**This SARS tax pocket guide summarises the most important information relating to taxes, duties, and levies for 2026/27.**

## INCOME TAX: INDIVIDUALS AND TRUSTS

Tax rates from 1 March 2026 to 28 February 2027:

### Individuals and Special Trusts

| Taxable Income (R) | Rate of Tax |
|---|---|
| 1 – 245 100 | 18% of taxable income |
| 245 101 – 383 100 | 44 118 + 26% of taxable income above 245 100 |
| 383 101 – 530 200 | 79 998 + 31% of taxable income above 383 100 |
| 530 201 – 695 800 | 125 599 + 36% of taxable income above 530 200 |
| 695 801 – 887 000 | 185 215 + 39% of taxable income above 695 800 |
| 887 001 – 1 878 600 | 259 783 + 41% of taxable income above 887 000 |
| 1 878 601 and above | 666 339 + 45% of taxable income above 1 878 600 |

**Rebates for individuals**

| | |
|---|---|
| Primary | R17 820 |
| Secondary (persons 65 years and older) | R9 765 |
| Tertiary (persons 75 years and older) | R3 249 |
| **Age** | **Tax Threshold** |
| Below age 65 | R99 000 |
| Age 65 to below 75 | R153 250 |
| Age 75 and above | R171 300 |

Trusts (other than Special Trusts) rate of tax = 45%

### Provisional Tax

A provisional taxpayer is any person who earns income that is not remuneration, an allowance, or advance payable by the person's principal; or who earns income by way of remuneration from an unregistered employer. An individual is not required to pay provisional tax if he or she does not carry on any business, and the individual's taxable income:

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

Provisional taxpayers must submit an estimation of total taxable income for the year of assessment.

Deceased estates are not provisional taxpayers.

### Retirement Fund Lump Sum Withdrawal Benefits

| Taxable Income (R) | Rate of Tax |
|---|---|
| 1 – 27 500 | 0% of taxable income |
| 27 501 – 726 000 | 18% of taxable income above 27 500 |
| 726 001 – 1 089 000 | 125 730 + 27% of taxable income above 726 000 |
| 1 089 001 and above | 223 740 + 36% of taxable income above 1 089 000 |

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

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

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

### Retirement Fund Lump Sum Benefits or Severance Benefits

| Taxable Income (R) | Rate of Tax |
|---|---|
| 1 – 550 000 | 0% of taxable income |
| 550 001 – 770 000 | 18% of taxable income above 550 000 |
| 770 001 – 1 155 000 | 39 600 + 27% of taxable income above 770 000 |
| 1 155 001 and above | 143 550 + 36% of taxable income above 1 155 000 |

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

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

Tax on a specific retirement fund lump sum benefit or a severance benefit (lump sum or severance benefit Y) is equal to:

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

### Tax-Free Investments

Investments in tax-free investment financial instruments or policies by individuals, deceased estates, and insolvent estates of individuals are limited to R46 000 per tax year.

Amounts received by or accrued on tax free investments are exempt from income tax (including tax on capital gains).

### Dividends

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax, at a rate of 20%, must be withheld by the entities paying the dividends to the individuals. Dividends received by South African–resident individuals from REITs (listed and regulated property-owning companies) are subject to income tax, and non-residents in receipt of those dividends are subject only to dividends tax.

### Foreign Dividends

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

### Interest Exemptions

An exemption from income tax applies to interest from a South African source, earned by any natural person under 65 years of age or by an estate of a deceased person, up to R23 800 per annum. For persons who are 65 years and older, this exemption applies to interest of up to R34 500 per annum.

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

### Deductions

*Retirement Fund Contributions*
Amounts contributed to pension, provident, and retirement annuity funds during a year of assessment are deductible by members of those funds. Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employees.

The deduction is limited to 27.5% of the greater of the amount of remuneration for employees' tax, or taxable income (both exclude retirement fund lump sums and severance benefits). The deduction is further limited to the lower of R430 000 or 27.5% of taxable income, before the inclusion of a taxable capital gain. Any contributions exceeding the limitations are carried forward to the immediately following year of assessment, and are deemed to be contributed in that following year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and retirement annuities.

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

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

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

### Donations

Deductions for donations to certain public benefit organisations are limited to 10% of taxable income (excluding retirement fund lump sums and severance benefits). The amount of donations exceeding 10% of the taxable income is treated as a donation to qualifying public benefit organisations in the following tax year.

### Allowances

*Subsistence Allowances and Advances*
If the recipient of a subsistence allowance or advance is obliged to spend at least one night away from his or her usual place of residence because of business, and the accommodation to which that allowance or advance relates is in the Republic of South Africa, and the allowance or advance is granted to pay for:

- Meals and incidental costs, an amount of R595 is deemed to have been expended per day; or
- Incidental costs only, an amount of R184 is deemed to have been expended per day.

If the accommodation to which that allowance or advance relates is outside the Republic of South Africa, a specific amount per country is deemed to have been expended. Details of these amounts are published on the SARS website (www.sars.gov.za), under the Legal Counsel > Secondary Legislation > Income Tax Notices webpages.

If the recipient of the subsistence allowance or advance must spend a part of a day away from his or her usual place of work or employment on official business, a reimbursement or advance for expenditure actually incurred by the recipient is exempt. This exemption applies if the recipient is allowed by his or her principal to incur expenditure on meals and other incidental costs for that part of the day, and the amount of the reimbursement does not exceed R184.

*Travelling Allowance*
Rates per kilometre, which can be used to determine the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined using the following table.

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

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

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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.