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Budget 2023/2024

# Adapt for Change



# Individual income tax

## Rates and rebates

All persons (including deceased estates) other than companies and trusts, but including special trusts.

## Taxable income

### Rates of tax – year of assessment ending on 29 February 2024

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

Ordinary trusts are taxed at a flat rate of 45%.

## Rebates

	2022/23	2023/24
Primary	R16,425	R17,235
Secondary – 65 years and older	R9,000	R9,444
Third rebate – 75 years and older	R2,997	R3,145

## Tax thresholds

	2022/23	2023/24
Below 65	R91,250	R95,750
65 to below 75 years	R141,250	R148,217
75 years and older	R157,900	R165,689

## Taxable income from retirement fund lump sum – Withdrawal benefits

	Rate of tax
R0 – R27,500	0%
R27,501 – R726,000	18% of each R above R27,500
R726,001 – R1,089,000	R125,730 + 27% of each R above R726,000
R1,089,001+	R223,740 + 36% of each R above R1,089,000

## Taxable income from retirement fund lump sum – Retirement benefits

	Rate of tax
R0 – R550,000	0%
R550,001 – R770,000	18% of each R above R550,000
R770,001 – R1,155,000	R39,600 + 27% of each R above R770,000
R1,155,001+	R143,550 + 36% of each R above R1,155,000



## Foreign dividends\*

Shareholding < 10%	Maximum effective rate 20%
Shareholding > 10%	Exempt (subject to conditions)

\* Applicable to all shareholders (whether individuals, trusts or companies)

## Exemptions

Interest exemption	2022/23	2023/24
Under 65	R23,800	R23,800
65 years and older	R34,500	R34,500

## Relief for medical expenses

	2022/23	2023/24
<i>All taxpayers:</i>		
<b>Medical scheme contributions</b>	<b>Rebate per month</b>	<b>Rebate per month</b>
Taxpayer	R347	R364
Taxpayer and first dependant	R694	R728
Each additional dependant	R234	R246
<b>Other medical expenses</b>	<b>Annual rebate</b>	<b>Annual rebate</b>
65 years and older and disabled	33.3% of the sum of qualifying medical expenses paid, and an amount by which medical scheme contributions paid exceed 3x the medical scheme tax credits for the year	33.3% of the sum of qualifying medical expenses paid, and an amount by which medical scheme contributions paid exceed 3x the medical scheme tax credits for the year
All other under 65s	25% of an amount equal to the sum of the qualifying medical expenses paid, and an amount by which medical scheme contributions paid exceed 4x the medical scheme fees tax credit for the year, limited to the amount exceeding 7.5% of taxable income	25% of an amount equal to the sum of the qualifying medical expenses paid, and an amount by which medical scheme contributions paid exceed 4x the medical scheme fees tax credit for the year, limited to the amount exceeding 7.5% of taxable income

# Employees



## Inclusions in monthly remuneration

	2022/23	2023/24
Travel allowance:		
Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%
Company car fringe benefit:		
Standard inclusion rate	80%	80%
If business travel > 80%	20%	20%

## Travel allowances

\* Taxpayers are required to record business travel in a log book.

## Deemed cost rates per kilometre

Value of vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance
R	(R)	(c/km)	(c/km)
0 – 100,00	33,760	141.5	43.8
100,001 – 200,000	60,329	158.0	54.8
200,001 – 300,000	86,958	171.7	60.4
300,001 – 400,000	110,554	184.6	65.9
400,001 – 500,000	134,150	197.6	77.5
500,001 – 600,000	158,856	226.6	91.0
600,001 – 700,000	183,611	230.5	102.1
700,001 – 800,000	209,685	234.3	113.1
800,001+	209,685	234.3	113.1

## Alternative rate table

	2022/23	2023/24
Alternative deemed rate per km (subject to conditions)	418 c/km	464 c/km

This alternative rate is not available if compensation in the form of an allowance or reimbursement is received (other than parking or toll fees).

## Company cars (private use of employer-owned vehicle)

### Taxable benefit per month

	Taxable % (of determined value)
Standard rate	3.5%
If the car is subject to a maintenance plan	3.25%

## Deemed subsistence allowances and advances

	2022/23	2023/24
Meals and incidental costs (in SA)	R493 per day	R522 per day
Incidental costs only	R152 per day	R161 per day
Accommodation outside SA	Country rates published by Government Notice	Country rates published by Government Notice

All rates subject to periodic change



## Company tax rates

	2022/23	2023/24
Normal income tax	27%*	27%
Dividends tax	20%	20%

\* For years of assessment ending on or after 31 March 2023.

## Small business corporation

Taxable income	Rate of tax
R1 – R95,750	0%
R95,751 – R365,000	7% of each R above R95,750
R365,001 – R550,000	R18,848 + 21% of each R above R365,000
R550,001+	R57,698 + 27% of each R above R550,000

## Micro business – Turnover tax

Taxable turnover	Rate of tax
R0 – R335,000	0%
R335,001 – R500,000	1% of each R above R335,000
R500,001 – R750,000	R1,650 + 2% of each R above R500,000
R750,001+	R6,650 + 3% of each R above R750,000

# Other taxes, duties and levies

## Capital gains tax

Person	Inclusion rate %		Max effective rate %	
	2022/23	2023/24	2022/23	2023/24
Natural persons	40	40	18.0	18.0
Special trusts	40	40	18.0	18.0
Other trusts	80	80	36.0	36.0
Companies	80	80	21.6*	21.6

\* For tax years ending on or after 31 March 2023.

Exclusions	2022/23	2023/24
Primary residence	R2m	R2m
Annual exclusion	R40,000	R40,000
Year of death	R300,000	R300,000
Small business exclusion for individuals over 55 years	R1.8m	R1.8m

## VAT

	2022/23	2023/24
Rate	15%	15%
Registration threshold:		
Compulsory	R1m	R1m
Voluntary	R50,000	R50,000

## Carbon tax

	2022/23	2023/24
Rate	R144 per tonne of CO <sub>2</sub> e*	R159 per tonne of CO <sub>2</sub> e**

\* From 1 January 2022

\*\* From 1 January 2023

## Payments to non-residents

Type of payment	Withholding tax
Dividends	20%
Interest	15%
Royalties	15%
Visiting entertainers and sports people	15%
Sale of immovable property in SA by a non-resident	Trust: 15% Company: 10% Natural person: 7.5%



## Donations tax and estate duty

Rate	2022/23	2023/24
First R30 million	20%	20%
Above R30 million	25%	25%
Donations tax exemption:		
Natural persons	R100,000	R100,000
Other	R10,000	R10,000
Estate duty abatement	R3.5m	R3.5m

## Transfer duty

Value of property	Rate of duty
R0 – R1,100,000	0%
R1,100,001 – R1,512,500	3% on value above R1,100,000
R1,512,501 – R2,117,500	R12,375 + 6% on the value above R1,512,500
R2,117,501 – R2,722,500	R48,675 + 8% on the value above R2,117,500
R2,722,501 – R12,100,000	R97,075 + 11% on the value above R2,722,500
R12,100,001+	R1,128,600 + 13% on the value above R12,100,000

## Other rates

	2022/23	2023/24
Securities transfer tax	0.25%	0.25%
Skills Development Levy:		
Rate	1%	1%
Annual remuneration threshold	R500,000	R500,000
Unemployment Insurance Fund (employer and employee)	1% + 1%	1% + 1%

# Interest rates



With effect from	Table 1* %	Table 2* %	Table 3** %
01/03/09	15.0	11.0	11.5
01/05/09	13.5	9.5	11.5
01/06/09	13.5	9.5	9.5
01/07/09	12.5	8.5	8.5
01/08/09	11.5	7.5	8.5
01/09/09	10.5	6.5	8.0
01/07/10	9.5	5.5	8.0
01/10/10	9.5	5.5	7.0
01/03/11	8.5	4.5	6.5
01/08/12	8.5	4.5	6.0
01/05/14	9.0	5.0	6.5
01/11/14	9.25	5.25	6.75
01/08/15	9.25	5.25	7.0
01/11/15	9.5	5.5	7.0
01/12/15	9.5	5.5	7.25
01/02/16	9.5	5.5	7.75
01/03/16	9.75	5.75	7.75
01/04/16	9.75	5.75	8.0
01/05/16	10.25	6.25	8.0
01/07/16	10.5	6.5	8.0
01/08/17	10.5	6.5	7.75
01/11/17	10.25	6.25	7.75
01/04/18	10.25	6.25	7.50
01/07/18	10.00	6.00	7.50
01/12/18	10.00	6.00	7.75
01/03/19	10.25	6.25	7.75
01/08/19	10.25	6.25	7.50
01/11/19	10.00	6.00	7.50
01/02/20	10.00	6.00	7.25
01/04/20	10.00	6.00	6.25
01/05/20	9.75	5.75	5.25
01/06/20	9.75	5.75	4.75
01/07/20	7.75	3.75	4.75
01/08/20	7.75	3.75	4.50
01/09/20	7.25	3.25	4.50
01/11/20	7.00	3.00	4.50
01/12/21	7.00	3.00	4.75
01/02/22	7.00	3.00	5.00
01/03/22	7.25	3.25	5.00
01/02/22	7.00	3.00	5.00
01/03/22	7.25	3.25	5.00
01/04/22	7.25	3.25	5.25
01/05/22	7.50	3.50	5.25





With effect from	Table 1* %	Table 2* %	Table 3** %
01/06/22	7.50	3.50	5.75
01/07/22	7.75	3.75	5.75
01/08/22	7.75	3.75	6.50
01/09/22	8.25	4.25	6.50
01/10/22	8.25	4.25	7.25
01/11/22	9.00	5.00	7.25
01/12/22	9.00	5.00	7.25
01/02/23	9.75	5.75	8.25
01/03/23	10.50	6.50	8.25

Table 1 – SARS pays interest to taxpayer in all instances other than Table 2 (including VAT refunds) AND taxpayer pays interest to SARS on late/under-paid taxes (including income tax and VAT)

Table 2 – SARS pays interest to taxpayer on provisional tax overpayment

Table 3 – Official rate of interest for tax purposes on fringe benefits

\* Note: Rates are subject to change in terms of the Public Finance Management Act No.1 of 1999

\*\*Note: Rates are subject to change when the SA Reserve Bank adjusts its inter-bank (REPO) rate. The SARB changed the repo rate on 26 January 2023, effective 27 January 2023.

# Understatement penalty



Behaviour	Standard case	Obstructive or repeat case	Voluntary disclosure after notification of audit or investigation	Voluntary disclosure before notification of audit or investigation
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken in completing return	25%	50%	15%	0%
No reasonable ground for tax position	50%	75%	25%	0%
Impermissible avoidance arrangement	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

Understatement means any prejudice to SARS or the fiscus as a result of:

- Failure to submit a return
- An omission from a return
- An incorrect statement in a return
- Failure to pay correct amount of tax (if no return is required)
- Impermissible avoidance arrangement

The burden of proving the facts on which SARS based the imposition of the understatement penalty, is upon SARS.

## Tax calendar

Withholding taxes (dividends, royalties and interest)	Last day of month following the month in which amount is paid
<b>Provisional tax February year-end</b>	
1st payment	6 months before year-end (31 Aug)
2nd payment	At year-end (end-February)
3rd payment	7 months after year-end (30 Sep)
<b>Other than February year-end</b>	
1st payment	6 months prior to year-end
2nd payment	At year-end
<b>Other taxes and levies</b>	
VAT	25th of month after tax period (special e-filing rules)
PAYE	7th day of each following month
SDL	7th day of each following month



## Percentage-based penalties

Tax area	Reason	Penalty
Provisional tax	1st or 2nd payment late	10%
Provisional tax	Underestimate	20%
Provisional tax	3rd payment late	0% (but interest potentially payable)
VAT	Late payment	10%
Employees' tax	Late payment	10%
	Late filing of EMP501	10%

## Fixed penalties (per month):

### Administrative non-compliance

Assessed loss	Monthly penalty
R 0 – R250,000	R250
R250,001 – R500,000	R500
R500,001 – R1,000,000	R1,000
R1,000,001 – R5,000,000	R2,000
R5,000,001 – R10,000,000	R4,000
R10,000,001 – R50,000,000	R8,000
R50,000,001+	R16,000

Maximum successive penalties: 36 (SARS in possession of address) or 48 (SARS not in possession of address)

Administrative non-compliance is the failure to comply with an obligation imposed by or under a tax act and is listed in a public notice by the Commissioner. Administrative non-compliance penalties on the failure to submit corporate income tax returns for the 2009 year of assessment and subsequent years were introduced on 15 December 2018. Effective from 1 December 2022, natural persons with outstanding income tax returns are subject to fixed non-compliance penalties.



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