Tax CONSULTING south africa | 20 YEARS OF EXCELLENCE

2025 BUDGET SPEECH

TAX HIGHLIGHTS

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2025 BUDGET 2.0: THE VAT INCREASE IS DEAD, LONG LIVE THE VAT INCREASE

The VAT increase is dead, long live the VAT increase

The shocks, surprises and shortfalls in the initial Budget that never saw the light of day on 19 February, made way for a reworked National Budget marked by cuts, compromises and curveballs.

Although Finance Minister Enoch Godongwana's first Budget attempt three weeks ago was unexpectedly stopped in its tracks, mainly because several partners in the Government of National Unity (GNU) found the then proposed 2 percentage points increase in the VAT rate unacceptable, a higher VAT rate is still part of the Minister's search for additional revenue this time around.

The Minister softened the blow, proposing a VAT increase of 0.5 percentage points in each of the next two years to bring the VAT rate to 16% by 2026/27. This is lower than the 17% it would have been had the 2 percentage points increase been implemented.

Additional Revenue

National Treasury explains in the 2025 Budget Review document a VAT increase "is indispensable for raising additional revenue of the required magnitude". That being said, the adjustment to the VAT rate proposal required a reduction in the spending plans and a different mix of revenue measures.

Where Budget 1.0 aimed to raise an additional R58 billion in 2025/26, the reworked Budget proposes tax policy measures designed to raise R28 billion in additional revenue in 2025/26 and R14.5 billion in 2026/27.

The already over-burdened individual taxpayers will bear the brunt of strengthen the state coffers in 2025/26. Treasury will ensure an additional R19.5 billion in revenue by not adjusting the Personal Income Tax (PIT) brackets, rebates and medical tax credits for inflation.

Over the medium term the VAT increases will make up the bulk of additional revenue. In 2025/26 it is estimated to bring in R11.5 billion (after foregoing R2 billion by adding more zero-rated items to the food basket) and in 2026/27 an estimated R27 billion.

Additional revenue of R1 billion is expected from above-inflation increases in excise duties on alcohol and tobacco products, or so-called sin taxes.

These tax measures will enable additional funding in several key areas, including education, early childhood development, and health, Treasury says.

Strengthening SARS

The Minister said in his Budget Speech building on the progress made in revitalising SARS, the tax authority will be allocated R7.5 billion over the medium term, with R3.5 billion in the current financial year.

In 2025/26, SARS will focus on addressing the tax gap, estimated at a net gap of R800 billion, to improve revenue collection. This will be done by improving taxpayer compliance and trade facilitation by leveraging artificial intelligence, data science and deploying innovative technologies.

In reaction to this Commissioner Edward Kieswetter said SARS will engage with the Minister on what more needs to be rebuilt at SARS and where modernisation is needed to improve SARS' efficiency with reducing debt and recruiting more skills to close the tax gap.

Tax revenue for 2024/25 is expected to be R1.85 trillion, which is R16.7 billion below the 2024 Budget expectations, reflecting weak economic outcomes.

Corporate tax receipts benefited from better-than-expected profitability but import VAT and fuel levy collections underperformed. Personal income tax collection grew at 12.6% over the first 11 months of 2024/25 compared with the same period in the prior year. This is attributed to larger-than-expected tax receipts from Retirement Savings Pot withdrawals after the Two Pot Retirement reforms came into effect on 1 September 2024. The amount of R11 billion collected, is almost double what was foreseen in the Medium-Term Budget Policy Statement (MTBPS) in October 2024.

Justifying the VAT increase

National Treasury explains increases in PIT and Corporate Income Tax (CIT) would been more negative for employment, savings, investment and growth than a VAT increase.

PIT collections at 9% of GDP, is far higher than those of most developing countries, and CIT collections as percentage of GDP is above 5%, versus 4% for OECD countries.

According to the Budget Review previous tax rate increases for PIT did not raise the expected revenue as taxpayers changed their behaviour to avoid the tax. It is harder to avoid a VAT increase, and the behavioural responses are lower, reducing the impact on the economy. Although CIT is imposed on businesses, it is ultimately paid by shareholders, workers and consumers.

Taking on additional debt to meet the spending pressures was also not feasible.

To provide relief for the tax increases, the most vulnerable households will be cushioned by real increases in social grants, continued fuel levy relief and an expansion of the list of VAT zero-rated foods to include, among others canned vegetables and edible offals.

Fiscal consolidation and plans to boost economic growth

Godongwana said the 2025 Budget maintains government's focus on growing the economy, stabilising the public finances, and supporting low-income and vulnerable households. As such, investing in strategic infrastructure, supporting job creation and maintaining a growth-friendly fiscal policy will underpin government policy over the medium term.

In rebuilding the public finances, public debt will stabilise at 76.2% of GDP, resulting from a growing primary budget surplus, meaning revenue exceeds non-interest spending. Debt-service costs, which consume 21.7 cents of every rand of revenue, will stabilise in the current year.

Other tax policies

Other noteworthy amendments include the monetary thresholds for transfer duties which will be adjusted by 10% to compensate for inflation, the urban development zone tax incentive will be extended to 2030, and the Budget Review refers to the current treatment of cross-border retirement funds which may result in double non-taxation, particularly where South Africa is granted the taxing right by treaty.

Conclusion

Godongwana said the postponement of the Budget three weeks ago was regrettable, but perhaps an understandable feature of multiparty governance. He described it is a sign of a maturing and resilient democracy.

But the Minister's warning was clear that over the medium term, new spending pressures must be funded "either through additional revenue increases or expenditure reductions or reprioritisations".

Like previous years, the truth of this Budget is that there are no new sustainable streams of revenue collection identifiable for the immediate tax years ahead and economic growth holds the key to the future.

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BUDGET SPEECH TAX HIGHLIGHTS

PERSONAL INCOME TAX
Personal income tax rebates and tax brackets are not adjusted.

VAT RATE INCREASES
VAT rate increases from 15% to 15.5% on 1 May 2025 and to 16% on 1 April 2026.

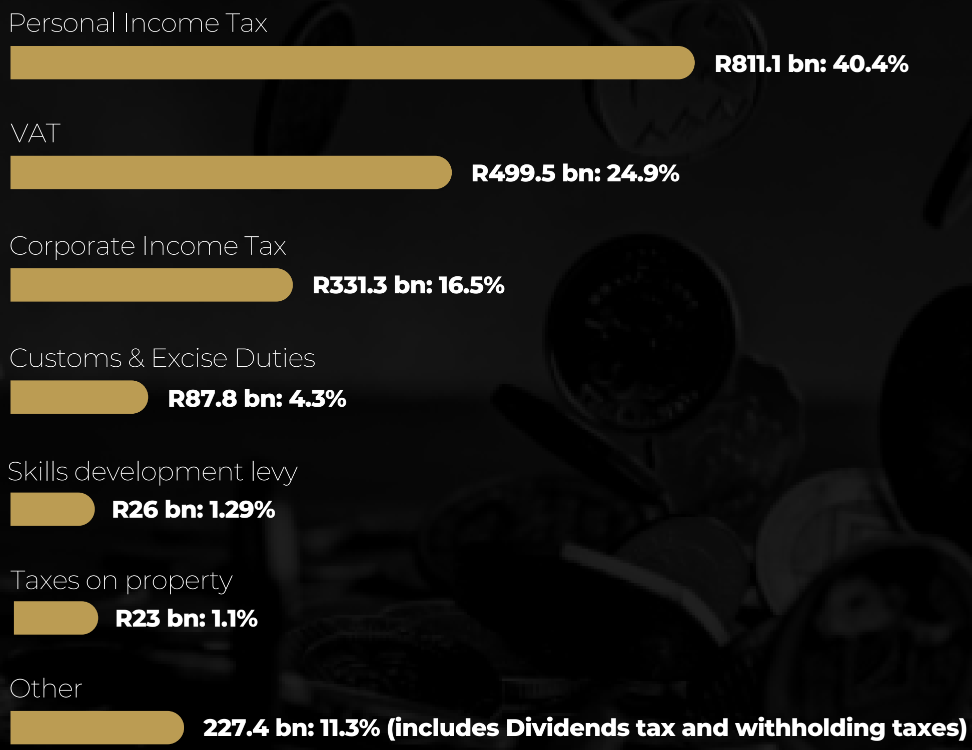
VAT ZERO-RATING
VAT Zero Rating introduced on specific edible offal, specific ,meat cuts, unflavoured dairy liquid blends and specific canned vegetables to assist poor households.

EXCISE DUTY
Increase of 6.75% in excise duties on alcoholic beverages. Increase of 6.75% in excise duties on cigars and pipe tobacco and 4.75% on cigarettes and other tobacco products.

FUEL LEVY
There will be no increase in the fuel levy or road accident fund levy.

TRANSFER DUTY
Transfer duty is adjusted for the effect of inflation.

TAX REVENUE 2025/2026



TAX RATES & REBATES

Individuals, Estates & Special Trusts

Year ending 28 February 2026

Taxable income	Rate of tax (R)
R1 – R237 100	18% of taxable income
R237 101 – R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 – R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 – R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 – R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 – R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

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R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

Rebates

Rebates	2025/2026	2024/2025
Primary	R17 235	R17 235
Secondary (Persons 65 and older)	R9 444	R9 444
Tertiary (Persons 75 and older)	R3 145	R3 145
Age	**Tax threshold**	
Below age 65	R95 750	R95 750
Age 65 to below 75	R148 217	R148 217
Age 75 and older	R165 689	R165 689

MEDICAL TAX CREDIT RATES

Per month (R)	2025/2026	2024/2025
For the taxpayer who paid the medical scheme contributions	R364	R364
For the first dependant	R364	R364
For each additional dependant(s)	R246	R246

TAKE-HOME PAY

The table below sets out a comparison of the take-home pay that an individual can expect based on the 2024/2025 and 2025/2026 tax tables:

		Take-home Pay					
		2025/2026			2024/2025		
Monthly gross	Annual equivalent	Under 65	65 - 74	Over 75	Under 65	65 - 74	Over 75
R7 979,17	R95 750,00	R7 979,17	R7 979,17	R7 979,17	R7 979.17	R7 979,17	R7 979,17
R10 000,00	R120 000,00	R9 636,25	R10 000,00	R10 000,00	R9 636.25	R10 000,00	R10 000,00
R15 000,00	R180 000,00	R13 736,25	R14 523,25	R14 785,33	R13 736.25	R14 523.25	R14 785.33
R20 000,00	R240 000,00	R17 816,92	R18 603,92	R18 866,00	R17 816.92	R18 603.92	R18 866.00
R30 000,00	R360 000,00	R25 216,92	R26 003,92	R26 266,00	R25 216.92	R26 003.92	R26 266.00
R40 000,00	R480 000,00	R32 160,67	R32 947,67	R33 209,75	R32 160.67	R32 947.67	R33 209.75
R50 000,00	R600 000,00	R38 697,33	R39 484,33	R39 746,42	R38 697.33	R39 484.33	R39 746.42
R70 000,00	R840 000,00	R51 079,83	R51 866,83	R52 128,92	R51 079.83	R51 866.83	R52 128.92
R110 000,00	R1 320 000,00	R74 709,67	R75 496,67	R75 758,75	R74 709.67	R75 496.67	R75 758.75
R130 000,00	R1 560 000,00	R86 509,67	R87 296,67	R87 558,75	R86 509.67	R87 296.67	R87 558.75
R170 000,00	R2 040 000,00	–	R110 153,33	R110 415,42	R109 366.33	R110 153.33	R110 415.42

The table below sets out a comparison of the PAYE that would have been/will be deducted from an individual's salary in 2024/2025 and 2025/2026:

Monthly gross	Annual equivalent	PAYE to be deducted					
		2025/2026			2024/2025		
		Under 65	65 - 74	Over 75	Under 65	65 - 74	Over 75
R7 979,17	R95 750,00	-	-	-	-	-	-
R10 000,00	R120 000,00	R363,75	-	-	R363.75	-	-
R15 000,00	R180 000,00	R1 263,75	R476,75	R214,67	R1 263.75	R476.75	R214.67
R20 000,00	R240 000,00	R2 183,08	R1 396,08	R1 134,00	R2 183.08	R1 396.08	R1 134.00
R30 000,00	R360 000,00	R4 783,08	R3 996,08	R3 734,00	R4 783.08	R3 996.08	R3 734.00
R40 000,00	R480 000,00	R7 839,33	R7 052,33	R6 790,25	R7839.33	R7 052.33	R6 790.25
R50 000,00	R600 000,00	R11 302,67	R10 515,67	R10 253,58	R11 302.67	R10 515.67	R10 253.58
R70 000,00	R840 000,00	R18 920,17	R18 133,17	R17 871,08	R18 920.17	R18 133.17	R17 871.08
R110 000,00	R1 320 000,00	R35 290,33	R34 503,33	R34 241,25	R35 290.33	R34 503.33	R34 241.25
R130 000,00	R1 560 000,00	R43 490,33	R42 703,33	R42 441,25	R43 490.33	R42 703.33	R42 441.25
R170 000,00	R2 040 000,00	R60 633,67	R59 846,67	R59 584,58	R60 633.67	R59 846.67	R59 584.58

INTEREST EXEMPTION

South African sourced interest	
Persons under 65 years	R23 800
Persons 65 years and older	R34 500

South African sourced interest income earned by non-residents is exempt if the non-resident was absent from the country for an aggregate of 183 days in the 12 months preceding the accrual of that interest

TAX-FREE INVESTMENTS

Amounts received by or accrued to an individual in respect of particular prescribed investment instruments and policies are exempt. Contributions to these prescribed investments/policies are subject to an annual limit of R36 000. Currently, a R500 000 lifetime limit applies.

DIVIDENDS

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax at a rate of 20% is withheld by the entities paying the dividends to the individuals.

FOREIGN DIVIDENDS

Most foreign dividends received by individuals from foreign companies (shareholding of 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. .

FOREIGN INTEREST

Foreign interest received by or accrued to a resident is subject to normal tax in South Africa.

TRAVEL EXPENSES

Rates per kilometre, which may be used in determining the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined by using the table on the SARS website www.sars.gov.za.

* If the travel allowance is applicable to a portion of the tax year, the fixed cost is reduced proportionately.

** Where the travel allowance is based on actual distance travelled by the employee for business purposes, no tax is payable on an allowance paid by an employer to an employee, up to the rate of R4,64 per kilometre regardless of the value of the vehicle or distance travelled. This alternative is not available if other compensation in the form of an allowance or reimbursement (other than for parking or toll fees) is received from the employer in respect of the vehicle.

*** It is compulsory to keep a logbook of travels in order to claim business travel expenses.

**** When claiming actual expenditure, the cost of the vehicle must be limited to the maximum allowed value as per the SARS website www.sars.gov.za for the purposes of calculating finance charges and wear and tear.

SUBSISTENCE ALLOWANCE

Where the recipient is obliged to spend at least one night away from his or her usual place of residence on business, and the accommodation to which that allowance or advance relates is in the Republic of South Africa, and the allowance or advance is granted to pay for meals and incidental costs or incidental costs only, an amount, published on the SARS website www.sars.gov.za, under Legal Counsel / Secondary Legislation / Income Tax Notices / 2023, is deemed to have been expended per day.

Where 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 under Legal Counsel / Secondary Legislation / Income Tax Notices / 2019.

Where the recipient is by reason of the duties of his or her office or employment obliged to spend a part of a day away from his or her usual place of work or employment, a reimbursement or advance for expenditure actually incurred by the recipient is exempt if the recipient is allowed by his or her principal to incur expenditure on meals and other incidental costs for that part of a day and the amount of the expenditure does not exceed an amount published on the SARS website www.sars.gov.za, under Legal Counsel / Secondary Legislation / Income Tax Notices / 2023.

TRAVELLING ALLOWANCE

Rates per kilometre, which may be used in determining the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined using the table published on the SARS website www.sars.gov.za, under Legal Counsel / Secondary Legislation / Income Tax Notices / 2023 / Fixing of rate per kilometre in respect of motor vehicles.

Note:

* 80% of the travelling allowance 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.

** No fuel cost may be claimed if the employee has not borne the full cost of fuel used in the vehicle, and no maintenance cost may 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 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 travelling allowance.

RETIREMENT FUND CONTRIBUTIONS

Contributions to a pension, provident or retirement annuity fund during a tax year are deductible by the member of the fund. The deduction is limited to the greater of:

- 27.5% of the employee's remuneration for PAYE purposes (excluding retirement fund lump sums and severance benefits); or
- 27.5% of the employee's taxable income (excluding retirement fund lump sums and severance benefits).

The deduction is limited to a maximum amount of R 350 000. If contributions exceed the limit during a particular tax year, the

DONATIONS

Deductions in respect of 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.

Donations tax is levied at a flat rate of 20% on the cumulative value of donations not exceeding R30 million and a rate of 25% on the cumulative value exceeding R30 million. This was effective March 2018. Donations made prior to this date must not be included in the cumulative total.

The first R100 000 of donations in each year by an individual is exempt from donations tax, as well as donations to spouses and certain public benefit organisations.

Donations made by non-residents are also exempt from donations tax.

LUMP SUM BENEFITS

Lump sum benefits in consequence of the withdrawal of membership of a retirement fund, including amounts assigned in terms of divorce settlements in certain circumstances, other than death/retirement lump sum benefits, are taxed according to the following table:

Taxable income from withdrawal benefits	Tax payable
R1 - R27 500	0% of taxable income
R27 501 - R726 000	18% of taxable income above R27 500
R726 001 - R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

Lump sum benefits in consequence of retirement/death are taxed according to the following table:

Taxable income from retirement benefits	Tax payable
R1 - R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 - R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

* Taxable income is cumulative and includes all lump sum payments whether on retirement (after 1 October 2007) or withdrawal (after 1 March 2009), or a severance benefit (after 1 March 2011).

CAPITAL GAINS TAX (CGT)

Maximum effective rate of tax	
Individuals and special trusts	18%
Companies	21.6%
Other trusts	36%

Inclusion rates	
Individuals, special trusts and individual policyholder funds	40%
Companies and trusts	80%

Exclusions	
Individuals, special trusts and individual policyholder funds	R40 000
Individuals in year of death	R300 000
Primary residence exclusion on the disposal of a primary residence	R2 million gain/ loss
Small business assets (persons over age 55 and market value of assets not more than R10 million)	R1.8 million

CGT example		
Salary		R180 000
Sale of primary residence		
- Proceeds	R4 000 000,00	
- Agent commission	(R200 000,00)	
- Purchase price	(R1 500 000,00)	
- Improvements	(R150 000,00)	
Sub total	**R2 150 000.00**	
Primary residence exclusion	(R2 000 000,00)	
Gain from sale	**R150 000.00**	
Sale of shares		
- Proceeds	R50 000,00	
- Purchase price	(R35 000,00)	
Gain from sale	**R15 000.00**	
Total capital gains	**R165 000.00**	
Less: Annual exclusion	(R40 000.00)	
Total	**R125 000.00**	
Apply inclusion rate (40%)		R50 000.00
Total taxable income		**R230 000.00**

TRUSTS TAX RATES

Rate of tax	2015	2016-2017	2018-2024
All taxable income	40%	41%	45%

Special trusts are taxed at the rates applicable to individuals, but are not entitled to any rebate. The 40% inclusion rate for a taxable capital gain applies to both types of special trusts and 80% inclusion rate for normal trusts.

A special trust is one created:

- Solely for the benefit of a person affected by a mental illness or serious physical disability which prevents that person from earning sufficient income to maintain him/herself. Where the person for whose benefit the trust was established dies prior to or on the last day of the year of assessment the trust will no longer be regarded as a special trust; or
- As a testamentary trust established solely for the benefit of minor children who are alive and related to the deceased on the date of death. Where the youngest beneficiary turns 18 years of age prior to or on the last day of the year of assessment, the trust will no longer be regarded as a special trust.

SECTION 7C

What is Section 7C?

Section 7C is an anti-avoidance provision designed to prevent avoidance of both donations tax and estate duty through low or no interest loans granted to trusts.

Implications of Section 7C?

SARS will deem the interest foregone, on a loan to a trust where the interest is less than the official interest rate, as a donation. This donation is deemed to be made on the last day of the year of assessment of the trust and will be subject to donations tax.

The lender must be either a connected natural person, or a company who granted the loan at the instance of that natural person. This applies to all loan account balances on or after 1 March 2017.

The provision does not apply to loans granted to a trust for the purchase of the lender's or the spouse's primary residence.

The official interest rate is linked to the repurchase rate plus 1% and is published on the SARS website. The most recent changes are as follows:

Date from	Date to	Rate
01.04.2016	31.07.2017	8.00%
01.08.2017	31.03.2018	7.75%
01.04.2018	30.11.2018	7.50%
01.12.2018	31.07.2019	7.75%
01.08.2019	31.01.2020	7.50%
01.02.2020	31.03.2020	7.75%
01.04.2020	30.04.2020	6.25%
01.05.2020	30.05.2020	5.25%
01.06.2020	31.07.2020	4.75%
01.08.2020	30.11.2021	4.50%
01.12.2021	31.01.2022	4.75%
01.02.2022	31.03.2022	5.00%
01.04.2022	31.05.2022	5.25%
01.06.2022	31.07.2022	5.75%
01.08.2022	30.09.2022	6.50%
01.10.2022	30.11.2022	7.25%
01.12.2022	31.01.2023	8.00%
01.02.2023	31.03.2023	8.25%
01.04.2023	31.05.2023	8.75%
01.06.2023	30.09.2024	9.25%
01.10.2024	30.11.2024	9.00%
01.12.2024	31.01.2025	8.75%
01.02.2025	Until change in Repo* rate	8.50%

Non-Residents:

Loans by non-residents are not subject to the effect of donations tax as a result of Section 7C since non-residents are exempt from donations tax. Loans from non-residents may nonetheless be subject to transfer pricing provisions.

Distributions to non-residents are fully taxable in the trust at the trust's applicable tax rate.

COMPANY TAX RATES

Financial years ending on any date between 1 April 2023.

Basic rate (other than entities specified below)	28%

Financial years ending on any date between 1 April 2023.

Basic rate (other than entities specified below)	27%

Small Business Corporations
(annual turnover of R20 million or less):

Financial years ending on any date between 1 April 2025 and 31 March 2026.

Taxable income	Rate of tax
R1 – 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

Micro-business (elective presumptive turnover tax for qualifying annual turnover of R1 million or less):

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

Taxable turnover	Rate of tax
R1 – R335 000	0% of taxable turnover
R335 001 – R500 000	1% of taxable turnover above R335 000
R500 001 – R750 000	R1 650 + 2% of taxable turnover above R500 000
R750 001 and above	R6 650 + 3% of taxable turnover above R750 000

DONATIONS

In the case of a taxpayer who is not an individual, exempt donations are limited to casual gifts not exceeding R10 000 per annum in total.

Donations between companies forming part of the same group of companies and donations to certain public benefit organisations are exempt from donations tax.

VAT

The VAT rate is increased by half a percentage point to 15.5% with effect from 1 May 2025 and another half a percentage point for 2026 to 16% with effect from 1 April 2026.

The basket of VAT zero-rated food items is expanded to include canned vegetables, dairy liquid blends, and organ meats from sheep, poultry and other animals.

Compulsory Registration

It is mandatory for a business to register for VAT if the total value of taxable supplies made in any consecutive twelve month period exceeded or is likely to exceed R1 million. The business must complete a VAT 101 - Application for Registration form and submit it to SARS within 21 days from date of exceeding R1 million.

Voluntary Registration

A business may also choose to register voluntarily for VAT if the value of taxable supplies made or to be made is less than R1 million, but has exceeded R50 000 in the past period of 12 months.

DIVIDENDS

Dividends are subject to dividends tax which is withheld from the gross dividend declared, before being paid to the beneficial owners. The entity declaring the dividend is liable for withholding the tax and paying it to SARS.

The following rates are applicable:

Beneficial owner	Dividend withholding tax rate
Resident individuals	20%
Resident companies	0%
Non-resident individuals and companies	Refer to tax rates per South African DTA Agreements – available on the SARS website

FRINGE BENEFITS

Employer-owned vehicles

- The taxable value is 3.5% of the determined value (the cash cost including VAT) of each vehicle per month. Where the vehicle is:
  - The subject of a maintenance plan when the employer acquired the vehicle 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 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.

Interest-free or low-interest loans

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

Residential accommodation

- The value of the fringe benefit to be included in gross income is the lower of the benefit calculated by applying a prescribed formula, or the cost to the employer if the employer does not have full ownership of the accommodation.
- The formula will apply if the accommodation is owned by the employee, but it does not apply to holiday accommodation hired by the employer from non-associated institutions.

SECURITIES TRANSFER TAX

Securities transfer tax (STT) is payable upon the transfer of listed or unlisted shares. This includes the buying back, redemption or cancellation of shares. STT is levied at 0.25% of the value of the shares transferred and is due within two months after the end of the month in which the shares were transferred.

TAX ON INTERNATIONAL AIR TRAVEL

R190 per passenger departing on international flights, excluding flights to Botswana, Lesotho, Namibia and eSwatini, in which case the tax is R100.

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 Skills Development Levies.

UNEMPLOYMENT INSURANCE CONTRIBUTIONS

- Unemployment insurance contributions are payable monthly by employers, on the basis of a contribution of 1% by employers and 1% by employees, based on the employees' remuneration below a certain amount
- Employers not registered for PAYE or SDL must pay the contributions to the Unemployment Insurance Commissioner.
- The proposed UIF ceiling limit increase is R17 711.58 per month.
- Effective since 1 June 2021, under section 6(2) of the Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002), the UIF contributions amount shall not apply to so much of the remuneration paid or payable by an employer to an employee during any month, as exceeds R17 712.

PROVISIONAL TAX

A provisional taxpayer is any person who earns income by way of remuneration from an unregistered employer, or income that is not remuneration, or an allowance or advance payable by the person's principal. 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 tax returns showing an estimation of total taxable income for the year of assessment are required from provisional taxpayers.

Deceased estates are not provisional taxpayers.

ESTATE DUTY

Value of estate	Rate
R0 to R30 000 000	20% of the dutiable amount of a deceased estate
Exceeding R30 000 000	25% of the dutiable amount of a deceased estate

Estate duty is levied on the dutiable amount of a deceased estate (property of residents and SA property of non-residents). Deductions include: a standard abatement of R3.5 million per estate (R7 million for a married couple) and certain other deductions, the most important of which is the deduction for property accruing to a surviving spouse.

TRANSFER DUTY

Paid on acquisition of immovable property where the transaction is not subject to VAT. Transfer duty is also payable on the acquisition of residential property through an interest in a company or trust. The rates of duty are as follows:

Years of assessment commencing on 1 March 2025 or ending on 28 February 2026.

Value of property	Rate
R1 – R1 100 000	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 R2 329 300
R2 994 801 – R13 310 000	R106 784+11% of the value above R2 994 800
R13 310 001 and above	R1 241 456 + 13% of the value exceeding R13 310 000

WITHHOLDING TAXES

Other payments to non-residents	
Royalties	15%
Interest	15%
Sportsmen and entertainers who perform in SA	15%
Fixed property acquired in SA from a seller that is a non-resident:	
If the non-resident is a natural person	7.5%
If the non-resident is a company	10%
If the non-resident is a trust	15%

SARS INTEREST RATES

Rate of interest (from 1 February 2025)	Rate
Fringe benefits - interest-free or low-interest loan (official rate)	8.25% p.a.
Rate of interest (from 1 March 2025)	Rate
Late or underpayment of tax	11.25% p.a.
Refund of overpayment of provisional tax	7.25% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	11.25% p.a.
Refund of VAT after prescribed period	11.25% p.a.
Late payment of VAT	11.25% p.a.
Customs and Excise	11.25% p.a

OTHER

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In summary, the second edition of this carefully considered book (which not only deals with all the various tax implications of immigration/emigration but the taxation of residents working offshore) remains an invaluable guide to an increasingly complex set of tax challenges. Given these changes, it is an even more significant addition to our body of tax literature and will remain essential reading for anyone advising his or her client with regard to the tax consequences of migration and non-resident accruals.

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