Momentum unleashed: Driving reform for growth

Budget 2026

Economic and fiscal policy

Economic growth

PwC wish

In PwC's 29th Global CEO Survey, 61% of CEOs in South Africa expect local economic growth to increase this year. Our wish is for Budget 2026 to provide clarity on how geopolitical risks—including US tariff pressures, AGOA uncertainty, and global trade tensions—are being factored into policy planning, alongside continued progress on structural reforms in energy and logistics.

Our real GDP growth forecasts:

- 2025: 1.0%
- 2026: 1.2%
- 2027: 1.3%
- 2028: 1.5%

Our nominal GDP growth forecasts:

- 2025: 4.8%
- 2026: 5.3%
- 2027: 5.7%
- 2028: 5.9%

PwC prediction

The South African Reserve Bank's (SARB) January 2026 projections forecast GDP growth of 1.2% for 2025 and 1.4% for 2026, with growth expected to reach 1.8% by the end of the decade as electricity and logistics reforms take effect. The IMF's January 2026 World Economic Outlook projects South Africa's growth at 1.4% growth, a marginal upward revision from October 2025 estimates. National Treasury is expected to present projections broadly in line with the IMF, though the Medium-Term Budget Policy Statement (MTBPS) 2025 forecasts of 1.5% in 2026 and 1.8% thereafter may prove optimistic given downside risks from US tariffs, including the 30% punitive tariff on South African exports.

The economy recorded four consecutive quarters of expansion through Q3 2025, supported by robust private consumption and improving business confidence. However, fixed investment remains subdued and export performance continues to be hampered by US trade restrictions.

Fiscal balance

PwC wish

Managing the fiscal balance is essential to South Africa's credibility in the investor community, particularly following S&P's historic upgrade in November 2025—the first in nearly two decades. Our wish is for the National Treasury to maintain its commitment to fiscal consolidation and provide a credible path to primary surpluses that can stabilise and ultimately reduce the debt ratio.

Our budget balance forecasts:

- 2025/2026: -4.9%
- 2026/2027: -4.1%
- 2027/2028: -3.7%
- 2028/2029: -3.3%

PwC prediction

The MTBPS 2025 projected the consolidated budget deficit to narrow from 4.7% of GDP in FY2025/26 to 3.8% in FY2026/27 and 2.9% by FY2028/29. The primary budget surplus achieved in 2023/24—the first in 15 years—is expected to widen from 0.9% of GDP in FY2025/26 to 2.5% by FY2028/29. Revenue collections in the first half of 2025/26 exceeded expectations by R19.3bn, driven by strong VAT, corporate income tax, and dividends tax. Budget 2026 is expected to reaffirm this fiscal consolidation trajectory, with emphasis on the lower interest rate environment reducing debt-service costs. However, execution risk remains, particularly if growth disappoints or contingent liabilities materialise.
Our view is that the consolidation story holds, but due to our lower growth trajectory, is a pace more gradual than what National Treasury expected in the MTBPS.

Expenditure

PwC wish

Budget 2026 takes place amid significant expenditure pressures. We wish for the Finance Minister to be transparent about funding sources and trade-offs, particularly regarding:

- The funding gap from USAID/PEPFAR cuts affecting HIV programmes, estimated at 17% of HIV programme funding.
- The extension of the SRD grant to March 2027 and its long-term sustainability.
- Ongoing pressures from the public sector wage bill: Our wish is that expenditure prioritisation is clearly articulated.

PwC prediction

Given continued constraints on economic growth and the revenue outlook, spending reallocation will be necessary. Budget 2025 already emphasised shifting from consumption spending to capital investment, with capital payments projected to rise 7.5% annually—the fastest-growing expenditure item. The USAID funding termination (affecting approximately 40 health projects and 8,500 PEPFAR-funded staff) creates a funding gap that will require fiscal accommodation or domestic resource mobilisation. The SRD grant extension to 2027 adds approximately R36-38bn annually to baseline expenditure. We expect continued restraint on the public sector wage bill, with the government's early retirement programme targeting 2,200 SANDF members and broader payroll reforms. Infrastructure investment is expected to remain a priority, with the R15bn infrastructure bond issuance proceeding.

Debt

PwC wish

South Africa's debt burden remains elevated at 77.9% of GDP. Our hope is that National Treasury will confirm the debt stabilisation achieved in FY2025/26 articulates a clear path to reducing the debt ratio toward 70% in the medium term and 60% in the long term and provides an update on the fiscal anchor policy expected to take effect from April 2027.

PwC prediction

The MTBPS 2025 projected that gross debt-to-GDP peaked at 77.9% in FY2025/26—the first projected halt in debt growth since 2008—before declining gradually to 77.4% by FY2027/28. This achievement reflects improved revenue collections, contained expenditure growth, and lower-than-anticipated debt-service costs due to declining interest rates. National Treasury's fiscal anchor policy, expected to be finalised in 2026, will provide a rules-based framework anchored in debt targets of 70% in the medium term and 60% in the long term. The IMF's Article IV mission recommends a primary surplus target of 3% of GDP to achieve these objectives. Budget 2026 is expected to provide further details on this framework.

State-Owned Enterprises (SOEs)

PwC wish

The progress in reforming SOEs has been encouraging, particularly Eskom's unbundling and first profit in eight years. Our hope is that Budget 2026 provides:

- An update on Eskom's restructuring into separate generation, transmission, distribution, and renewables subsidiaries.
- Clarity on Transnet's funding requirements and private sector participation.
- Progress on the broader SOE rationalisation agenda.

PwC prediction

Eskom's unbundling received ministerial approval in December 2025 for the next phase of restructuring, with the National Transmission Company South Africa (NTCSA) legally separated in July 2024 and plans for a fully independent Transmission System Operator by 2030. Eskom recorded its first profit in eight years in FY2024/25, though municipal arrears (now 15% of Eskom's total debt) remain a serious challenge. The R230bn three-year funding support package concludes in March 2026, with only R10bn outstanding to be disbursed in FY2028/29. Treasury's "no more bailouts" stance remains firm. Transnet continues to face significant challenges, with no budget allocation in Budget 2025. Private sector participation through Independent Transmission Projects (IPT) is being piloted, with market tenders expected. We expect Budget 2026 to provide an update on SOE rationalisation progress and the transferof Denel oversight to the Department of Defence.

Credit ratings

PwC wish

S&P Global Ratings' upgrade of South Africa's foreign currency rating to 'BB' from 'BB-' in November 2025—the first upgrade in nearly two decades—signals improved credibility. Our hope is that Budget 2026 highlights progress on factors monitored by rating agencies and articulates the path toward regaining investment-grade status.

PwC prediction

The S&P upgrade, with a positive outlook maintained, reflects improved fiscal trajectory, stronger revenue collections, and reduced contingent liabilities from Eskom. Fitch maintained South Africa at BB- with a stable outlook in September 2025, while Moody's holds at Ba2 with a stable outlook. South Africa remains two notches below investment grade (S&P), with further upgrades dependent on sustained fiscal consolidation, continued structural reforms, and improved growth performance. Budget 2026 provides an opportunity to consolidate gains and signal continued commitment to reforms that rating agencies monitor. The exit from the FATF grey list in October 2025 has also improved investor sentiment.

Monetary policy

PwC wish

The adoption of the new 3% inflation target (with a ±1 percentage point tolerance band) represents a major policy achievement. Our wish is that Budget 2026 confirms alignment between fiscal and monetary policy in achieving this target and supports the enabling environment for lower interest rates.

PwC prediction

In November 2025, Finance Minister Godongwana and SARB Governor Kganyago announced the new 3% inflation target, replacing the 3-6% range that had been in place for 25 years. The SARB has cut the repo rate by 150 basis points since September 2024, bringing it to 6.75% as of November 2025. Inflation is on track to reach the 3% target in 2026, with the SARB projecting inflation to average 3.6% in 2026 before settling at 3% by 2027. Governor Kganyago confirmed at Davos in January 2026 that the SARB's projection model allows for two additional 25-basis-point cuts. Lower interest rates support fiscal consolidation by reducing debt-service costs and provide tailwinds for consumer spending and business confidence.

Social Relief of Distress Grant (SRD)

PwC wish

The SRD grant has been extended to March 2027, but its long-term future remains uncertain. Our wish is that National Treasury provides:

- A clear timeline for finalising proposals on sustainable income support.
- Transparent costing of various policy options.
- Clarity on funding sources.

PwC prediction

The SRD grant has been extended to March 2027, with allocations of R35.2bn in FY2025/26, R36.8bn in FY2026/27, and R38.4bn in FY2027/28. The grant currently supports approximately 8m beneficiaries at R370 per month. The Department of Social Development is leading a policy review to link the working-age population to skills development and employment programmes, with the intention to finalise policy before the 2026 MTBPS. A North Gauteng High Court ruling ordered the government to make the grant more accessible and adjust it for inflation; the appeal outcome remains pending. We expect Budget 2026 to maintain current grant levels pending this policy review, with no fundamental changes to eligibility criteria until the appeal is resolved.

Municipal finance

PwC wish

Municipalities face severe liquidity challenges, with many unable to meet basic obligations. Our hope is that Budget 2026 provides an update on the municipal debt relief scheme and outlines measures to improve municipal financial health ahead of the 2026 local government elections.

PwC prediction

Only 14 local councils out of 72 that signed up for National Treasury's debt relief intervention were sticking to their payment obligations as of late 2025. Municipal arrears to Eskom have risen sharply and now represent approximately 15% of Eskom's total debt. The World Bank announced a $925m loan in November 2025 to support eight major municipalities through a program-for-results initiative. Budget 2026 is expected to provide an update on the effectiveness of distribution agency agreements (under which Eskom operates municipal electricity services) and progress on smart prepaid metering to improve revenue collection. With local government elections scheduled for late 2026/early 2027, fiscal support for municipalities will be politically significant.

Defence and security

PwC wish

The SANDF withdrawal from the DRC following significant casualties has highlighted capability and funding gaps. Our wish is for Budget 2026 to provide an update on the defence budget trajectory and capability modernisation plans.

PwC prediction

The defence budget for FY2025/26 stands at approximately R57-59bn, representing roughly 0.78% of GDP—well below the 1.5% target outlined in the 2015 Defence Review. The R5bn initially allocated for DRC deployment was reduced following the SAMIDRC withdrawal in March 2025, with R3bn now covering immediate withdrawal costs. Only 27% of SANDF soldiers are reportedly healthy enough to deploy. The Department of Defence requires an estimated R98.3bn but receives only R57.2bn. Budget 2026 is expected to maintain the defence budget in real terms while funding the R150m allocation for SANDF support to SAPS during the 2026 local elections. Significant capability modernisation remains unlikely given fiscal constraints.

USAID/Health funding gap

PwC wish

The termination of USAID-funded health projects creates a significant gap in HIV, TB, and primary healthcare delivery. Our wish is for Budget 2026 to outline how this gap will be addressed through domestic resources or alternative international partnerships.

PwC prediction

Approximately 40 USAID-funded health projects in South Africa received termination letters in February 2025, displacing 8,500+ PEPFAR-funded healthcare workers and halting services including HIV testing, treatment, and outreach. PEPFAR contributed approximately 17% ($460m) of South Africa's $2.56bn HIV budget. Without intervention, modelling suggests 500,000+ additional HIV-related deaths and 565,000 new infections could occur by 2035. The UNAIDS-led "Close the 1.1m" campaign launched in February 2025 aims to increase HIV treatment uptake and calls on the private sector to help bridge the funding gap. Budget 2026 is expected to acknowledge this challenge, though complete domestic replacement of PEPFAR funding appears unlikely given fiscal constraints.

Geopolitical and trade risks

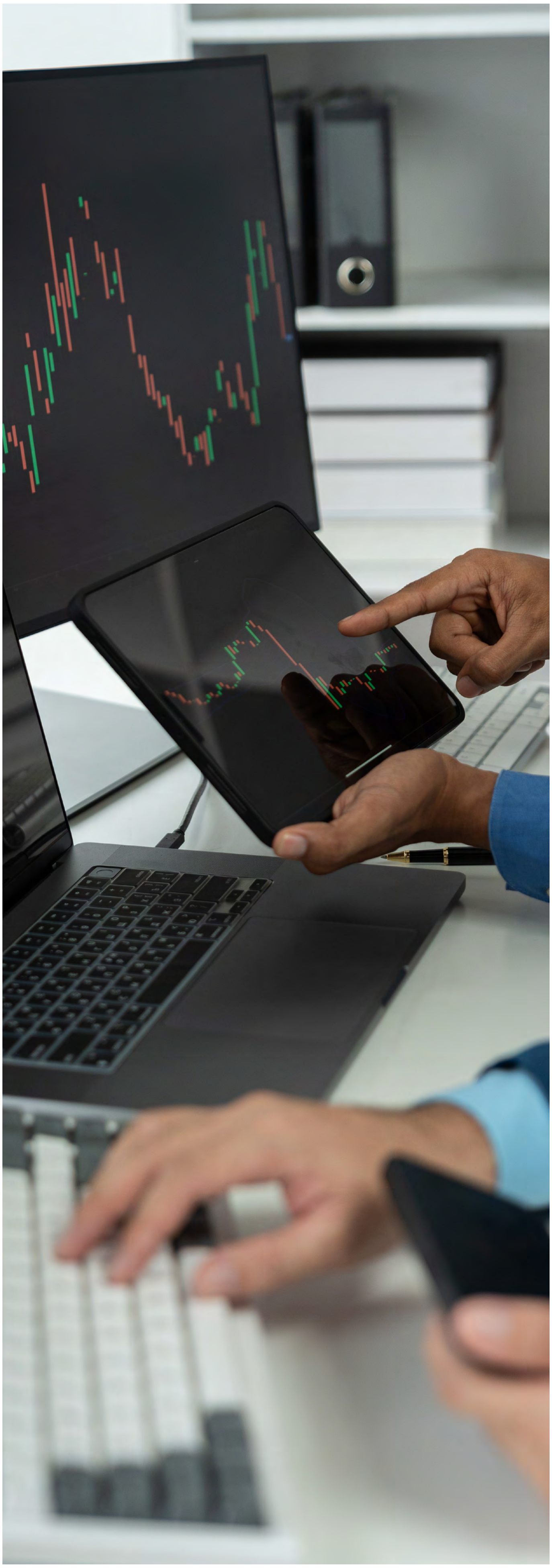
PwC wish

The 30% US tariff on South African exports and uncertainty around AGOA represent significant risks to growth and the external balance. Our wish is for Budget 2026 to outline the government's strategy for:

- Trade diversification toward EU, China, and AfCFTA markets.
- Support measures for affected sectors (citrus, wine, automotive).
- Bilateral negotiations with the US.

PwC prediction

The Trump administration imposed a punitive 30% tariff on South African goods in August 2025—the highest in sub-Saharan Africa—affecting approximately $3.6bn in exports annually, particularly automobiles, citrus, wine, and agricultural products. An estimated 100,000 jobs are at risk across agriculture and automotive sectors. The US House of Representatives passed AGOA renewal legislation in January 2026, extending the programme to 2028, though the 30% tariff on South Africa would still apply absent a bilateral deal. Budget 2026 is expected to acknowledge these headwinds and outline government responses, including market diversification strategies and support for affected industries. The automotive sector has already been impacted, with Mercedes-Benz temporarily closing its East London assembly line.



Tax predictions

2025/26 tax revenues

PwC prediction

The National Treasury forecast total tax revenues of R1,985.6bn in Budget 2025.

MTBPS 2025 projected gross tax revenue for 2025/26 to be R19.7bn higher relative to the Budget 2025 estimate at R2,005.3bn.

Revenue collections (mainly due to stronger net VAT, corporate tax, and dividends tax) as at December were 8.6% higher than for the same period in 2024/2025.

Revenue collection for the 2025/26 fiscal year looks set to outperform the original budget estimate in Budget 2025 and may potentially exceed the MTBPS 2025 forecast (if full year revenue growth continues at the December rate, tax revenues will exceed the MTBPS forecast by R9bn). Our base case expectation is for revised revenue forecasts for 2025/26 to be more or less in line with the MTBPS 2025 forecast.

2026/27 tax revenues

PwC wish

We hope that National Treasury will not increase taxes in Budget 2026. Budget 2025 saw R20bn of unspecified tax increases pencilled in for 2026/27 in the final approved iteration of the budget.

SARS was granted additional funding in Budget 2025, part of which is expected to increase debt collection by R20bn to R50bn per year.

National Treasury indicated that the performance of SARS would be monitored by assessing the change in the amount of cash collected from debt and that, if successful, the R20bn in tax increases would be reconsidered.

Although SARS appears to be some way off collecting an additional R20bn in 2025/26 (as at December 2025 SARS was actually slightly behind the debt collection baseline), National Treasury appears to have softened its approach recently, instead seeming to consider whether an additional R20bn is collected over the Budget 2025 forecast, whether from debt or elsewhere.

PwC prediction

In MTBPS 2025, National Treasury estimated tax revenues for 2026/27 at R2,143bn, or growth of 6.9% on forecast nominal GDP growth of 4.9%. This includes the R20bn of unspecified tax increases for 2026/27 pencilled into the budget.

In light of the expected revenue collections for 2025/26, we do not expect that National Treasury will proceed with those increases.

We expect nominal GDP growth of around 5.1% for 2026.

Given that we expect tax revenues for 2026/27 to come in at around R2,005bn and an expected tax buoyancy of 1.2 for the year (in the absence of any tax increases or decreases), we expect that the tax revenues for 2026/27 will amount to around R2,128bn before any tax changes.

This is slightly lower than what was estimated in MTBPS 2025 (including the pencilled in tax increases), but we expect that any impact on the fiscal balance will be limited by further reductions in non-interest and interest expenditure.

Personal income tax (PIT)

PwC prediction

Tax rates

Budget 2025 resulted in no inflationary adjustments for personal income tax brackets and rebates in 2025/26 (fiscal drag) in order to raise additional revenues.

Should National Treasury proceed with the proposed R20bn of tax increases for 2026/27 announced in Budget 2025, we expect that this will be achieved primarily through fiscal drag, as was done for 2025/26. However, we don't anticipate that National Treasury will proceed with the proposed tax increases, at least not to the full extent, in light of the improved revenue outlook since Budget 2025.

South Africa has the highest PIT burden among upper middle-income countries, alongside one of the highest top PIT rates. The PIT burden is higher than the OECD average and exceeds that of many developed countries such as France, Germany, Japan, Netherlands, and Switzerland.

Further increases in PIT would put additional pressure on households that are under strain. National Treasury has indicated that, rather than increasing rates, it aims to reduce the rate over time by increasing the tax base through greater economic growth, employment, and enforcement.

However, the PIT burden has increased significantly in recent years and is expected to amount to around 10.2% of GDP in 2025/26. This is substantially higher than the 6.6% it was at before the 2008 global financial crisis. It is also higher than the 9% it stood at in 1999/2000 before the significant relief provided over the period leading up to the global financial crisis.

Given the PIT burden and the expectation that 2025/26 tax revenues are expected to be in line with the MTBPS 2025 forecasts, we do not expect further significant PIT increases and expect that substantial fiscal drag relief will be given in Budget 2026.

Medical tax credits

The National Health Insurance (NHI) Act was signed into law on 15 May 2024 and published in the Government Gazette on 16 May 2024. The effective date will be proclaimed by the President in the Government Gazette.

In Budget 2018 it was announced that increases in medical tax credits would be kept below inflation for the next three years to fund the rollout of the NHI.

Budget 2025 did not provide for an increase for medical tax credits in 2025/26 as part of the measures to raise additional tax revenues.

During 2025 there was a suggestion from the Department of Health that medical tax credits should be removed to fund the NHI, initially for those earning above R750,000 per year. However, the Minister of Finance has come out against such a proposal, and we do not expect that there will be any move to remove medical tax credits in the medium term.

It is expected that Budget 2026 will see medical tax credits being increased in line with inflation.

Corporate income tax (CIT)

As we look ahead to Budget 2026, the policy approach is still expected to reflect the long-standing principle of broadening the tax base while keeping rates as low and stable as possible. Government continues to face significant pressures—including the need for fiscal consolidation and ongoing revenue constraints. Against this backdrop, we do not anticipate any changes in the current CIT rate of 27%, notwithstanding that the global minimum tax rate is expected to increase CIT revenues over time.

The review of existing incentives is still underway, and no major new incentive regimes are expected to be announced at this stage.

Infrastructure funding

Budget 2025 announced that National Treasury would publish a consultation paper on unlocking institutional funding for infrastructure and propose that certain investment vehicles be enabled to facilitate such investments and would offer a flow-through tax regime. While the paper has yet to be published, this remains a priority for Government, and it is expected that an update will be provided in Budget 2026.

In December 2025, National Treasury published a draft notice setting out the requirements and conditions for an unlisted company to constitute a "REIT". This may be seen as a precursor to a broader flow-through regime for infrastructure investments.

National Treasury has also acknowledged that some of the capital allowances may require updating to enable them to be claimed on public infrastructure investments undertaken by the private sector where these are owned by state-owned entities.

It is expected that Budget 2026 will make pronouncements on these important matters affecting investment in public infrastructure.

Estate duty, donations tax, and wealth tax

PwC prediction

Estate duty and donations tax

The tax rates for estate duty and donations tax were increased in 2018 in line with recommendations of the Davis Tax Committee. No further changes are expected in relation to these taxes at this time.

Wealth taxes

In response to questions raised in Parliament towards the end of 2025 regarding the introduction of a net wealth tax for South Africa, the Minister of Finance reiterated his concerns about introducing such a tax. He stated that the current system is more effective at raising revenue and redistributing wealth and noted that, in addition to PIT, South Africa already taxes wealth extensively through estate duty, transfer duty, donations tax, and securities transfer tax. He concluded that the percentage contribution of these taxes to GDP is larger than the OECD average.

Accordingly, it is unlikely that any new wealth taxes will be announced in Budget 2026, notwithstanding perennial calls for such a tax by certain stakeholders.

Rather, we expect that there will be a continued focus on PIT compliance of high-net-worth individuals, particularly insofar as offshore assets is concerned. This will include SARS enhancing its capability to detect non-compliance by, for example, enhancing cross-border exchanges of information on financial assets (for example: crypto) and immovable property.

Ad valorem excise duties

PwC prediction

Recent comments by the Department of Trade, Industry and Competition (DTIC) suggest that potential tax proposals for Budget 2026 may include reforms to the *ad valorem* excise duty on new motor vehicles as part of a broader effort to support affordability and domestic production. Ad valorem duties are generally intended to apply to luxury goods. The DTIC has acknowledged industry concerns that the *ad valorem* duty on motor vehicles, introduced in 1995, has not been adjusted for inflation and is now being applied to entry-level vehicles, undermining affordable access to mobility. The duty applies at a rate of up to 30% and is in addition to any import duties. In parallel, government is reviewing automotive policy instruments, including tariffs and elements of the Automotive Production and Development Programme to address weak localisation outcomes and the growing dominance of imported vehicles. These discussions indicated that National Treasury may propose changes to the structure or application of vehicle taxes to better support local manufacturing, employment and long-term sector sustainability.

VAT

PwC prediction

Following the controversy over the proposed VAT rate changes last year, we do not anticipate any significant VAT changes. In the event that National Treasury does proceed with tax increases for 2026/27, it is not expected that this will be done in the form of a VAT increase given the resistance to this across the political spectrum and notwithstanding that this would, from a technical policy perspective, be the best way to raise significant additional revenues.

However, we envisage that the budget will announce broad administrative refinements aimed at strengthening the overall functioning of the VAT system, including measures that enhance compliance, close loopholes and streamline processes as SARS continues to lay the groundwork for VAT modernisation.

Fuel levies

PwC prediction

General fuel levy

Prior to the inflationary increase in 2025, the general fuel levy had not been adjusted since 2021 in light of high fuel prices.

Budget 2025 included an inflationary increase in the general fuel levy for 2025/26.

It is expected that National Treasury will once again propose an inflationary increase in the general fuel levy in Budget 2026.

RAF levy

The RAF levy was not increased in the last three years in order to support households and the economy.

In light of fuel prices currently sitting at four-year lows, Government may take the opportunity to increase the RAF levy in line with inflation to ease the burden on the RAF, which is running at a deficit on an annual basis and is technically insolvent. It has been reported that the Deputy Transport Minister has stated that there is no intention to increase the levy, although the context to this comment appears to be in response to a suggestion from the RAF that a significant increase is required.

Health promotion levy (also referred to as "sugar tax")

PwC prediction

An inflationary adjustment to the Health Promotion Levy (sugar tax) had been scheduled to take effect from 1 April 2025. However, Budget 2025 withdrew the increase to provide the sugar industry with additional time to restructure in light of intensifying regional competition. The long-awaited discussion paper–intended to explore proposals to extend the levy to pure fruit juices and to lower the current four-gram threshold for taxable sugar content—has yet to be released for public comment.

Industry stakeholders continue to warn that the combined impact of the sugar tax and the influx of subsidised sugar imports is placing substantial strain on domestic producers. They argue that these pressures threaten the long-term viability of local production. As a result, stakeholders have called for the complete removal of the sugar tax in Budget 2026, alongside more effective import protection measures to prevent further erosion of market share.

In light of the seriousness of the issues raised, an increase in the levy in Budget 2026 appears unlikely. Nevertheless, given Government's ongoing commitment to addressing public health concerns associated with high sugar consumption, the full repeal of the sugar tax in Budget 2026 also seems improbable.

Transfer duties

PwC wish

In an ideal world, the highly distortive transfer duties should be replaced by a national property tax. Realistically, however, this will only be feasible if municipalities have reliable ratings systems in place—this is unlikely to happen in the foreseeable future.

PwC prediction

Budget 2025 saw a 10% adjustment to the monetary values in the tax brackets to compensate for inflation. It is not expected that further adjustments to the tax brackets will be made in Budget 2026. Furthermore, no adjustments are expected in respect of the tax rates.

Excise duties

PwC wish

Illicit trade, particularly in respect of cigarettes, remains a major concern.

Accordingly, we hope that:

a. the Budget will propose more measures to address illicit trade;
b. Government will ratify the World Health Organisation's Protocol to Eliminate Illicit Trade in Tobacco Products in 2026; and
c. Government will implement a track-and-trace system.

PwC prediction

Government's guideline to direct its excise duty policy is currently 11% (for wine), 23% (for beer) and 36% (for spirits) of the weighted average retail price, and 40% of the price of the most popular brand for tobacco.

Budget 2021 announced a review of the policy framework for alcohol and tobacco (this was restated in subsequent budgets) and, following the higher than inflation increases in previous years, Budget 2023 announced a general increase in the excise duty on alcohol and tobacco in line with expected inflation. However, Budget 2024 and 2025 resumed above-inflationary increases in the excise duty on these products.

In November 2024, National Treasury published a policy paper titled the Taxation of Alcoholic Beverages for public comment. The options under consideration include significant changes to the current regime applicable to alcohol.

It is unlikely that National Treasury will include any proposals to fundamentally change the taxation of alcoholic beverages as proposed in the policy paper in Budget 2026 as stakeholder consultations continue.

In light of this, we expect inflationary increases in excise duties for both alcohol and tobacco.

Environmental taxes

PwC prediction

Carbon tax

South Africa's carbon tax is being implemented in three phases, with the second phase having commenced on 1 January 2026.

The applicable carbon tax rates have already been legislated through to the end of 2030 and accordingly no changes to the headline carbon tax rates are anticipated in Budget 2026. However, Budget 2026 may indicate that National Treasury will consider the design and implementation of (additional) carbon tax revenue recycling measures.

Gambling tax

PwC prediction

National Treasury released a draft discussion paper on a proposed national online gambling tax on 25 November 2025, inviting public comment initially by 30 January 2026. The paper proposes the introduction of a national tax at a rate of 20% on the gross gambling revenue derived from online and interactive gambling activities.

The comment deadline has subsequently been extended to 27 February 2026 to provide stakeholders with additional time to engage on the proposal. Against this background, it is anticipated that Budget 2026 will not make further pronouncements on the introduction of a national online gambling tax.

Contacts

Kyle Mandy

Tax Policy Leader, PwC South Africa
Mobile: +27 (0) 83 701 1202
E-mail: kyle.mandy@pwc.com

Lullu Krugel

Chief Economist and Sustainability Leader, PwC South Africa
Mobile: +27 (0) 82 708 2330
E-mail: lullu.krugel@pwc.com

www.pwc.co.za