

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

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

Other Deductions

Other than the deductions set out above, an individual can claim deductions only against employment income or allowances in limited specified situations, e.g. bad debt in respect of salary.

Fringe Benefits

Employer-Owned Vehicles

- The taxable value is 3.5% of the cash cost, including VAT, of each vehicle per month.
- If the vehicle is:
 - Under a maintenance plan when the employer acquired it, the taxable value is 3.25% of the determined value; or
 - Acquired by the employer under an operating lease, the taxable value is the cost incurred by the employer under the operating lease plus the cost of fuel.
- 80% of the fringe benefit must be included in the employee's remuneration to calculate PAYE. The percentage is 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.
- On assessment, the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business, proven by a logbook, divided by the actual distance travelled during the tax year.
- On assessment, there is further relief for the cost of the licence, insurance, maintenance, and fuel for private travel – if the full cost was borne by the employee, and if the distance travelled for private purposes is proven by a logbook.

Interest-Free or Low-Interest Loans

The difference between interest charged at the official rate and the actual amount of interest charged must be included in gross income.

Residential Accommodation

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

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

INCOME TAX: COMPANIES

The tax rate for companies applies to years of assessment that end on any date from 1 April 2026 to 31 March 2027.

Type	Rate of Tax
Companies	27% of taxable income

INCOME TAX: SMALL BUSINESS CORPORATIONS

The tax rates for Small Business Corporations apply to years of assessment that end on any date from 1 April 2026 to 31 March 2027.

Taxable Income (R)	Rate of Tax (R)
1 - 99 000	0% of taxable income
99 001 - 365 000	7% of taxable income above 99 000
365 001 - 550 000	18 620 + 21% of taxable income above 365 000
550 001 and above	57 470 + 27% of the amount above 550 000

TURNOVER TAX FOR MICRO BUSINESSES

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

Taxable Turnover (R)	Rate of Tax (R)
1 - 600 000	0% of taxable turnover
600 001 - 950 000	1% of taxable turnover above 600 000
950 001 - 1 400 000	3 500 + 2% of taxable turnover above 950 000
1 400 001 and above	12 500 + 3% of taxable turnover above 1 400 000

RESIDENCE BASIS OF TAXATION

Residents are taxed on their worldwide income, subject to certain exclusions. The general principle is that foreign taxes on foreign-sourced income are allowed as a credit against South African tax payable. This is applicable to individuals, companies, close corporations, trusts, and estates.

TAXATION OF CAPITAL GAINS

Capital gains on the disposal of assets are included in taxable income.

Maximum Effective Rate of Tax

Individuals and special trusts	18%
Companies	21.6%
Other trusts	36%

Events that trigger a disposal include a sale, donation, exchange, loss, death, and emigration. The following are some of the specific exclusions:

- R3 000 000 gain or loss on the disposal of a primary residence;
- Most personal-use assets;
- Retirement benefits;
- Payments under original long-term insurance policies;
- Annual exclusion of R50 000 capital gain, or capital loss, granted to individuals and special trusts;
- Small business exclusion from capital gains of R2.7 million for individuals (who are at least 55 years old) when a small business with a market value not exceeding R15 million is disposed of; and
- The annual exclusion for individuals is increased to R440 000 in the year of death.

DIVIDENDS TAX

Dividends tax is a final tax with a rate of 20%, imposed on dividends paid by resident companies, and by non-resident companies on shares listed on the Johannesburg Stock Exchange or other South African-licensed exchanges. Dividends are tax-exempt if the beneficial owner of the dividend is a South African company, retirement fund, or other exempt person. Non-resident beneficial owners of dividends can benefit from reduced tax rates in limited circumstances. Dividends tax must be withheld by companies that pay the taxable dividends, or by regulated intermediaries in the case of dividends on listed shares. The tax on dividends in kind (other than in cash) is payable and is borne by the company that declares and pays the dividend.

OTHER WITHHOLDING TAXES

In limited circumstances, the applicable tax rate may be reduced in terms of a tax treaty with the country of residence of a non-resident.

Royalties

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

Interest

A final tax at a rate of 15% is imposed on interest from a South African source, payable to non-residents. Interest is exempt if it is payable by any sphere of the South African government or bank, or if the debt is listed on a recognised exchange.

Foreign Entertainers and Sportspersons

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

Disposal of Immovable Property

A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa, to be set off against the normal tax liability of the non-residents. The tax to be withheld from payments to the non-residents is at a rate of 7.5% for a non-resident individual, 10% for a non-resident company, and 15% for a non-resident trust that is selling the immovable property.

OTHER TAXES, DUTIES, AND LEVIES

Value-Added Tax (VAT)

VAT is levied at the standard rate of 15% on the supply of goods and services by registered vendors.

A vendor that makes taxable supplies of more than R2.3 million per annum must register for VAT. A vendor that makes taxable supplies of more than R120 000, but not more than R2.3 million per annum, can apply for voluntary registration. Certain supplies are subject to a zero rate, or are exempt from VAT.

Transfer Duty

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

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

Estate Duty

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

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

Donations Tax

Donations tax is levied at a flat rate of 20% on the cumulative value of property donated since 1 March 2018, not exceeding R30 million; and at a rate of 25% on the cumulative value of property donated since 1 March 2018, exceeding R30 million.

The first R150 000 of property donated during each tax year by a natural person is exempt from donations tax.

In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R20 000 in total per tax year.

Dispositions between spouses, where the recipient is a tax resident; donations between companies forming part of a South African group of companies; and donations to certain public benefit organisations are exempt from donations tax.

Securities Transfer Tax

Securities transfer tax is imposed at a rate of 0.25% on the transfer of listed or unlisted securities. Securities consist of shares in companies, or of members' interests in close corporations.

Skills Development Levy (SDL)

SDL is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers that pay annual remuneration of less than R500 000 are exempt from paying the SDL.

Unemployment Insurance Contributions

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

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

SARS INTEREST RATES

Rate of Interest (from 1 December 2025)	Rate
Fringe benefits – interest-free or low-interest loan in rand (official rate)	7.75% p.a.

Rates of Interest (from 1 March 2026)	Rate
Late or underpayment of tax	10.25% p.a.
Refund of overpayment of provisional tax	6.25% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	10.25% p.a.
Refund of VAT after prescribed period	10.25% p.a.
Late payment of VAT	10.25% p.a.
Customs and excise	10.25% p.a.

BUDGET Highlights

Personal Income Tax bracket and rebate adjustments to compensate individuals for the effect of inflation.



Increase of VAT compulsory registration threshold to **R2.3 million**



Increase in Tax Free Saving Contributions limit to **R46 000** per annum



Increase of **3.4%** in excise duties on alcoholic beverages and tobacco products.



Increase in the general Fuel Levy on petrol by **9 cents** per litre, and on diesel by **8 cents** per litre.



Increase in the Road Accident Fund Levy on both petrol and diesel by **7 cents** per litre.



Increase in the Carbon Tax on Fuel by **5 cents** per litre for petrol, and by **6 cents** per litre for diesel.



Further consultation on a national online gambling tax during 2026.

