

#RSABUDGET2026

A joint publication between National Treasury and South African Revenue Service

#RSA Budget | #RSABudget2026

ISSUED BY



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Tel: (012) 315 5100
Media@treasury.gov.za
www.treasury.gov.za

INFO

WHAT IS THE BUDGET?

Before the start of each financial year, the Finance Minister tables the national budget, whereby he announces government's spending, tax and borrowing plans for the next three years. The national budget divides money between national departments, provinces and municipalities.

HOW IS THE BUDGET PUT TOGETHER?

1. Departmental guidelines indicating budget information requirements are issued
2. Departments prioritise their programmes and compile spending plans and service delivery commitments
3. Budget proposals are submitted to the National Treasury and deliberated on
4. Allocation proposals are considered by interdepartmental committees of Directors-General
5. Budget recommendations are made to Ministers' Committee
6. Medium-Term Budget Policy Statement signals the upcoming Budget
7. Final allocations are decided in Cabinet
8. Budget documents are prepared
9. Main Budget is tabled
10. Parliament deliberates and adopts a Budget
11. Budget is sent to the President for signing into law



TOUGH CHOICES DELIVER RESULTS FOR THE ECONOMY

The 2026 Budget shows that the tough fiscal choices made by government over the past few years are finally starting to pay off. Even in a difficult global economic environment, the economy has remained resilient, with the economic outlook displaying modest gains and greater opportunities to accelerate investment.

Government has stayed committed to restoring the health of the public finances. Government debt as a share of economic output is expected to reach its peak in the current fiscal year and will decline over the next few years. This is an important turning point, because as debt decreases, so do debt-service

costs as a share of revenue. Lower debt-service costs, combined with the improved inflation outlook following the decision to reduce the inflation target to 3 per cent, will boost private investment and job creation.

Over the next three years, government has anchored fiscal policy with the primary budget surplus. With the continued increase in the surplus over the coming years, government debt will be on sustainable path. Given that government still expects to meet its fiscal targets over the medium term, the R20 billion in tax increases that were announced for the 2026 Budget have been withdrawn.

The economy is estimated to have grown by 1.4 per cent in 2025, a 0.5 per cent increase from 2024. With four consecutive quarters of positive economic growth, there is real optimism about the growth prospects. More reliable energy, improved logistics, stronger public finances and lower borrowing costs are all contributing to the brighter outlook.

Although the economy has remained resilient, South Africa needs to look at local drivers to boost the economy. To fix this, government is focusing on making state-owned companies and municipalities function better. High unemployment remains the key challenge for all South Africans and the steps that

“ Lower debt-service costs, combined with the improved inflation outlook...**will boost private investment and job creation.**”

government is taking in the 2026 Budget will help to start creating jobs. The message from the 2026 Budget is clear: The foundation is getting stronger. By sticking to a responsible plan, Government is making the economy stronger for all South Africans.

REDUCING THE COST OF GOVERNMENT BORROWING

When spending exceeds revenue, government runs a deficit and borrows this difference. The interest on government debt has grown faster than the economy and now takes a larger slice of the budget than basic education, health or social protection.

Government has made strides to turn this around and ensure that debt is under control. Debt as a share of economic output will reach its highest point this year and then start to decline. The main budget deficit is R12.4 billion lower than forecasted at the time of the 2025 Budget as a result of strong fiscal outcomes for the first 10 months of 2025/26.

For the first time this decade, debt-service costs will grow more slowly than overall expenditure.



Over the next three years, the repayment of debt and its interest are expected to be R21 billion lower than estimated in the 2025 Medium Term Budget Policy Statement (MTBPS).

Government is looking into ways to avoid a repeat of the fast accumulation of debt that took place after 2009 and will suggest changes to the law to make this possible. With South Africa's economy growing slightly better and the price of goods increasing at a slower rate, the outlook for the

country is improving, presenting itself as credit rating upgrades and lower cost of borrowing. It allows government to have the financial space to continue its provision of social services such as health, education, water, shelter and other socioeconomic rights in line with the Constitution.

Without stable or declining debt levels, debt-service cost would continue to consume a greater proportion of available resources, hampering investment and productive capacity and living standards.

2026 BUDGET HIGHLIGHTS

1. The social wage – which includes spending on education, skills development and public employment, the provision of housing, public transport and free basic services, and health care – will make up an average of 60 per cent of non-interest spending over the medium term.
2. Economic development is the fastest growing function at an annual average of 5.8 per cent, driven by higher infrastructure allocations.
3. In 2025/26, government debt will stabilise at 78.9 per cent of GDP.
4. Real GDP growth of 1.6 per cent is estimated for 2026, rising to 2 per cent in 2028.
5. R4.1 billion has been allocated for the Presidential Employment Programme in 2026/27
6. The R20 billion tax increase previously penciled into the 2026 Budget is withdrawn

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REFORMS TO MAKE PROVINCES AND MUNICIPALITIES WORK BETTER



The 2026 Budget announces important changes to improve the operations and financial management of provinces and municipalities. The aim is to make sure money is used properly to deliver services to communities.

Many municipalities are struggling, and money does not always reach the services you use. To fix this, the government is stepping in more directly. 63 per cent (162) of municipalities are in financial

distress, and many provinces are struggling to balance compensation costs and service-delivery outputs. National government is now moving from oversight to active intervention.

At municipal level this shift involves changes to legislation and governance arrangements. In provinces, government is enforcing strict discipline in hiring and salary payments. These measures include centralising the functions of government's human resource, payroll and administration system, conducting employee verification through identification systems, and requiring provincial treasuries and premiers' offices to approve the filling of all posts against verified recruitment plans and available funding. Together, these reforms move the system towards a more capable, disciplined and performance-driven system of government to provide better services.

REMOVING BARRIERS TO JOB CREATION AND ECONOMIC GROWTH

Faster growth and jobs need reliable electricity, efficient rail and ports, and stable water supply.

Recent budget publications have highlighted the progress on energy and logistics reforms and the re-

newed focus on water security and infrastructure delivery. Loadshedding has largely been absent, freight rail and port operations have stabilised.

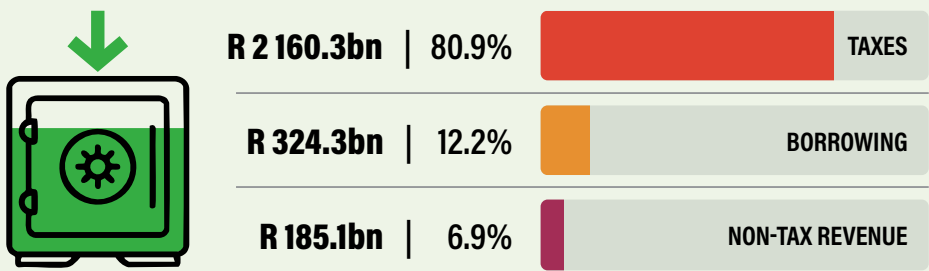
South Africa's growth also depends on unblocking freight rail

and ports.

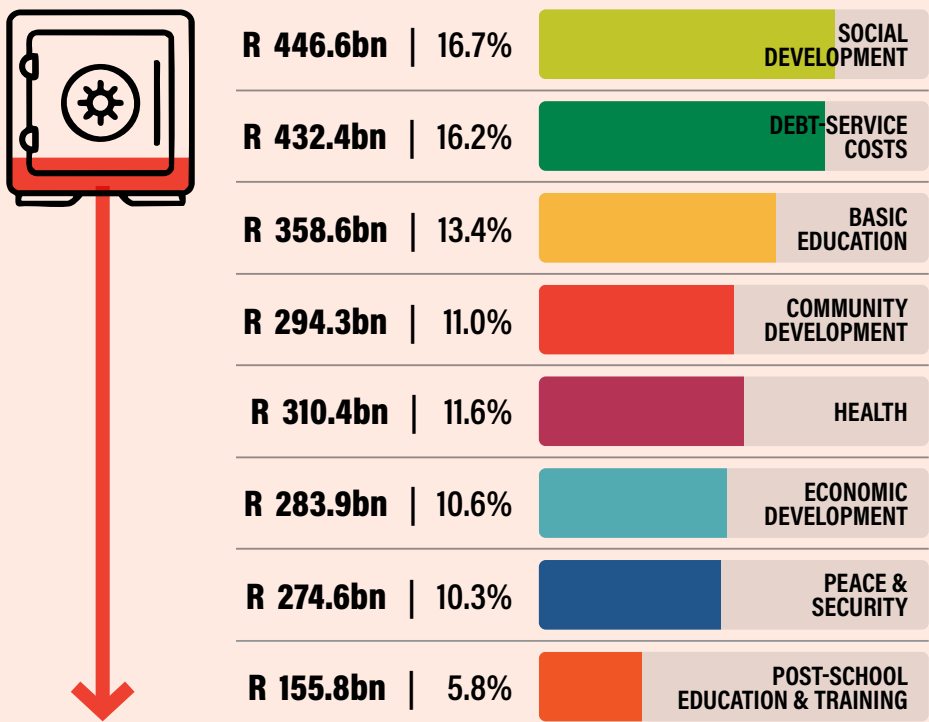
Water security has moved up the reform agenda. There is a need to maintain and upgrade ageing water infrastructure, improve governance in water boards, and expand supply.



1 SOURCES OF GOVERNMENT INCOME IN 2026/27



2 GOVERNMENT SPENDING IN 2026/27



3 SOCIAL GRANTS

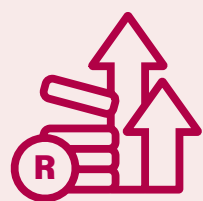
	2025/26	2026/27
OLD AGE GRANT	R2 315	R2 400
WAR VETERANS GRANT	R2 335	R2 420
DISABILITY GRANT	R2 315	R2 400
FOSTER CARE GRANT	R1 250	R1 295
CARE DEPENDENCY GRANT	R2 315	R2 400
CHILD SUPPORT GRANT	R560	R580
GRANT-IN-AID	R560	R580



18 million people to receive social grants by March 2029

The Budget will increase the values of permanent grants above inflation.

4 THE BUDGET SUPPORTS ECONOMIC GROWTH, JOB CREATION AND SOCIAL DEVELOPMENT



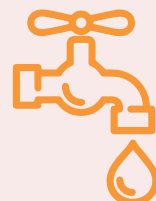
1.6 per cent real GDP growth is expected in 2026.



60 per cent of government expenditure goes to community development, jobs, health, education, and social protection over the medium-term.



R4.1 billion additional funding is allocated to the Presidential Employment Programme.



R930 billion is allocated for basic services, housing and public transport, and spatial transformation and urban development over the next three years.



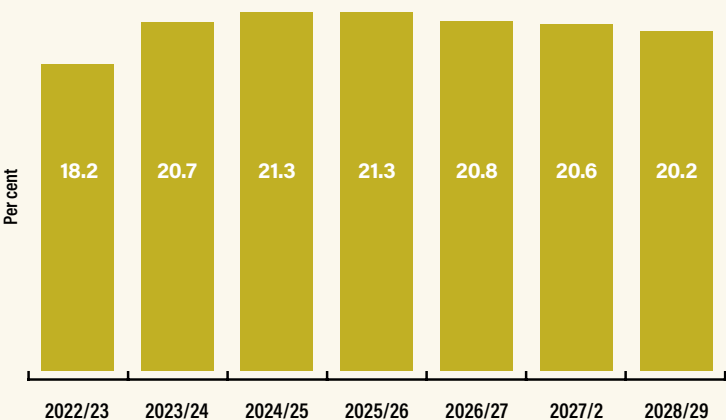
R893.6 billion for manufacturing, small enterprises and public employment programmes over the medium-term to stimulate economic growth and employment.

5 NATIONAL STUDENT FINANCIAL AID SCHEME



R54.3 billion will be spent by the National Student Financial Aid Scheme in 2026/27.

6 DEBT-SERVICE COSTS AS A PERCENTAGE OF REVENUE



2026 TAX PROPOSALS



PERSONAL INCOME TAX

HOW DO THE PERSONAL INCOME TAX RATES AFFECT YOU?

Personal income tax brackets and rebates are adjusted for the effect of inflation. The amount an individual can earn before being required to pay tax for the tax year from 1 March 2026 to 28 February 2027 is as follows:

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

The tax rebates for individual taxpayers are as follows:

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

HEALTH TAXES

INCREASES IN ALCOHOL AND TOBACCO DUTIES

Specific excise duties on alcoholic beverages and tobacco products increase by 3.4 per cent, with effect from 25 February 2026.

	INCREASES BY:
Malt beer	8c per 340ml can
Unfortified wine	15c per 750ml bottle
Fortified wine	26c per 750ml bottle
Sparkling wine	49c per 750ml bottle
Ciders and alcoholic fruit beverages	8c per 340ml can
Spirits	R3.20 per 750ml bottle
Cigarettes	77c per packet of 20
Heated tobacco product sticks	58c per packet of 20
Cigarette tobacco	87c per 50g
Pipe tobacco	28c per 25g
Cigars	R4.56 per 23g
Nicotine and non-nicotine solution for electronic delivery systems	11c per ml



TAX RATES

INCOME TAX: INDIVIDUALS

Tax payable by individuals for the tax year ending between 1 March 2026 and 28 February 2027.

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

Source: National Treasury

TAX LIMITS

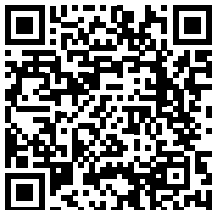
Certain tax limits are adjusted with effect from 1 March 2026.

	Previous limit	Adjusted limit
Annual contribution to tax free investment	R36 000	R46 000
Annual deduction for contributions to retirement funds	R350 000	R430 000
Annual exclusion of capital gains or losses	R40 000	R50 000
Exclusion of capital gains or losses on death	R300 000	R440 000
Exclusion of capital gain or loss on disposal of primary residence	R2 000 000	R3 000 000
Turnover of micro business for turnover tax	R1 000 000	R2 300 000
Compulsory VAT registration limit*	R1 000 000	R2 300 000

* The change to the VAT registration limit will take effect on 1 April 2026.

Source: National Treasury

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YOUR
OPINION
MATTERS

DID YOU FIND THIS PEOPLE'S GUIDE TO THE BUDGET USEFUL?

We are constantly looking for new ways to improve this guide and would appreciate it if you could send your feedback and suggestions to Media@treasury.gov.za