39 600 + 27% of benefit above R770 000
R1 155 001 and above	R143 550 + 36% of benefit above R1 155 000

- tax determined by applying the tax table to the aggregate of that lump sum plus all other retirement fund lump sum benefits accruing from October 2007 and all retirement fund lump sum withdrawal benefits accruing from March 2009 plus severance benefits accrued from March 2011, less
- tax determined by applying the tax table to the aggregate of benefits mentioned above excluding retirement lump sums and severance benefits received for the year

PROVISIONAL TAX

Provisional tax is payable by all taxpayers except natural persons if:

- That person does not derive any income from the carrying on of any business, and
- Taxable income of that person for the year of assessment will not exceed the tax threshold, or
- The taxable income of that person for the year of assessment which is derived from interest, foreign dividends and rental will not exceed R30 000, or
- any person that derives any remuneration from an employer that is registered for employees tax.

First provisional payment

The first payment is due six months before the end of the tax year. The payment must be based on the basic amount or a lower estimate approved by SARS.

Second provisional payment

The second payment is due on the last day of the tax year. The payment must be based on an estimate of the taxable income for the year. The following two tier model is in force:

- Taxable income less than R1.8 million (R1 million before 1 March 2026) – the estimate must be equal to the lesser of the basic amount or 90% of the actual taxable income
- Taxable income greater than R1.8 million – the estimate must be equal to at least 80% of the actual taxable income

Third Provisional payment

The third provisional payment is due six months after a taxpayer's year-end. In the case of a taxpayer with a February year-end, the "top-up" payment can be made by the end of September of every year.

Basic amount

The basic amount is computed as the taxable income (excluding capital gains and retirement fund lump sum benefits) of the latest preceding year of assessment issued by SARS more than 14 days before submission of the provisional tax return. The taxable income must be increased by 8% per annum if that assessment is more than 18 months old.

PAY AS YOU EARN (PAYE)

General provisions

Any Employee's remuneration is subject to monthly deductions referred to as **PAYE**. Apart from salaries, commission etc. the following income/payments are also subject to **PAYE**:

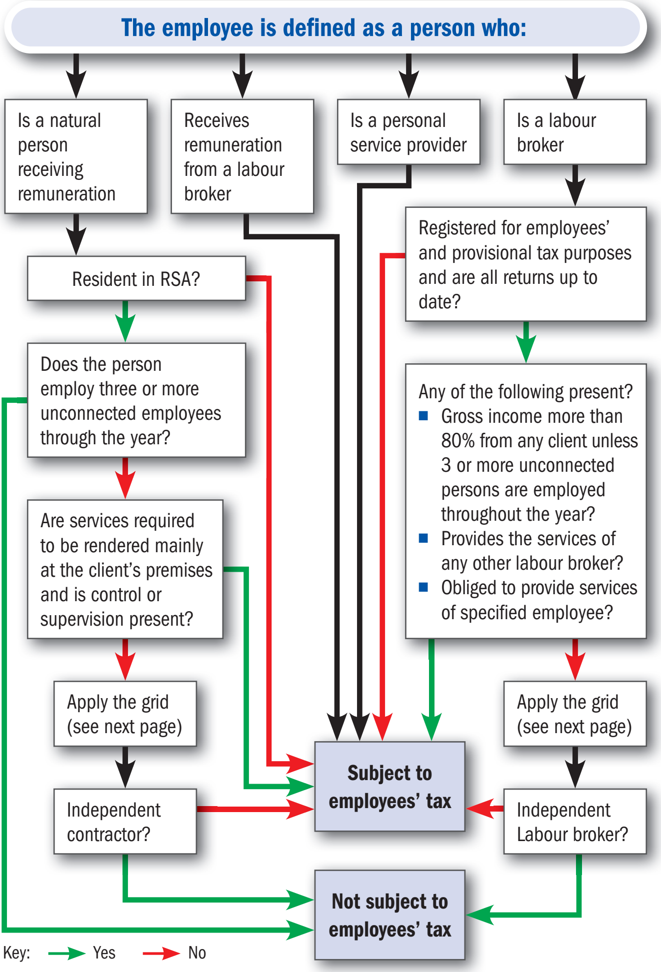
- 80% of any travel allowance reduced to 20% if the employer is satisfied that the employee travels at least 80% of the time for business
- The portion of any reimbursive travel allowance that exceeds the tax-free limit per kilometre
- Remuneration paid to labour brokers/personal service providers
- Annuities from Annuity Funds
- Payments to Personal Service Providers (PSP's)

See PSP process flow for more detail on entities that will be considered PSP's. A PSP is subject to employees' tax at the rate of 27% if it is a company and 45% if it is a trust. Expenses to be deducted by a PSP are also limited.

Directors of companies are subject to PAYE according to the same rules applying to other employees.

Part-time, casual and temporary employees are subject to PAYE at a flat rate of 25%.

Variable remuneration, such as overtime pay, bonus, commission, night shift and standby allowance or reimbursement of any expenditure accrue to the employee only on the date that it is paid. The employer is also only deemed to have incurred the variable remuneration on the date of payment. Unpaid remuneration in the year of death is not regarded as variable remuneration.



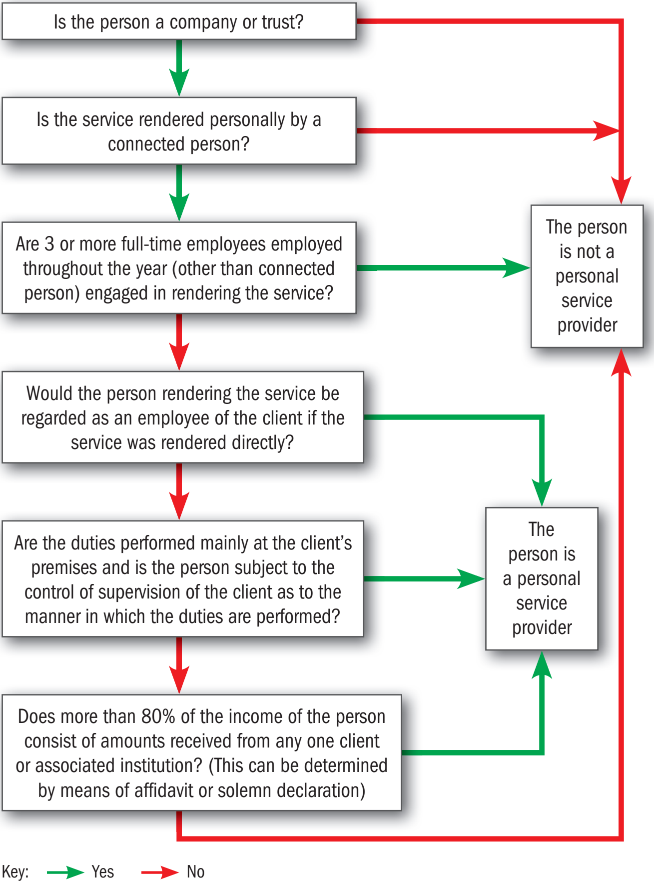
The employee is defined as a person who:
Is a natural person receiving remuneration
Receives remuneration from a labour broker
Is a personal service provider
Is a labour broker
Resident in RSA?
Registered for employees' and provisional tax purposes and are all returns up to date?
Does the person employ three or more unconnected employees through the year?
Any of the following present?
■ Gross income more than 80% from any client unless 3 or more unconnected persons are employed throughout the year?
■ Provides the services of any other labour broker?
■ Obliged to provide services of specified employee?
Are services required to be rendered mainly at the client's premises and is control or supervision present?
Apply the grid (see next page)
Apply the grid (see next page)
Subject to employees' tax
Independent contractor?
Independent Labour broker?
Not subject to employees' tax
Key: Yes No

Common law dominant impression test grid

	Indicator	Suggests employee status	Suggests independent contractor status
Near-conclusive	Control of manner of working	Employer instructs (has right to) which tools/equipment, or staff, or raw materials, or routines, patents, technology	Person chooses which tools/ equipment, or staff, or raw materials, or routines, patents, technology
	Payment regime	Payment by rate × time-period, but regardless of output or results	Payment by a rate × time-period but **with reference to results**, or payment by output or "**results in a time period**"
	Person who must render the service	Person obliged to be render service personally, hires & fires only with approval	Person, as employer, can delegate to, hire & fire own employees, or can subcontract
	Nature of obligation to work	Person obliges to be present, even if there is no work to be done	Person only present and performing work if actually required, and chooses to
	Employer (client) base	Person bound to an exclusive relationship with one employer (particularly for independent business test)	Person free to build a multiple concurrent client base (esp. if tries to build client base – advertises etc.)
	Risk/Profit & loss	Employer bears risk (pays despite poor performance/ slow markets) (particularly for independent business test)	Person bears risk (bad workmanship, price hikes, time over-runs)
Persuasive	Instructions/ Supervision	Employer instructs on location, what work, sequence of work etc. or has the right to do so	Person determines own work, sequence of work etc. Bound by contract terms, not orders as to what work, where, etc.
	Reports	Control through oral/written reports	Person not obliged to make reports
	Training	Employer controls by training the person in the employer's methods	Worker uses/trains in own methods
	Productive time (work hours, work week)	Controlled or set by employer/ person works full time or substantially so	At person's discretion

	Indicator	Suggests employee status	Suggests independent contractor status
Relevant	Tools, materials, stationery, etc.	Provides by employer, no contractual requirement that person provides	Contractually/necessarily provided by person
	Office/workshop, admin/ secretarial etc.	Provides by employer, no contractual requirement that person provides	Contractually/necessarily provided by person
	Integration/ Usual premises	Employer's usual business premises	Person's own/leased premises
	Integration/ Usual business operations	Person's service critical/integral part of employer's operations	Person's services are incidental to the employer's operations or success
	Integration/ Hierarchy & organogram	Person has a job designation, a position in the employer's hierarchy	Person designated by profession or trade, no position in the hierarchy
	Duration of relationship	Open ended/fixed term & renewable, ends on death of worker	Limited with regard to result, binds business despite worker's death
	Threat of termination/ Breach of contract	Employer may dismiss on notice (LRA equity aside), worker may resign at will (BCEA aside)	Employer in breach if it terminates prematurely. Person in breach if fails to deliver product/service
	Significant investment	Employer finances premises, tools, raw materials, training, etc.	Person finances premises, tools, raw materials, training, etc.
	Employee benefits	Especially if designed to reward loyalty	Person not eligible for benefits
	Bona fide expenses or statutory compliance	No business expenses, travel expenses and/or reimbursed by employer. Registered with trade/professional association	Over-heads built into contract prices. Registered under tax/ labour statutes & with trade professional association
	Viability on termination	Obliged to approach an employment agency of labour broker to obtain new work (particularly for independent business test)	Has other clients, continues trading. Was a labour broker or independent contractor before this contract
	Industry norms, customs	Militate against independent viability. Make it likely person is an employee	Will promote independent viability. Make it likely person is an independent contractor or labour broker

Personal service providers process flow



COMPANIES NORMAL TAXATION

Resident companies, non-resident companies/branch profits and personal service providers

For years of assessment ending:	Tax rate
Before 31 March 2023	28%
From 31 March 2023	27%

Assessed losses of companies

The balance of assessed loss of a company, carried forward from a previous year of assessment, to be set-off against trading income of a current year of assessment, will be limited to the greater of:

- R1 million, and
- 80% of taxable income before taking into account any previous assessed loss.

The above limitation does not apply to companies in liquidation or deregistration.

Combined tax rate of resident company (as a percentage)

	2025	2026	2027
Taxable income	100.00	100.00	100.00
Less: Normal tax	27.00	27.00	27.00
Available for distribution	73.00	73.00	73.00
Less: Dividend	73.00	73.00	73.00
Less: Dividends tax	14.60	14.60	14.60
Total tax	41.60	41.60	41.60
Combined rate	41.60	41.60	41.60

Note: Dividends Tax is the liability of the shareholder, while the normal tax is a company liability.

Tax rates

Tax rates applicable to trusts are as follows:

TYPE OF TRUST	INCOME TAX RATES	CAPITAL GAINS TAX INCLUSION RATE
Normal Trust	45%	80%
Special Trust	Same as those applicable to natural persons, except that the rebates and interest exemptions do not apply	40%

Note: A special trust is a trust created solely for the benefit of someone who suffers from a disability that prevents such person from earning sufficient income for their maintenance or from managing their own financial affairs. A special trust can also be created by way of a testamentary trust whereby relatives of the testator who are alive on the date of death are the beneficiaries. In order to qualify as a special trust, the youngest of the beneficiaries must, on the last day of the year of assessment of that trust, be under the age of 18 years.

Interest-free and low-interest loans to a trust

With effect 1 March 2017 loans made to a trust by

- a natural person, or
- at the instance of that person, a company in relation to which that person is a connected person, and where that person or company is a connected person in relation to the trust

the difference between the amount of interest incurred by the trust (if any, otherwise nil) and the interest that would have been incurred by that trust at the official rate of interest will be a continuing, annual donation for purposes of donations tax, made by the lender on the last day of the year of assessment of the trust

Loans by a natural person or a company to a company is also subject to donation tax on the same basis if 20% or more of the shares of the company is held directly or indirectly by a trust (or beneficiary of trust or spouse of beneficiary). Preference shares issued by a company are also regarded as loans for this donation tax calculation.

The following will be specifically excluded from the above donation provisions:

- special trusts that are created solely for the benefit of disabled persons
- trusts that fall under public benefit organisations
- vesting trusts (in respect of which the vesting rights and contributions of the beneficiaries are clearly established)
- loans used by the trusts to fund the acquisition of a primary residence
- to the extent that loans are subject to transfer pricing provisions
- loans provided to the trust in terms of a sharia-compliant financing arrangement, or
- loans that are subject to dividends tax
- loans to employee share purchase trusts

The lender may utilise the annual donations tax exemption of R150 000 (or remaining portion if applicable) against this deemed donation.

No deduction, loss, allowance or capital loss may be claimed for the reduction, waiver or other disposal of such a loan, advance or credit by the lender.

Other anti-avoidance provisions

Anti-avoidance provisions exist to combat the use of trusts for income splitting and tax avoidance schemes. These provisions will normally be applicable where income accrues to a person other than the donor as a result of a donation, settlement or other disposition made (i.e. interest free loans). These provisions may apply where income accrues to the following persons:

- The donor's spouse
- A minor child of the donor
- The trust to whom the donation, settlement or other disposition has been made
- Non-residents

The result of the anti-avoidance provisions are that the income that accrues to the person's mentioned above are deemed to be the income of the donor.

SMALL BUSINESS CORPORATIONS

Year ending between 1 April 2026 and 31 March 2027	
R0 – R99 000	0% of taxable income
R99 001 – R365 000	7% of taxable income above R99 000
R365 001 – R550 000	R18 620 + 21% of taxable income above R365 000
R550 001 and above	R57 470 + 27% of the amount above R550 000

Year ending between 1 April 2025 and 31 March 2026	
R0 – R95 750	0% of taxable income
R95 751 – R365 000	7% of taxable income above R95 750
R365 001 – R550 000	R18 848 + 21% of taxable income above R365 000
R550 001 and above	R57 698 + 27% of the amount above R550 000

A small business corporation is a close corporation, private company (other than a personal service provider) or personal liability company of which:

- the entire shareholding or membership is held by natural persons for the entire year of assessment
- the gross income does not exceed R20 million during the year of assessment
- none of the members/shareholders, at any time during the year of assessment, held shares in any other company other than listed companies, collective investment schemes, body corporates, shareblock companies, certain associations of persons, friendly societies, less than 5% interest in cooperatives, venture capital company, shares in private companies that are inactive and have assets of less than R5 000 or have taken steps to liquidate, wind-up or deregister
- not more than 20% of the sum of gross income and capital gains consists of investment income and income from the provision of personal services
- if engaged in the provision of personal services, maintains at least three full-time employees who are not connected to shareholders

TURNOVER TAX FOR MICRO BUSINESSES

Financial years ending on any date between 1 March 2026 and 28 February 2027

TAXABLE TURNOVER	RATES OF TAX
R0 – R600 000	0%
R600 001 – R950 000	1% of the amount above R600 000
R950 001 – R1 400 000	R3 500 + 2% of the amount above R950 000
R1 400 001 – R2 300 000	R12 500 + 3% of the amount above R1 400 000

Financial years ending on any date between 1 March 2025 and 28 February 2026

TAXABLE TURNOVER	RATES OF TAX
R0 – R335 000	0%
R335 001 – R500 000	1% of the amount above R335 000
R500 001 – R750 000	R1 650 + 2% of the amount above R500 000
R750 001 – R1 000 000	R6 650 + 3% of the amount above R750 000

Turnover tax for micro businesses is a simplified turnover-based tax system substituting income tax and Capital Gains Tax. A micro business may voluntarily register for VAT. Turnover tax is an elective tax applicable to sole proprietors, partnerships and companies that meet certain criteria and have a turnover of less than R2.3 million (R1 million before 1 March 2026).

A micro business may only voluntarily exit the turnover tax system before the beginning of a year of assessment.

PUBLIC BENEFIT ORGANISATIONS (PBO)

In order to qualify as a PBO an entity needs to have as its main object the carrying out of one or more public benefit activities in a non-profit manner. These activities need to qualify in one or more of the following categories:

- **welfare and humanitarian**
- **health care**
- **land and housing**
- **education and development**
- **conservation, environment and animal welfare**
- religion, belief or philosophy
- cultural
- research and consumer rights
- sport
- providing funds, assets or other resources
- support services to other PBO's
- hosting certain international events

Note: Only the activities in bold qualify for section 18A status.

For more information on how to register a PBO with SARS and the specific requirements refer to the SARS website:
https://www.sars.gov.za/businesses-and-employers/tax-exempt-institutions/application-for-income-tax-exemption/

Donations to approved public benefit organisations are exempt from donations tax and deductable for income tax as follows if section 18A status has been approved:

- Company donations limited to 10% of taxable income
- Individual donations limited to 10% of taxable income excluding any retirement fund lump sum benefits
- Any excess above the 10% cap above may be rolled over to subsequent years

DIVIDENDS TAX

Dividends tax is a tax levied on the shareholder at a rate of 20% on dividends paid. However, where a dividend in specie is paid, dividends tax is a tax levied on the company declaring the dividend. Dividends tax is normally withheld by the company paying the dividend and is payable at the end of the month following the month in which the dividend was paid. The repayment of contributed tax capital by a company would be regarded as a return of capital and not subject to dividends tax.

Dividends tax exemptions

A dividend is exempt from dividends tax if the dividend is not a dividend in specie and the beneficial owner is:

- A SA company
- The Government and various quasi government institutions
- Public Benefit Organisations
- Environmental rehabilitation trusts
- Pension, provident, similar funds and medical schemes
- A shareholder in a registered micro business (only the first R200 000 of dividends paid during a particular year of assessment)
- A non-resident and the dividend is paid by a South African Listed non-resident company

Where the dividend comprises of a dividend in specie, the following exemptions are applicable:

- The same exemptions as above subject to the beneficial owner submitting a declaration and written undertaking
- Where the beneficial owner forms part of the same group of companies

Loans to connected persons

Dividends tax will be calculated as 20% of the difference between the official rate of interest in respect of the debt and the amount of interest payable in respect of the debt. Where the official rate of interest on the debt does not exceed the actual interest payable on the debt, the value of the deemed dividend is deemed to be nil. Dividends tax on a loan to a connected person is regarding is a *dividend in specie* and as such the liability of the company and not the shareholder.

The First schedule of the Income Tax Act regulates farming taxes. The most important sections are:

Valuation of livestock and produce

Only livestock and produce need to be brought into account at year-end and not consumables like seed, fertiliser, fuel etc. Produce is valued at the lowest of average cost of production or market value. Livestock can be valued at standard values or the farmer may elect his own values which may not differ more than 20% of standard values (once a value has chosen, it must be used consistently).

Purchases of livestock cannot create a loss because of using standard values. This gross loss must be carried forward to the next year. See www.sars.gov.za for the standard values.

Capital development expenditure

The following capital development expenditure may be deducted in full: Eradication of noxious plants, alien invasive plants and prevention of soil erosion.

The following capital development expenditure is restricted to taxable income from farming: dipping tanks, dams, irrigation schemes, boreholes and pumping plants, fences, additions/erection of/extensions and improvements to farm buildings, costs of establishing the area for and the planting of trees, shrubs and perennial plants, building of roads and bridges for farming operations, carrying of electric power from main power lines to farm machinery and equipment.

Special depreciation allowance

Machinery, implements, utensils and articles for farming purposes are written off over three years on a 50:30:20 basis.

Rating formula

Because a farmer’s income fluctuates from year to year, an individual farmer may elect to be taxed in accordance with a rating formula in terms of special provisions.

Persons subject to CGT

CGT is payable on capital gains that arise by the following persons:

- Residents are subject to CGT on all assets including overseas assets
- Non-residents are subject to CGT on immovable property or any right or interest in a property situated in South Africa and any asset of a permanent establishment through which a trade is carried on in South Africa (SA)

Note: Any right or interest in a property includes a direct or indirect interest of at least 20% held alone or together with any connected person in the equity share capital of a company, where at least 80% of the value of the net assets of the company is, at the time of the disposal, attributable to immovable property in SA.

Exclusions

The following are the main exclusions from CGT:

- Primary residences with capital gains or losses up to R3 million
- Personal use assets
- Retirement benefits
- Long-term assurance
- Small business assets with capital gains up to R2.7 million (applicable when a person is over the age of 55 where the maximum market value of the small business assets does not exceed R15 million)
- Annual exclusion for natural persons: R50 000 (R40 000 before 1 March 2026)
- Annual exclusion on death for natural persons: R440 000 (R300 000 before 1 March 2026)

Calculation and inclusion rates

A capital gain or loss is calculated separately in respect of each asset disposed. Once determined, gains or losses are combined for that year of assessment and if it is:

- an assessed capital loss, it is carried forward to the following year, or
- a net capital gain, it is multiplied by the inclusion rate and included in taxable income

The inclusion rates are as follows:

PERSON	2025	2026	2027
Natural person and special trust	40%	40%	40%
Company	80%	80%	80%
Trust	80%	80%	80%

Withholding tax – prepayment CGT

The purchaser must withhold CGT on the purchase price where assets are purchased from a non-resident except where the amount payable by the purchaser is less than R2 million. This withholding tax is not a final tax and is merely a prepayment of the expected CGT. The following withholding tax rates are applicable and are based on the proceeds on disposal:

NON-RESIDENT SELLER	2025	2026	2027
Natural person	7.5%	7.5%	7.5%
Company	10%	10%	10%
Trust	15%	15%	15%

WITHHOLDING TAX (OTHER) – FINAL

Royalties

A withholding tax of 15% is payable when royalties from a South African source are paid to non-residents, subject to certain exemptions.

Interest

A withholding tax of 15% is payable when interest from a South African source are paid to non-residents, subject to certain exemptions.

Foreign Entertainers and sportspersons

A withholding tax of 15% on payments to foreign entertainers and sportspersons for activities in South Africa.

VALUE-ADDED TAX (VAT)

The VAT system comprises of three types of supplies:

- Standard-rated supplies – supplies of goods and services subject to the VAT rate in force at the time of supply. The current vat rate is 15%.
- Exempt supplies – supplies of certain services not subject to VAT. Vendors making exempt supplies are not entitled to input VAT credits
- Zero-rated supplies – supplies of certain goods or services subject to VAT at zero percent. Vendors making zero-rated supplies are entitled to input VAT credits

Key features

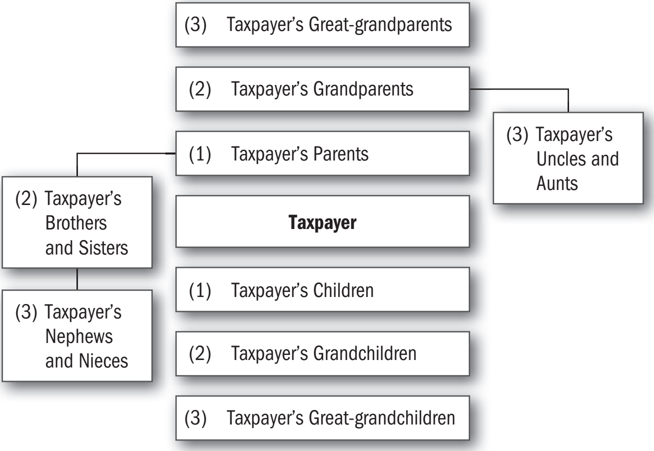
- Enterprises with a turnover of less than R2 300 000 (R1 000 000 before 1 April 2026) in any period of 12 months are not obliged to register for VAT
- Enterprises with a turnover of less than R120 000 (R50 000 before 1 April 2026) in any period of 12 months are not permitted to register for VAT
- VAT returns are generally submitted on a two monthly basis unless turnover in any period of 12 months exceeds R30 million, in which case returns are submitted monthly
- Vendors may reclaim the VAT element on expenditure incurred for the purpose of making taxable VAT supplies except on, entertainment, excluding qualifying subsistence, passenger vehicles (including hiring) and club subscriptions
- Input tax credits may not be claimed on expenditure relating to exempt supplies
- Input tax credits may only be claimed upon receipt of a valid tax invoice
- In order to be a valid tax invoice the name, address and VAT registration number of the recipient and supplier must appear on tax invoices where the VAT inclusive total exceeds R5 000
- A deposit is not subject to output VAT until the supplier applies the deposit as consideration for payment

CONNECTED PERSON DEFINITION FOR INCOME TAX

Type of taxpayer	Connected persons in relation to the taxpayer
Natural person	■ a relative to the third degree – see diagram for guidance on the meaning of relative ■ a trust of which the natural person or the relative is a beneficiary
Trust	■ any beneficiary of the trust ■ any connected person in relation to a beneficiary
Connected person in relation to a trust	■ any other person who is a connected person in relation to the trust
Members of a partnership or foreign partnership	■ any other member ■ any connected person in relation to any member of the partnership or foreign partnership, excluding certain limited partners
Company	■ any other company in the same group of companies, where a group of companies consists of a controlling group company that: ◆ directly holds more than 50% of the equity shares or voting rights in at least one controlled group company, and ◆ directly or indirectly holds more than 50% of the equity shares in or voting rights in each controlled group company ■ any person (but excluding companies) who individually or jointly with that person's connected persons holds 20% or more of a company's equity shares or voting rights ■ any company who holds 20% or more of a company's equity shares or voting rights (but only if no other holder of shares holds the majority of voting rights in the company)

Type of taxpayer	Connected persons in relation to the taxpayer
	■ any other company, if the company is managed or controlled by a connected person (or his connected person) ■ any other company that would be part of the same group of companies according to the definition of 'group of companies'
Close corporation	■ any member ■ any relative of the member or trust that is a connected person in relation to a member ■ any other close corporation which is a connected person to one of the members, or relative or connected trust

Diagram illustrating the rule for determining persons who are related within the third degree of consanguinity



CAPITAL INCENTIVE ALLOWANCES

ASSET TYPE	CONDITIONS FOR ANNUAL ALLOWANCES	ANNUAL ALLOWANCES
Industrial Buildings	Cost of buildings or improvements, provided building is used wholly or mainly for carrying on a process of manufacture or similar process	Either 2%,5%, or 10% depending on date cost incurred
Commercial & Residential Buildings in Designated Urban Areas (no deduction allowed if building or part of building is brought into use by the taxpayer on or after 31 March 2030)	Refurbishment of existing building (excluding low-cost residential units)	20%
	Construction of new building and extension to existing buildings (excluding low-cost residential units)	20% in 1st year 8% in each of 10 subsequent years
	Low-cost residential units: New buildings or extension/additions to existing buildings where taxpayer incurs the cost	Year 1: 25% of the cost Year 2 – 6: 13% of the cost Year 7: 10% of the cost
	Low-cost residential units: Improvements to existing buildings where the existing structure is preserved and where taxpayer incurs the cost	Year 1: 25% of the cost Year 2 – 4: 25% of the cost
	Low-cost residential units: New buildings or extension/additions to existing buildings where taxpayer purchased building from developer	Year 1: 55% × 25% of the cost Year 2 – 6: 55% × 13% of the cost Year 7: 55% × 10% of the cost
	Low-cost residential units: Improvements to existing buildings where the existing structure is preserved and where taxpayer purchased building from developer	Year 1: 30% × 25% of the cost Year 2 – 4: 30% × 25% of the cost
Hotel Buildings	Cost of portion of building or improvements used	5%
	Improvements that do not extent the exterior framework of the building	20%

ASSET TYPE	CONDITIONS FOR ANNUAL ALLOWANCES	ANNUAL ALLOWANCES
Commercial Buildings	Cost of erecting any new and unused building as well as new and unused improvements wholly or mainly used for the purpose of producing income in the course of trade	5%
	Taxpayer acquires part of a building that is new and unused wholly or mainly to be used for producing income in the course of trade	55% × 5% of the cost
	Taxpayer acquires part of a building that has new and unused improvements to be wholly or mainly used for producing income	30% × 5% of the improvement
Aircraft & Ships	Must be used for purposes of trade	20%
Plant & Machinery	New or unused manufacturing assets	40% in 1st year 20% in each of the 3 subsequent years
Plant & machinery	New and unused plant or machinery used by the taxpayer directly in a process of manufacture by a Small Business Corporation	100% of cost
Renewable energy machinery and equipment	Small scale embedded solar photovoltaic renewable energy with generation capacity not exceeding 1000 kW	100% of cost
Residential Units – at least five units must be owned	New & unused units, erected or improved, situated in South Africa, owned & used by the taxpayer for the purposes of a trade he carries on.	Normal Unit 5% Low Cost unit 10%*
	New & unused units acquired, situated in South Africa, used by the taxpayer for the purpose of a trade he carries on	Normal unit 55% × 5% Low cost unit 55% × 10%
	Unit acquired with a new and unused improvement, situated in South Africa, used by the taxpayer for the purpose of a trade he carries on	Normal unit 30% × 5% Low cost unit 30% × 10%

*a building not exceeding cost of R300 000 or an apartment not exceeding a cost of R350 000

RESIDENCE BASED TAX

Residents are taxed on their worldwide income, subject to certain exclusions.

Definition of resident

Natural Person (see flowchart further in this guide)

- any natural person who is ordinarily resident in South Africa, or
- any natural person who is not ordinarily resident in South Africa but who:
  - is physically present in South Africa for a period exceeding 91 days in aggregate during the current year of assessment and for a period exceeding 91 days in aggregate during each of the prior five years of assessment; and was physically present in South Africa for a period exceeding 915 days in aggregate during the previous five years of assessments.
  - Where a person has been outside of South Africa for a continuous period of at least 330 full days after he ceases to be physically present in South Africa, he will be deemed to not have been resident from then.
  - South African resident employees who render services for any employer outside South Africa for a period which in aggregate exceeds 183 full days commencing on or ending during a period of assessment, and for a continuous period exceeding 60 full days during such 183 day period, will not be liable for income tax on their remuneration for that period. From 1 March 2020 this exemption will be limited to R1.25m per year.

Companies and Trusts

A company and Trust will be considered to be resident for tax purposes if it is incorporated, established, formed or has its place of effective management in South Africa.

Controlled Foreign Companies (CFC)

A Controlled Foreign Company (CFC) means any foreign company where more than 50% of the total participation rights or voting rights are directly or indirectly exercisable by one or more residents. South African residents must impute all income of a CFC in the same ratio as the participation rights of the resident in such a CFC, subject to a number of exclusions. Net income of the CFC is defined as the CFC's taxable income determined as if the CFC is a South African taxpayer.

Foreign dividends (including deemed dividends)

Foreign Dividends received from a non-resident company are taxable.

Foreign dividends are, however, exempt as follows:

- If received by a resident who holds at least 10% of the equity shares in the foreign company
- The shareholder is a company which is in the same country as the foreign company paying the dividend
- If declared by a company listed on the SA stock exchange
- If paid out of the profits of a foreign company if the profits of the foreign company have been included in the South African shareholder's income in terms of the CFC provisions

Where a foreign dividend is not exempt in terms of the provisions above the following part of a foreign dividend will be exempt from tax:

- Individuals and trusts: Subject to a maximum effective tax rate of 20%
- Companies: Subject to an effective tax rate of 20%

No deduction will be granted for any expenditure incurred in the production of income in the form of foreign dividends.

Foreign tax credits

Residents are allowed to deduct all foreign taxes paid in respect of foreign source income from the tax payable in South Africa on such foreign income. Any excess credits may be carried forward.

Where foreign tax is withheld on South African source income, the taxpayer can claim a deduction against income.

Non-residents may invest in the Republic, provided that suitable documentary evidence is received in order to ensure that such transactions are concluded at arm's length, at fair market-related prices, and are financed in an approved manner.

Financial assistance in South Africa

- Emigrants: local financial assistance made available to emigrants is subject to the 1:1 ratio.
- Non-residents: authorised dealers may grant or authorise local financial assistance facilities to non-residents in respect of bona fide foreign direct investments into South Africa without restrictions. Where the funds are required for the acquisition of residential property or other financial transactions, the 1:1 ratio will apply.
- Affected persons (i.e. where non-residents directly or indirectly own 75% or more of an entity): there is no restriction on the amount that could be borrowed locally in instances where an affected person wishes to borrow locally to finance a foreign direct investment into South Africa or for domestic working capital requirements. Wholly non-resident owned subsidiaries may borrow locally up to 100% of the total shareholders' investment, in respect of the acquisition of residential property and or other financial transactions. The effect of local participation in non-resident controlled entities is to make the abovementioned norms more liberal the greater the local participation, i.e. the ability to borrow locally increases. This is based on a formula.

Loans from non-resident shareholders to residents

Applications for proposed borrowing abroad by residents must be referred to the Financial Surveillance Department for approval.

Capital transactions

Proceeds from the sale of assets in South Africa, may be remitted abroad. Proceeds on the sale of assets by emigrants will be subject to the blocked account provisions.

Dividend payments to non-residents

Dividends declared by companies are remittable to non-resident shareholders in proportion to percentage shareholdings, subject to certain restrictions if the dividend is declared by an affected person who has local financial assistance. An emigrant shareholder will be entitled to dividends declared out of income earned from normal trading activities after the date of emigration. Non-listed companies have additional requirements to be met in order to transfer such dividends. Dividends declared out of capital gains, or out of income earned from normal trading activities prior to the date of emigration, remain subject to the blocked account provisions.

Director fee payments to non-residents

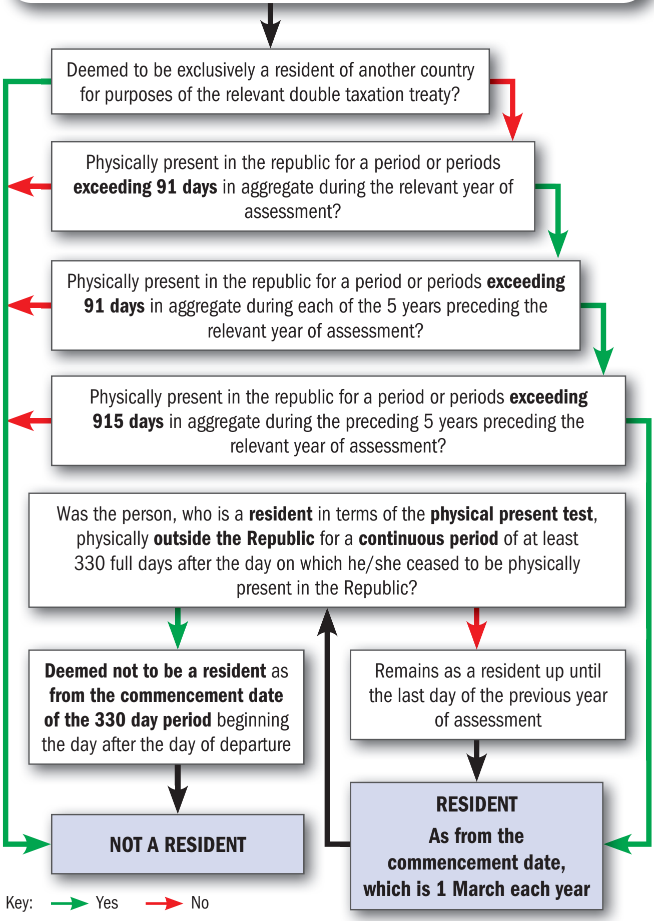
Authorised dealers may transfer director's fees to non-resident directors permanently domiciled outside South Africa, provided the application is accompanied by a copy of the resolution of the board of the remitting company, confirming the amount to be paid to the beneficiary.

Ceasing to be a resident

When a person ceases to be a resident, certain tax consequences are triggered. A trust or natural person that ceases to be a resident must be treated as having disposed of all their assets for market value immediately before they ceased to be a resident.

A company that ceases to be a resident will also be treated as having disposed of all its assets for market value immediately before it ceased to be a resident. In addition the company will be deemed to have paid a dividend on the difference between the market value of all the shares of the company and the contributed tax capital of the company.

Physical presence test for a person not ordinarily resident:



Average exchange rates for a year of assessment

Year of assessment for the 12 months ending:	Australian Dollar	Canadian Dollar	Euro	Hong Kong Dollar	Indian Rupee	Japanese Yen	Swiss Franc	UK Pound	US Dollar
January 2025	12.0243	13.3031	19.7392	2.3491	0.2184	0.1204	20.7156	23.3562	18.3229
February 2025	11.9622	13.2077	19.6359	2.3448	0.2170	0.1200	20.6152	23.2887	18.2815
March 2025	11.8918	13.1081	19.5718	2.3398	0.2156	0.1197	20.5678	23.2562	18.2326
April 2025	11.8569	13.0823	19.6488	2.3418	0.2152	0.1204	20.7205	23.3540	18.2355
May 2025	11.8117	13.0472	19.6913	2.3386	0.2145	0.1209	20.8499	23.4322	18.2088
June 2025	11.7577	13.0137	19.7508	2.3314	0.2134	0.1215	20.9586	23.4953	18.1603
July 2025	11.7108	12.9858	19.8313	2.3251	0.2124	0.1220	21.1097	23.5400	18.1190
August 2025	11.6699	12.9564	19.8945	2.3212	0.2113	0.1217	21.1893	23.5812	18.0941
September 2025	11.6351	12.9237	19.9704	2.3196	0.2103	0.1213	21.2817	23.6064	18.0804
October 2025	11.5955	12.8887	20.0510	2.3165	0.2092	0.1210	21.3868	23.6189	18.0575
November 2025	11.5535	12.8411	20.1224	2.3090	0.2076	0.1205	21.4763	23.5998	17.9990
December 2025	Rates not available as at date of publication								

Foreign capital investments

Resident individuals who are over 18 and taxpayers in good standing are permitted to invest abroad subject to an AIT Tax Clearance. The current limit is R10 000 000 per person per calendar year. Applications by individuals to invest in fixed property and other investments will also be considered in addition to the foreign capital allowance.

Single discretionary allowance

(in addition to foreign capital allowance)

Residents over the age of 18 years may be permitted a single allowance within an overall limit of R2 000 000 (effective date TBA) per individual per calendar year, with a normal Good Standing Tax Clearance Certificate. Minors are entitled to an annual allowance of R200 000. The discretionary allowance may be used for any legal purpose abroad (including investment).

It may be utilised solely at the discretion of the resident, without a requirement for the resident to produce documentary evidence relating to the funds to be transferred to the Authorised Dealer, except for travel outside the Common Monetary Area (eSwatini, Lesotho, Namibia and South Africa). If the allowance is used for travel, a passenger ticket needs to be produced.

Study allowances

The direct costs of study may be transferred directly to the institution. Should a spouse accompany a student, a discretionary allowance may be accorded to the spouse. Household and personal effects, including jewellery (but excluding motor vehicles), up to a value of R200 000 per student may be exported.

Emigration limits

Foreign Capital Allowance (reduced by foreign capital investments)
Single Person – R10 000 000 Family Unit – R20 000 000

Household & Personal Effects, Motor Vehicles, Stamps, Coins & Kruger Rands
R2 million can be transferred.

ESTATE DUTY

The general rule is that if the taxpayer is ordinarily resident in the Republic at the time of death, all of his assets (including deemed property), wherever they are situated, will be included in the gross value of his estate for the determination of duty payable thereon. Estate duty is levied at 20% on the first R30 million of the dutiable estate. Estate duty will be levied at 25% on the dutiable estate in excess of R30 million.

Deemed property includes insurance policies on the life of the deceased, claims in terms of the matrimonial property act as well as property that the deceased was competent to dispose of immediately prior to his death.

The most important deductions are:

- Debts due at date of death
- Bequests to various charities
- Bequests to a surviving spouse

The Act allows for a R3.5m estate duty abatement. This abatement could rollover from the deceased to a surviving spouse, so that the surviving spouse can use a R7m abatement on death. The portability of the deduction will apply to the extent that the first dying spouse did not use the whole abatement.

There is relief from Estate Duty in the case of the same property being included in the estates of taxpayers dying within ten years of each other. The deduction is calculated on a sliding scale varying from 100% where the taxpayers die within two years of each other and 20% where the deaths are within eight to ten years of each other.

Executor’s remuneration

An executor is entitled to the following remuneration:

- The remuneration fixed by deceased in the will, or
- 3.5% of gross assets
- 6% on income accrued and collected from date of death

Executor’s remuneration is subject to VAT where the executor is registered as a vendor.

DONATIONS TAX

Donations Tax is payable by any South African resident. The donations tax provisions do not apply to non-residents even if they donate South African assets. Donations tax is payable on the value of any gratuitous disposal of property (including the disposal of property for inadequate consideration) and the renunciation of rights.

Principal exemptions

- Donations between spouses
- Donations to charitable, ecclesiastical and educational institutions, and certain public bodies in the Republic of South Africa (limited to certain thresholds)
- Donations by natural persons not exceeding R150 000 (R100 000 before 1 March 2026) per year
- The donation of assets situated outside the Republic, subject to certain conditions
- Donations by companies not considered to be public companies up to R20 000 (R10 000 before 1 March 2026) per annum
- Donations where the donee will not benefit until the death of the donor
- Donations made by companies which are recognised as public companies for tax purposes
- Donations cancelled within six months of the effective date
- Property disposed of under and in pursuance of any trust
- Donations between companies forming part of the same group of companies
- Reasonable bona fide contributions to the maintenance of individuals

Rates

Donations tax is payable at the end of the month following the month in which the donation was made at a flat rate of 20% on the first R30 million donations. Donations tax on the donations in excess of R30 million will be 25%. Only donations from 1 March 2018 will count towards the R30m threshold.

CRYPTO ASSETS

Crypto assets are regarded as a financial instruments for Income Tax purposes and not as a currency. As such the profit or loss on crypto asset trading could either be taxed as normal income if the intention of the investor was to speculate or alternatively the profit or loss could be regarded as a capital gain or loss if the intention of the investor was to hold it long-term as a capital investment.

For VAT purposes the exchange of crypto assets into South African Rand are regarded as an exempt supply.

CARBON TAX

Carbon tax increased from R236 to R308 per tonne of carbon dioxide equivalent from 1 January 2026.

The carbon fuel levy will increase to 19c/ℓ for petrol and 23c/ℓ for diesel from 1 April 2026, as required under the Carbon Tax Act (2019). The carbon tax cost recover quantum for the liquid fuels sector will be increased from 0.99c/ℓ to 1.29c/ℓ from 1 January 2026 to align with the increases of the headline carbon tax rate.

RING-FENCING OF ASSESSED LOSSES

Assessed losses incurred by natural persons from trades could be ring-fenced, and might not be available for set-off against other income.

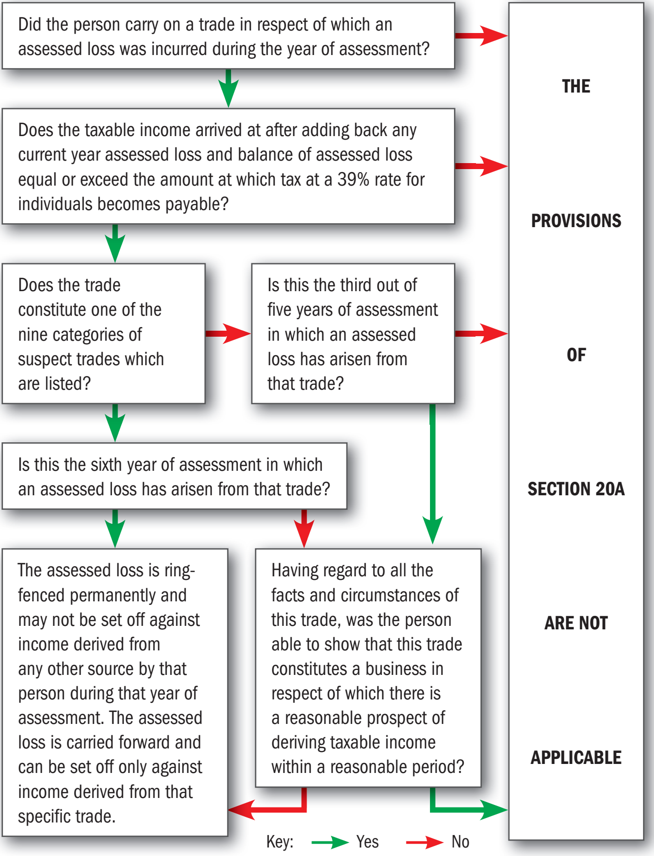
These restrictions apply to an individual whose taxable income equal or exceed the amount at which tax at a rate of 39% become payable, before setting off any assessed loss or balance of assessed loss.

For the restrictions to apply the person must have incurred an assessed loss from the secondary trade in at least three out of the last five years, or have carried on any of the following trades:

- any sport practised by that person or any relative
- any dealing in collectibles by that person or any relative
- the rental of residential accommodation, unless at least 80% of the residential accommodation is used by persons who are not relatives of that person for at least half of the year of assessment
- the rental of vehicles, aircraft or boats as defined in the Eighth Schedule, unless at least 80% of the vehicles, aircraft or boats are used by persons who are not relatives of that person for at least half of the year of assessment
- animal showing by that person or any relative
- farming or animal breeding, unless that person carries on farming, animal breeding or activities of a similar nature on a full-time basis
- any form of performing or creative arts practised by that person or any relative, or
- any form of gambling or betting practised by that person or any relative
- the acquisition or disposal of crypto assets

These provisions do not apply in respect of an assessed loss incurred by a person during any year of assessment from carrying on any trade as contemplated above, where that trade constitutes a business in respect of which there is a reasonable prospect of deriving taxable income (other than taxable capital gain) within a reasonable period. Where these losses have been incurred for at least six years out of the preceding ten years then such concession will not apply except for farming.

Checklist (flowchart) for the application of the ring-fencing provisions



Restraint of trade

Restraint of trade payments that are taxable in the hands of individuals, labour brokers and personal service providers are deductible by the payer over three years if the period of the restraint is less than three years, or over the period of the restraint if longer.

Interest

Interest incurred in the production of income in the carrying on of a trade can be deducted from income. Interest incurred to produce exempt income will not qualify for a deduction.

Investment activities are not considered to be a trade, and interest incurred in investment activities will not qualify for a deduction.

Pre-trade expenditure

Expenditure which would normally be deductible from income, actually incurred prior to the commencement and in connection with a specific trade, can be deducted from the income of that trade. The deduction is restricted to the income from that trade and may not be set off against the income from a different trade.

Research and Development

Scientific and technological research and development expenditure may qualify for incentive allowances whereby 150% of the operating expenses are deductible.

Certain requirements must, however, be met, including the Department of Science and Innovation approval of the deduction. Approved taxpayers will qualify for the deduction from the date six months before the application was submitted.

SUNDRY TAXES

Securities Transfer Tax

The tax is imposed at a rate of 0.25% on the transfer of listed or unlisted securities. No tax is payable on the original issue of shares. Securities consist of shares in companies or member's interests in close corporations.

Skills Development Levy

A Skills Development Levy is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers paying annual remuneration of less than R500 000 are exempt from the payment of the levy.

Unemployment Insurance Fund Contributions

Unemployment Insurance Fund Contributions are payable monthly by employers on the basis of a contribution of 1% by employers and 1% by employees, based on employees' remuneration below R17 712 per month (R14 872 before 1 June 2021).

Employers not registered for PAYE or SDL purposes must pay the contributions to the Unemployment Insurance Commissioner.

EMPLOYMENT TAX INCENTIVE

The employment tax incentive was instituted in order to encourage employment creation for the youth (i.e. employees between the ages of 18 and 29 years) and the incentive will come to an end on 28 February 2029.

If an employer is eligible to receive the employment tax incentive in respect of a qualifying employee in respect of a month, that employer may reduce the employees' tax payable by that employer with the amount of the incentive.

The main requirements to qualify for this incentive are as follows:

- The taxpayer must be registered for the purposes of the withholding and payment of employees' tax

- The wage paid to an employee may not be less than the amount payable by virtue of a wage regulating measure applicable to that employer (i.e. a minimum wage) or if the amount of the wage payable to an employee is not subject to any wage regulating measure, the amount of R2 500 per month if the employee is employed for more than 160 hours in the month (if the employee is employed for less than 160 hours in a month and is paid remuneration in respect of those hours a percentage of R2 500 must be used)
- An employee is a qualifying employee if the employee:
  - is not an independent contractor
  - is not less than 18 years old and not more than 29 years old at the end of any month in respect of which the employment tax incentive is claimed
  - was not employed by the employer before 1 October 2013
  - is in possession of an identity card or is in possession of an asylum seeker permit
  - in relation to the employer, is not a connected person
  - is not a domestic worker
  - performs actual work in terms of a documented employment contract
  - is not mainly involved in studying
  - does not earn more than R7 500 (R6 500 before 1 April 2025) per month

The Minister of Finance designated special economic zones and industries in respect which an employer will also qualify for the incentive.

Since 1 April 2025 the amount of the employment tax incentive in respect of a qualifying employee is determined as follows:

- During each month of the first 12 months, 60% of the monthly remuneration of the employee if the employee's remuneration is less than R2 500, R1 500 if the employee's remuneration is R2 500 or more but less than R5 500 and according to a formula if the employee's remuneration is R5 500 or more but less than R7 500.
- During each of the 12 months after the first 12 months that the same employer employs the qualifying employee, 30% of the monthly remuneration of the employee if the employee's remuneration is less than R2 500, R750 if the employee's remuneration is R2 500 or more but less than R5 500 and according to a formula if the employee's remuneration is R5 500 or more but less than R7 500.

LEARNERSHIP ALLOWANCES

An annual and completion allowance of R40 000 may be claimed by the taxpayer for learnerships NQF qualifications from levels 1 to 6, and R20 000 for learnerships NQF qualifications from levels 7 to 10. The deduction claimable for disabled learners is R60 000 or R50 000 for both annual and completion allowances.

Where a learnership is terminated before a period of 12 full months the employer will be entitled to a pro rata portion of the annual allowance, regardless of the reason for the termination of the learnership. The completion allowance for a learnership of 24 months or more will be based on the number of consecutive 12 month periods completed × the above annual allowance amount.

TRANSFER DUTY ON IMMOVABLE PROPERTY

- Calculated on the value of immovable property
- Payable within six months after the transaction is entered into
- Exemptions apply with the most notable when the seller is a VAT vendor
- Where a VAT vendor purchases property from a non-vendor, the notional input tax is calculated by multiplying the tax fraction (15/115) by the lesser of the consideration paid or market value
- The acquisition of a contingent right in a trust that holds a residential property or the shares in a company or the member's interest in a close corporation, which owns residential property, comprising more than 50% of its assets, is subject to transfer duty at the applicable rate

Transfer duty, with effect from 1 April 2025, is calculated as follows:	
R1 – R1 210 000	0%
R1 210 001 – R1 663 800	3% of the value above R1 210 000
R1 663 801 – R2 329 300	R13 614 + 6% of the value above R 1 663 800
R2 329 301 – R2 994 800	R53 544 + 8% of the value above R 2 329 300
R2 994 801 – R13 310 000	R106 784 +11% of the value above R2 994 800
R13 310 001 +	R1 241 456 + 13% of the value over R13 310 000

TAX SEASON DEADLINES 2026/2027

Income tax returns

	Individual	Company	Trust
Submitting tax returns manually	September	N/a	January
Non-provisional taxpayers filing via e-Filing	October	N/a	January
Provisional taxpayers filing via e-Filing	January	12 months after year-end	January

Provisional tax

	Individual	Company	Trust
First provisional tax	August	6 months after year-end	August
Second provisional tax	February	12 months after year-end	February
Third provisional tax	September	■ 6 months after year-end if year-end is not February ■ 7 months after year-end if year-end is February	September

Value-added tax

	Individual	Company	Trust
Submitting VAT returns manually	On or before the 25th of the month following the VAT period	On or before the 25th of the month following the VAT period	On or before the 25th of the month following the VAT period
Submitting VAT returns and payment via e-Filing	On or before the end of the month following the VAT period	On or before the end of the month following the VAT period	On or before the end of the month following the VAT period

Payroll tax returns

	Individual	Company	Trust
Annual Employer Reconciliation Declaration (EMP501) and Employee Income Tax certificates [IRP5/IT3(a)]	May	May	May
Interim/Bi-annual Employer Reconciliation Declaration (EMP501) and Employee Income Tax certificates [IRP5/IT3(a)]	October	October	October
Monthly declaration (EMP201)	On or before the 7th of the month following the payroll month	On or before the 7th of the month following the payroll month	On or before the 7th of the month following the payroll month

IRP 5 CODES

Normal Income Codes

3601 Income (taxable) i.e. salaries and wages (taxable), overtime (taxable)
3602 Income (non-taxable) i.e. pension payments (non-taxable), arbitration award (non-taxable)
3603 Pension payments (taxable)
3605 Annual payments (taxable) i.e. annual bonus, incentive bonus etc.
3606 Commission
3607 Overtime (taxable)
3608 Arbitration Award (taxable)
3610 RAF annuity (taxable)
3611 Purchased annuity (taxable)
3613 Restraint of Trade (taxable)
3614 Other Retirement Lump Sums (taxable)
3616 Independent Contractors (taxable)
3617 Labour Brokers (PAYE/IT)
3618 Annuity from Provident/Provident Preservation Fund
3619 Labour Brokers with Exemption Certificate (IT)
3620 Directors Fees – resident Non-Executive Director/Audit Committee Member
3621 Directors Fees – Non-resident Non-Executive Director
3622 Long Service Cash award – full value (before excluding any amount)
3623 Antedated salary/Pension

Allowance Codes

3701 Travel Allowance (taxable)
3702 Reimbursive Travel Allowance (taxable: amount up to the prescribed limit/km that has not been exceeded)
3703 Reimbursive Travel Allowance (non-taxable)
3704 Subsistence Allowance – Local Travel (taxable)
3707 Share Options Exercised (taxable)
3708 Public Office Allowance (taxable)
3713 Other Allowances (taxable) i.e., Entertainment Allowance (taxable), Tool Allowance (taxable), Computer Allowance (taxable), Telephone/Cell Phone Allowance (taxable)
3714 Other Allowances (non-taxable) i.e., Subsistence Allowance – Local Travel (non-taxable)
Uniform Allowance (non-taxable), Subsistence Allowance – Foreign Travel (non-taxable), Relocation allowance (non-taxable)
3715 Subsistence Allowance – Foreign Travel (taxable)
3717 Broad-based Employee Share Plan (taxable)
3718 Vesting of equity instruments (taxable)
3719 Dividends not exempt i.t.o para (dd) of the proviso to s10(1)(k)(i)
3720 Dividends not exempt i.t.o. par (ii) of the proviso to s10(1)(k)(i) dividends
3721 Dividends not exempt i.t.o. par (jj) of the proviso to s 10(1)(k)(i) dividends
3722 Reimbursive Travel Allowance (taxable: amount only to the extent prescribed limit/km has been exceeded)
3723 Dividends not exempt i.t.o. par (kk) of the proviso to s 10(1)(k)(i) dividends

Fringe Benefit Codes

3801 General Fringe Benefit (taxable) i.e., Right of Use of Asset other than motor vehicle (taxable), acquisition of asset at less than actual value (taxable), Meals, refreshments and meal and refreshment Vouchers (taxable), Low interest or interest free loans or loan subsidies (taxable)
3802 Right of Use of Motor Vehicle (taxable)
3805 Accommodation (taxable) i.e. free or cheap residential or holiday accommodation (taxable)
3806 Services (taxable) i.e. free or cheap services
3808 Employee's debt (taxable)
3809 Bursaries or scholarships (taxable) – Basic Education
3810 Medical Aid contributions (taxable)
3813 Medical services cost (taxable)
3815 Bursaries and scholarships (non-taxable) – Basic Education
3816 Use of motor vehicle acquired by employers via "Operating Lease" (taxable)
3817 Taxable benefit i.r.o. Pension Fund Employer Contribution
3820 Taxable Bursaries or Scholarships – Further Education
3821 Non-Taxable Bursaries or Scholarships – Further Education
3822 Non-taxable Acquisition of Immovable Property
3825 Taxable Benefit i.r.o. Provident Fund Employer Contribution
3828 Taxable Benefit i.r.o. Retirement Annuity Employer Contribution
3829 Taxable Bursaries or Scholarships to a disabled person – Basic Education
3830 Non-taxable Bursaries or Scholarships to a disabled person – Basic Education
3831 Taxable Bursaries or Scholarships to a disabled person – Further Education

3832 Non-taxable Bursaries or Scholarships to a disabled person – Further Education
3833 Benefit Bargaining Council Employer Contribution (taxable)
3834 Non-taxable Benefit - Loan to purchase Immovable Residential Property
3835 Long Service Award – full amount, qualifies for R5 000 exemption

Important: To report foreign income, add a value of 50 to all normal, allowance, fringe benefit and lump sum codes e.g. 3606 will be 3656, except 3908, 3915, 3920, 3921, 3922, 3923 and 3924.

Lump Sum Codes
3901 Gratuities/Severance Benefits (taxable)
3906 Special Remuneration (taxable) i.e. proto-teams
3907 Other Lump Sums (taxable) i.e. Lump sum payments by unapproved funds, Gratuity paid to an employee due to normal termination of service, Employer owned insurance policy (risk policy) proceeds NOT exempt ito the exclusion in section 10(1)(gG)(i) of the Income Tax Act)
3908 Exempt Employer Owned Policy Proceeds (non-taxable)
3915 Retirement/involuntary termination of employment lump sum benefits/Commutation of annuities (taxable)
3920 Lump sum withdrawal benefits (taxable)
3921 Living annuity and section 15C of the Pension Funds Act, surplus apportionments (taxable)
3922 Compensation i.r.o death during employment (Excl/PAYE)
3924 Transfer on retirement: after reaching normal retirement age but before retirement date
3926 Savings withdrawal benefit (taxable) Withdrawal from a Retirement Fund from the Savings Component/Pot

Gross Remuneration Codes
3696 Gross Non-Taxable Income
3699 Gross Taxable Employment Income

Employee's Tax Deduction and Reason Codes
4102 PAYE
4115 Tax on Retirement Lump Sum and Severance benefits
4116 Medical Scheme Fees Tax Credit taken into account by the employer for PAYE purposes
4118 Employment Tax Incentive
4120 Additional medical expense credit allowed for employee older than 65
4141 UIF contribution
4142 SDL contribution
4149 Total Tax, SDL and UIF (excluding the value of 4116 Medical Scheme Fees Tax Credit taken into account by the employer for PAYE purposes).
4150 02 – Earn Less than the Tax Threshold
03 – Independent Contractor or Non-Executive Director
04 – Non Taxable Earnings (including nil directive)
05 – Exempt Foreign Employment Income
06 – Director's Remuneration – Income Determined in the following Tax Year
07 – Labour Broker with IRP30
08 – No Tax to be withheld due to Medical Scheme Fees Tax Credit allowed
09 – Par 11A(5) Fourth Schedule notification – No withholding possible

Deduction Codes
4001 Current Pension Fund Contributions
4003 Current Provident Fund Contributions, Arrear Provident Fund Contributions
4005 Medical Aid Contributions
4006 Current Retirement Annuity Fund Contributions
4024 Medical services costs deemed to be paid by the employee in respect of himself/herself, spouse or child
4030 Donations deducted from the employee's remuneration and paid by the employer to an Approved Organisation
4042 Amounts deducted from PAYE i.r.o. s 11(nA)
4058 Amounts refunded i.r.o. s 11(nB)
4472 Employer's Pension Fund Contributions
4473 Employer's Provident Fund Contributions
4474 Employer's medical scheme contributions in respect of employees not included in code 4493
4475 Employer's Retirement Annuity Contributions
4493 Employer's Medical Aid Contributions i.r.o Retired Employees
4497 Total Deductions/Contributions
4582 Portion of travel allowance and motor fringe benefit included in remuneration
4583 Remuneration portion of foreign travel allowance, motor vehicle fringe benefit and Reimbursive Travel Allowance
4584 Employer's Bargaining Council contributions
4585 Employer's pension fund contributions retired employees qualify for "no value" fringe benefit
4586 Employer's provided fund contributions retired employees qualify for "no value" fringe benefit
4587 Section 10(1)(o)(ii) exemption taken into account by employer for PAYE
4588 Amounts refunded i.r.o. s 11(nA)
4589 Amounts refunded i.r.o. s 11(nB)

PENALTIES: ADMINISTRATIVE NON-COMPLIANCE

Administrative non-compliance penalties are penalties for the failure to keep proper records, failure to report reportable arrangements, non-compliance with a request for information, obstruction of SARS officials and failure to comply with tax obligations. The following non-compliance penalties could be charged:

- Fixed amount penalties (this penalty increases monthly, calculated from one month after the penalty assessment)
- Percentage based penalties
- Understatement penalties

Fixed amount penalties

Fixed rate penalties can be imposed by SARS for non–compliance with any procedural or administrative action or duty imposed or requested, for example:

- Not registering when required to
- Not informing SARS where there is a change in registration details
- Not filing returns
- Not retaining records as required by SARS

The fixed rate penalty does not apply where the percentage base penalty or understatement penalty applies.

Fixed rate penalties can be imposed as per the following table:

Assessed Loss or taxable income for preceding year	Monthly penalty
Assessed loss	R250
R0 – R250 000	R250
R250 001 – R500 000	R500
R500 001 – R1 000 000	R1 000
R1 000 001 – R5 000 000	R2 000
R5 000 001 – R10 000 000	R4 000
R10 000 001 – R50 000 000	R8 000
R50 000 000 +	R16 000

Percentage based penalties

The percentage based penalty is imposed where SARS is satisfied that the taxpayer has not paid the tax as and when required under a Tax Act. This penalty is equal to a percentage of the tax not paid. The following percentage based penalties will be imposed:

Tax type	Penalty percentage
Income tax	10% under certain circumstances (i.e. sec 35A)
Provisional tax	■ 10% on the late or non-payment of provisional tax ■ 20% if provisional tax estimate has been understated (the non-submission of the return within four months after year-end is deemed to be a submission with an estimate of R0)
Employers' and employees' tax	■ 10% if return has not been filed ■ 10% if employee tax and/or UIF has not been paid ■ 10% if fringe benefits have not been indicated on employee's tax certificates
Value-Added Tax	10% on the late payment of VAT

Understatement penalties

The understatement penalty is a percentage in accordance with the table set out below and is applied to the shortfall of the tax (including an employment tax incentive). It applies to all taxes and could be charged when there is a default in rendering a return, an omission from a return, an incorrect statement in a return and, if no return is required, the failure to pay the correct amount of tax. Excluded from the understatement penalties are penalties resulting from a "bona fide inadvertent error".

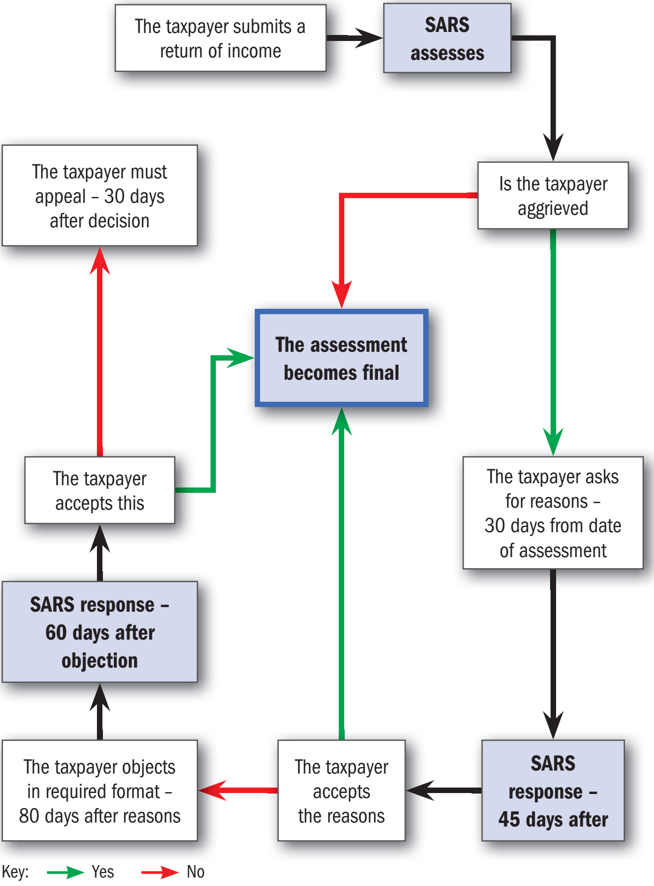
The following definitions relate to the understatement table below:

- **Substantial understatement** means a case where the prejudice to SARS or the fiscus exceeds the greater of 5% of the amount of 'tax' properly chargeable or refundable under a Tax Act for the relevant tax period, or R1 000 000
- **Repeat case** means a second or further case of any of the behaviours listed under the table above within five years of the previous case

- **Reasonable care not taken** means that a taxpayer is required to take the degree of care that a reasonable, ordinary person in the circumstances of the taxpayer would take to fulfill his or her tax obligations
- **No reasonable grounds for the tax position** would occur when the taxpayer does not have a reasonably arguable position. A taxpayer's interpretation of the application of the law is reasonably arguable if, having regard to the relevant authorities, for example an income tax law, a court decision or a general ruling, it would be concluded that what is being argued by the taxpayer is at least as likely as not, correct
- **Impermissible avoidance arrangement** means an arrangement as defined in the General Anti-Avoidance Rules in the Income Tax Act
- **Gross negligence** means doing or not doing something in a way that, in all the circumstances, suggests or implies complete or a high level of disregard for the consequences. Gross negligence involves recklessness but does not require an element of wrongful intent or "guilty mind", or intent to breach a tax obligation
- **Intentional tax evasion** is a willful act that exists when a person's conduct is meant to disobey or wholly disregard a known legal obligation. Knowledge of illegality is crucial

Behaviour	Standard case	Obstructive or repeat case	Voluntary disclosure after audit notification	Voluntary disclosure before audit notification
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable grounds for tax position	50%	75%	25%	0%
Impermissible avoidance arrangement	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

DISPUTE RESOLUTION PROCESS



RETENTION OF RECORDS

DOCUMENT	RETENTION PERIOD
Companies Act	
■ Any documents, accounts, books, writing, records or other information that a company is required to keep in terms of the Companies Act and other public regulation	7 years or longer (as specified in other public regulation)
■ Registration certificate ■ Memorandum of Incorporation ■ Rules ■ Securities register and uncertificated securities register ■ Register of company secretary and auditors	Indefinite
■ Notice and minutes of all shareholders' meetings ■ Copies of reports presented at the annual general meeting of the company ■ Copies of annual financial statements ■ Copies of accounting records ■ Record of directors and past directors, after the director has retired from the company ■ Written communication to holders of securities ■ Minutes and resolutions of directors' meetings, audit committee and directors' committees	7 years
Close Corporations Act	
■ Accounting records ■ Annual financial statements	15 years
■ Founding statement (Form CK 1) ■ Amended Founding statement (forms CK 2 and CK 2A) ■ Microfilm image of any original record reproduced directly by the camera – the "camera master" ■ Minutes books as well as resolution passed at meetings	Indefinite

DOCUMENT	RETENTION PERIOD
Income Tax and VAT Act	
■ In respect of each employee the employer shall keep a record showing: amount of remuneration paid or due by him to the employee; the amount of employees' tax deducted or withheld from the remuneration paid or due; the income tax reference number of that employee; any further prescribed information; Employer Reconciliation return (EMP501) ■ The following records of importation of goods and documents: Bill of entry or other documents prescribed by the Custom and Excise Act, proof that the VAT charge has been paid to SARS ■ VAT Vendors are obliged to keep the following records: record of all goods and services, the rate of tax applicable to the supply and the suppliers or their agents, invoices, tax invoices, credit notes, debit notes, bank statements, deposit slips, stock lists and paid cheques ■ Documentary proof for zero-rating of supplies	5 years from date of submission of the return (documents relating to the acquisition of assets should be retained indefinitely for future capital gains tax calculations)

Note: The records, books of account and documents must be retained in their original form in a safe place, or electronic format as prescribed by the Commissioner or in a form authorised by a senior SARS official.

WEAR AND TEAR ALLOWANCES

The following rates of wear and tear are allowed by SARS in terms of Interpretation Note 47:

Type of asset	No. of years for write-off	Type of asset	No. of years for write-off
Adding machines	6	Curtains	5
Air-conditioners		Debarking equipment	4
window	6	Delivery vehicles	4
mobile	5	Demountable partitions	6
room unit	10	Dental and doctors' equipment	5
Air-conditioning assets		Dictaphones	3
air handling units	20	Drilling equipment (water)	5
cooling towers	15	Drills	6
condensing sets	15	Electric saws	6
Aircraft (light passenger or		Electrostatic copiers	6
commercial helicopters)	4	Engraving equipment	5
Arc welding equipment	6	Escalators	20
Artefacts	25	Excavators	4
Balers	6	Fax machines	3
Battery chargers	5	Fertiliser spreaders	6
Bicycles	4	Fire arms	6
Boilers	4	Fire extinguishers (loose units)	5
Bulldozers	3	Fire detections systems	3
Bumping flaking	4	Fishing vessels	12
Carports	5	Fitted carpets	6
Cash registers	5	Food bins	4
Cell phone antennae	6	Food-conveying systems	4
Cell phone masts	10	Fork-lift trucks	4
Cellular telephones	2	Front-end loaders	4
Cheque-writing machines	6	Furniture and fittings	6
Chillers		Gantry cranes	6
Absorption type	25	Garden irrigation equipment	
Centrifugal	20	(movable)	5
Cinema equipment	5	Gas cutting equipment	6
Cold drink dispensers	6	Gas heaters and cookers	6
Communication systems	5	Gear boxes	4
Compressors	4	Gear shapers	6
Computers		Generators (portable)	5
mainframe	5	Generators (standby)	15
personal	3	Graders	4
Computer tablet & similar devices	2	Grinding machines	6
Computer software (mainframes)		Guillotines	6
purchased	3	Gymnasium equipment	
self-developed	5	Cardiovascular	2
Computer software		Health testing	5
(personal computers)	2	Weights and strength	4
Concrete mixers portable	4	Spinning	1
Concrete transit mixers	3	Other	10
Containers	10	Hairdressers' equipment	5
Crop sprayers	6	Harvesters	6

Type of asset	No. of years for write-off	Type of asset	No. of years for write-off
Heat dryers	6	Radio communication	5
Heating equipment	6	Refrigerated milk tankers	4
Hot water systems	5	Refrigeration equipment	6
Incubators	6	Refrigerators	6
Ironing and pressing equipment	6	Runway lights	5
Kitchen equipment	6	Sanders	6
Knitting machines	6	Scales	5
Laboratory research equipment	5	Security systems removable	5
Lathes	6	Seed separators	6
Laundromat equipment	5	Sewing machines	6
Law reports	5	Shakers	4
Lift installations	12	Shop fittings	6
Medical theatre equipment	6	Solar energy units	5
Milling machines	6	Special patterns and tooling	2
Mobile caravans	5	Spin dryers	6
Mobile cranes	4	Spot welding equipment	6
Mobile refrigeration units	4	Staff training equipment	5
Motors	4	Surge bins	4
Motorcycles	4	Surveyors:	
Motorised chain saws	4	Field equipment	5
Motorised concrete mixers	3	Instruments	10
Motor mowers	5	Tape-recorders	5
Musical instruments	5	Telephone equipment	5
Navigation systems	10	Television and advertising films	4
Neon signs and advertising boards	10	Television sets, video machines	
Office equipment – electronic	3	and decoders	6
Office equipment – mechanical	5	Textbooks	3
Oxygen concentrators	3	Tractors	4
Ovens and heating devices	6	Trailers	5
Ovens for heating food	6	Traxcavators	4
Packaging equipment	4	Trollies	3
Paintings (valuable)	25	Trucks (heavy-duty)	3
Pallets	4	Trucks (other)	4
Passenger cars	5	Truck-mounted cranes	4
Patterns, tooling and dies	3	Typewriters	6
Pellet mills	4	Vending machines (including video	
Perforating equipment	6	game machines)	6
Photocopying equipment	5	Video cassettes	2
Photographic equipment	6	Warehouse racking	10
Planers	6	Washing machines	5
Pleasure craft, etc.	12	Water distillation and	
Ploughs	6	purification plant	12
Portable safes	25	Water tankers	4
Power tools (hand-operated)	5	Water tanks	6
Power supply	5	Weighbridges (movable parts)	10
Public address systems	5	Wire line rods	1
Pumps	4	Workshop equipment	5
Racehorses	4	X-ray equipment	5
Radar systems	5		

The acquisition of “small” items at a cost of less than R7 000 per item may be written off in full during the year of acquisition.

INTEREST RATES

EFFECTIVE DATE		RATE
Late or underpayments of Tax		
1 September	2023	11.75%
1 January	2025	11.50%
1 March	2025	11.25%
1 May	2025	11.00%
1 September	2025	10.75%
1 November	2025	10.50%
1 March	2026	10.25%
Fringe benefits – official rate of interest		
1 June	2023	9.25%
1 October	2024	9.00%
1 December	2024	8.75%
1 February	2025	8.50%
1 June	2025	8.25%
1 September	2025	8.00%
1 December	2025	7.75%
Overpayments of tax		
1 January	2025	7.50%
1 March	2025	7.25%
1 May	2025	7.00%
1 September	2025	6.75%
1 November	2025	6.50%
1 March	2026	6.25%
Prime Overdraft Rates		
19 September	2024	11.50%
21 November	2024	11.25%
30 January	2025	11.00%
30 May	2025	10.75%
1 August	2025	10.50%
20 November	2025	10.25%

NOTES

IMPORTANT NOTE

The information contained in this booklet is a summary of current legislation and budget proposals proposed by the Minister of Finance on 25 February 2026. We suggest that you do not act solely on material contained in the booklet as the nature of the information contained herein is general and may in certain circumstances be subject to misinterpretation. Tax rates announced in the Budget Speech are subject to Parliament approving the legislation within 12 months. In addition, the budget proposals may not include all legislative adjustments which could be made in the near future. Consequently we recommend that our advice be sought when encountering these potentially problematic areas. While every care has been taken in the compilation of the booklet, no responsibility of any nature whatsoever shall be accepted for any inaccuracies, errors or omissions.

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