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# South African Tax Guide 2025/2026



## Individual – Tax Rates

Year of assessment ending 28 February 2026:

<b>Taxable Income</b>	<b>Rate of Tax</b>
<b>R</b>	<b>R</b>
0 – 237 100	18%
237 101 – 370 500	42 678 + 26%
370 501 – 512 800	77 362 + 31%
512 801 – 673 000	121 475 + 36%
673 001 – 857 900	179 147 + 39%
857 901 – 1 817 000	251 258 + 41%
1 817 001 and above	644 489 + 45%

## Individual – Rebates

Primary	R 17 235
Secondary (persons 65 and over)	R 9 444
Tertiary (persons 75 and over)	R 3 145

Rebates are reduced proportionally where the period of assessment is less than 12 months.

## Tax Threshold

<b>Tax Threshold</b> Below age 65	R 95 750
Age 65 to 74	R 148 217
Age 75 and over	R 165 689

## Individual – Exemptions

### Interest Income

Below age 65	R 23 800
Age 65 and over	R 34 500

Interest received by or accrued to a non-resident may be exempt from tax.

### Dividend Income

South African dividends received by a taxpayer are exempt from normal tax. Certain foreign dividends are exempt from normal tax. Taxable foreign dividends are subject to an exemption in the ratio of 25/45. No deductions are allowed for expenditure to produce foreign dividends. Dividends received by a South African resident individual from a REIT are subject to income tax. Non-residents receiving dividends from a REIT are only subject to dividends tax.

### Employment outside of South Africa

With effect from 1 March 2020, R1.25 million p.a. of remuneration for employment outside South Africa will be exempt if the employee is outside of South Africa for >183 days during a 12 month period and for a continuous period >60 days during the 12 month period.

## Tax Free Investments

Any amount received by or accrued to a natural person in respect of a tax free investment shall be exempt from normal tax.

Contributions are limited to an annual limit of R36 000 and a lifetime limit of R500 000.

## Medical Scheme Fees Tax Credit

A natural person must deduct a credit from normal tax payable for contributions paid to a medical scheme of R364 each for the taxpayer and first dependant and R246 for each additional dependant per month.

## Additional Medical Expenses Tax Credit

A natural person must deduct a credit from normal tax payable for additional medical expenses as follows:

**Taxpayers over 65 or for persons with a disability**

33,3% of [(fees paid to a medical scheme as exceeds three times the medical scheme fees tax credit) plus qualifying medical expenses].

**Other taxpayers**

25% of [((fees paid to a medical scheme as exceeds four times the medical scheme fees tax credit) plus qualifying medical expenses) as exceeds 7,5% of the person's taxable income].

## Individual – Deductions

### **Pension, Provident and Retirement Annuity Fund contributions**

Total deduction limited to the lesser of:

R350 000; or

27,5% of the higher of

(a) remuneration excluding lump sum benefits, or

(b) taxable income excluding lump sum benefits before this deduction.

Any excess contributions are carried forward to the next year.

### **Donations**

Donations to qualifying institutions are limited to 10% of taxable income before this deduction. Any excess shall be carried forward and be deemed to be a donation paid in the next year.

## Travelling Allowance

With effect from 1 March 2025:

Value of vehicle		Fixed Cost	Fuel Cost	Maintenance Cost
R	R	R	c	c
0 – 100 000		33 940	146.7	47.4
100 001 – 200 000		60 688	163.8	59.3
200 001 – 300 000		87 497	177.9	65.4
300 001 – 400 000		111 273	191.4	71.4
400 001 – 500 000		135 048	204.8	83.9
500 001 – 600 000		159 934	234.9	98.5
600 001 – 700 000		184 867	238.9	110.5
700 001 – 800 000		211 121	242.9	122.5
800 001 and above		211 121	242.9	122.5

A deduction for business travelling expenses may only be claimed against the allowance if a log book is maintained.

No fuel cost may be claimed if the employee has not borne the full cost of fuel, and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (eg. if vehicle is covered by a maintenance plan).

Actual costs may be used instead of the tables.

80% of the allowance is subject to PAYE. However, only 20% of the allowance is subject to PAYE if the employer is satisfied that at least 80% of the use of the vehicle for the year of assessment will be for business purposes.

No tax is payable on an allowance up to the rate of R4.76 per kilometre based on actual distance travelled by the employee for business purposes. This alternative is not available if any other allowance or reimbursement is received from the employer.

## Employer Contributions

### Medical scheme

The taxable fringe benefit is the full medical scheme contributions paid by the employer to a medical scheme. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

### Pension, Provident and Retirement Annuity Fund

The taxable fringe benefit is the full contributions paid by the employer to any pension fund, provident fund or retirement annuity fund. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

## Provisional Tax

Due dates for payment of provisional tax:

### Individuals and Trusts

First	31 August
Second	28 February
Third – taxable income > R50 000	30 September

### Deceased Estates

Excluded from definition of a provisional taxpayer

### Companies

First	6 months from beginning of financial year
Second	Last day of the financial year
Third – taxable income > R20 000	6 months after end of financial year, or for February year end companies, 7 months after end of financial year

## Two-pot Retirement System

The two-pot retirement reforms were implemented on 1 September 2024. Contributions are split with one third to a savings component and two thirds to a retirement component.

Pre-retirement withdrawals from the savings component will be allowed subject to specific rules and will be taxed at marginal tax rates.

Only one withdrawal may take place in a tax year with a minimum withdrawal amount of R 2 000.

## Donations Tax

### Rate of tax

Based on cumulative donations from 1 March 2018:

Donations up to R30 million	<b>20%</b>
Donations exceeding R30 million	<b>25%</b>

### The principle exemptions are:

Casual donations by a natural person per annum	<b>R 100 000</b>
Casual donations by a juristic person per annum	<b>R 10 000</b>
Donations between spouses	
Donations to certain public benefit organisations	
Bona fide contribution by donor towards the maintenance of any person	

## SARS – Interest Rates

Official rate of interest:

With effect from 1 February 2025	8.50%
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With effect from 1 March 2025, until change in the PFMA rate:

Late or underpayment of tax	11.25%
Refund of overpayment of provisional tax	7.25%
Refund of tax on successful appeal	11.25%
Refund of VAT after prescribed period	11.25%
Late payment of VAT	11.25%

Interest payable by SARS is deemed to accrue on the date of payment.

## Company Cars

### Monthly taxable benefit:

- 3,5% of the determined value (incl. VAT)
- 3,25% if vehicle is subject to maintenance plan
- If acquired under operating lease, the cost incurred under the operating lease plus the cost of fuel

The value is reduced on assessment in the ratio of business travel to total travel.

Where employee bears full cost of licence or insurance or maintenance, then the value may be reduced on assessment by multiplying the cost by ratio of private travel to total travel, excluding vehicles acquired under an operating lease.

Where employee bears full cost of fuel for private use, then the value may be reduced on assessment by multiplying private kilometres travelled by fuel cost in travel allowance table, excluding vehicles acquired under an operating lease.

A log book must be maintained to qualify for a reduction of the value.

80% of the value is subject to PAYE. This may be reduced to 20% where at least 80% of use is for business purposes.

## Trust – Tax Rates

Year of assessment ending 28 February 2026

**Rate of tax** **45%**  
Special trusts and testamentary trusts established for the benefit of minor children will be taxed at the individual tax rates.

## Value-added Tax

### Standard Rate

With effect from 01 May 2025 **15.5%**  
With effect from 01 April 2026 **16.0%**

Registration Levels – Annual income from taxable goods and services:

< R50 000	Deregistration compulsory
≤ R1 000 000 > R50 000	Registration voluntary
> R1 000 000	Registration compulsory
> R3 000 000	Monthly returns

## Estate Duty

Estate duty is levied on the worldwide property of residents and South African property in respect of non-residents, less allowable deductions.

### Rate of tax

– value of estate up to R30 million **20%**  
– value of estate exceeding R30 million **25%**

### Principle deductions:

Basic deduction – R3 500 000 plus the unused basic deduction of the pre-deceased spouse.

All property accruing to a surviving spouse.

## Transfer Duty

The duty is payable on transactions which are not subject to VAT.

Rates applicable to all persons – effective from 1 April 2025:

Property value	Rate of tax
R	R
0 – 1 210 000	0%
1 210 001 – 1 663 800	3%
1 663 801 – 2 329 300	13 614 + 6%
2 329 301 – 2 994 800	53 544 + 8%
2 994 801 – 13 310 000	106 784 + 11%
13 310 001 and above	1 241 456 + 13%

## Global Minimum Corporate Tax

The Global Minimum Tax Act applies to multinational enterprise (MNE) groups with global consolidated turnover exceeding €750 million, effective for years commencing from 1 January 2024.

The law provides for:

- an income inclusion rule (IIR) where the effective tax rate is below 15% and
- a domestic minimum top-up tax (DMTT) on the profits of inbound MNE's with low-taxed entities in SA.

The laws provide for a transition year to allow for implementation.

## Withholding Taxes

### Dividends 20%

The withholding tax is levied on any dividend paid by a company, subject to certain exemptions, including a South African company as the beneficial owner.

### Royalties 15%

Final tax imposed on the gross amount of royalties from a South African source payable to foreign residents.

### Interest 15%

Final tax imposed on interest from a South African source payable to non-residents, subject to certain exemptions including interest paid by a bank.

### Foreign entertainers and sportspersons 15%

### Disposal of immovable property by a non-resident

Non-resident individual	7.5%
Non-resident company	10%
Non-resident trust	15%

For all the withholding taxes above there may be exemptions that apply, and in certain circumstances the tax rate may be reduced in terms of a tax treaty in place with the country of residence of the non-resident.

### Service Fees

There is no withholding tax on service fees, but qualifying fees may fall into the provisions related to reportable arrangements.

## Corporate Tax Rates

### Normal tax

#### Companies and Personal Service Providers

Year of assessment ending:

- on or after 1 April 2025 **27%**

#### South African Branches of Foreign Companies

Year of assessment ending

- on or after 1 April 2025 **27%**

### Small Business Corporations

Year of assessment ending on or after 1 April 2025:

<b>Taxable income</b>	<b>Rate of Tax</b>
<b>R</b>	<b>R</b>
0 – 95 750	0%
95 751 – 365 000	7%
365 001 – 550 000	18 848 + 21%
550 001 and above	57 698 + 27%

## Assessed Losses

Companies are subject to a limitation on the use of assessed tax losses carried forward from the preceding year of assessment. The set-off is limited to the higher of R1 million and 80% of taxable income.

For years ending on or after 31 December 2024, the limitation will not apply if the company has taken steps to liquidate, wind up or deregister.

## Microbusinesses

Sole proprietors, partnerships and incorporated businesses may elect to be taxed on a turnover based system. Year of assessment ending on or after 1 March 2025 up until 28 February 2026:

<b>Taxable turnover</b>	<b>Tax liability</b>
<b>R</b>	<b>R</b>
0 – 335 000	0%
335 001 – 500 000	1%
500 001 – 750 000	1 650 + 2%
750 001 – 1 000 000	6 650 + 3%

## Residence Basis of Taxation

Residents of South Africa are taxed on their worldwide income. Non-residents may be taxed on South African source income.

### Definition of Resident

#### Individuals

- Any person who is ordinarily resident in South Africa.
- Any person who was physically present in South Africa for greater than 91 days per tax year for 6 consecutive tax years and was physically present for 915 days in aggregate during the first 5 years.

#### Companies

- Incorporated or effectively managed in South Africa, subject to exclusions.

Excluded from the definition of a resident is any person that is exclusively a resident of another country by virtue of an agreement for the avoidance of double taxation.

A change in tax residence is declared by the taxpayer in the RAV01, supported with an upload of prescribed information.



## Capital Gains Tax

- Residents are subject to the tax on the disposal of their assets held worldwide, while non-residents are taxed on certain assets in South Africa.
- Gains accruing after 1 October 2001 will be subject to the tax, which will be levied on a realisation basis. Realisation occurs on disposal of an asset. Death, emigration and donation of an asset are deemed to be disposals.
- The first R40 000 a year of capital gain or loss realised by individuals will be excluded except in the year of death where such exclusion will be R300 000.
- The first R2 000 000 of capital gain or loss on the disposal of a primary residence will be excluded.
- Certain exemptions apply to personal use assets, assurance and retirement benefits, assets of a small business disposed of for retirement, compensation for personal injury, lottery receipts, foreign currency converted for personal use, diplomats and diplomatic missions, gains arising on assets donated to certain public benefit organisations.
- Rollover relief is provided for assets in certain circumstances (e.g. certain transfers between spouses or involuntary disposals).
- Capital gains will be taxed with other income, with a portion of the net capital gain being included in taxable income, depending on the nature of the taxpayer.

The following rates apply for disposal of assets:

<b>Taxpayer</b>	<b>Inclusion rate</b>	<b>Maximum effective rate of tax</b>
<b>Individual &amp; special trust</b>	40%	18%
<b>Trust</b>	80%	36%
<b>Companies</b>	80%	21,6%

## Loans to a Trust

A loan made by a natural person to a trust, subject to certain exclusions, that is interest free or bears interest at a rate that is less than the official rate of interest, may give rise to donations tax. The interest foregone will be treated as a donation made by the natural person.

Anti-avoidance provisions are in place to counter schemes whereby loans are made via companies and connected person relationships exist, as well as schemes related to preference shares acquired in a company owned by a trust and connected person relationships exist.

**The information contained herein is a précis of current legislation and budget proposals, is subject to change and should not be used as a substitute for detailed professional advice.**

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