



Budget 2026/2027

Momentum unleashed: Driving reform for growth

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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 28 February 2027

R1 – R245,100	18% of taxable income
R245,101 – R383,100	R44,118 + 26% of each R above R245,100
R383,101 – R530,200	R79,998 + 31% of each R above R383,100
R530,201 – R695,800	R125,599 + 36% of each R above R530,200
R695,801 – R887,000	R185,215 + 39% of each R above R695,800
R887,001 – R1,878,600	R259,783 + 41% of each R above R887,000
R1,878,601 +	R666,339 + 45% of each R above R1,878,600

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

Rebates

	2025/26	2026/27
Primary	R17,235	R17,820
Secondary – 65 years and older	R9,444	R9,765
Third rebate – 75 years and older	R3,145	R3,249

Tax thresholds

Age	2025/26	2026/27
Below 65 years	R95,750	R99,000
65 to below 75 years	R148,217	R153,250
75 years and older	R165,689	R171,300

Taxable income from retirement fund lump sum – Withdrawal benefits

Amount	Rate of tax
R1 – 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

Amount	Rate of tax
R1 – 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	Rate of tax
Shareholding < 10%	Maximum effective rate 20%
Shareholding > 10%	Exempt (subject to conditions)

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

Interest exemption

Age	2025/26	2026/27
Below 65 years	R23,800	R23,800
65 years and older	R34,500	R34,500

Relief for medical expenses

	2025/26	2026/27
All taxpayers:		
Medical scheme contributions	Rebate per month	Rebate per month
Taxpayer	R364	R376
Taxpayer and first dependant	R728	R752
Each additional dependant	R246	R254
Other medical expenses	Annual rebate	Annual rebate
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 four times 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 four times the medical scheme fees tax credit for the year, limited to the amount exceeding 7.5% of taxable income

Employees

Inclusions in monthly remuneration

	2025/26	2026/27
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 - 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
920,000+	237,679	220.1	126.9

Alternative rate table

	2025/26	2026/27
Alternative deemed rate per km (subject to conditions)	476 c/km	495 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%
If the car is acquired under an operating lease	Employer cost incurred + fuel cost

Deemed subsistence allowances and advances

	2025/26	2026/27
Meals and incidental costs (in SA)*	R570 per day	R595 per day
Incidental costs only*	R176 per day	R184 per day
Accommodation outside SA	Country rates published by Government Notice	Country rates published by Government Notice

* All rates subject to periodic change

Companies

Company tax rates

	2025/26	2026/27
Normal income tax	27%	27%
Dividends tax	20%	20%

Small business corporation

Taxable income	Rate of tax
R1 – R99,000	0%
R99,001 – R365,000	7% of each R above R99,000
R365,001 – R550,000	R18,620 + 21% of each R above R365,000
R550,001+	R57,470 + 27% of each R above R550,000

Micro business – Turnover tax

Taxable turnover	Rate of tax
R1 – R600,000	0%
R600,001 – R950,000	1% of each R above R600,000
R950,001 – R1,400,000	R3,500 + 2% of each R above R950,000
R1,400,001+	R12,500 + 3% of each R above R1,400,000

Other taxes, duties and levies

Capital gains tax

Person	Inclusion rate %		Max effective rate %	
	2025/26	2026/27	2025/26	2026/27
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

Exclusions	2025/26	2026/27
Primary residence	R2m	R3m
Annual exclusion	R40,000	R50,000
Year of death	R300,000	R440,000
Small business exclusion for individuals (at least 55 years old)	R1.8m	R2.7m
(Small business disposed, market value not exceeding R15m)		

VAT

	2025/26	2026/27
Rate	15%	15%
Registration threshold:		
Compulsory	R1m	R2.3m
Voluntary	R50,000	R120,000

Carbon tax

	2025/26	2026/27
Rate	R236 per tonne of CO ₂ e*	R308 per tonne of CO ₂ e**

* From 1 January 2025

** From 1 January 2026

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	2025/26	2026/27
First R30 million	20%	20%
Above R30 million	25%	25%
Donations tax exemption:		
Natural persons	R100,000	R150,000
Other	R10,000	R20,000
Estate duty abatement	R3.5m	R3.5m

Transfer duty

Value of property	Rate of duty
R1 – R1,210,000	0%
R1,210,001 – R1,663,800	3% of the value R1,210,000
R1,663,801 – R2,329,300	R13,614 + 6% of the value above R1,663,800
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+	R1,241,456 + 13% of the value above R13,310,000

Other rates

	2025/26	2026/27
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
01/04/22	7.25	3.25	5.25
01/05/22	7.50	3.50	5.25
01/06/22	7.50	3.50	5.75

With effect from	Table 1* %	Table 2* %	Table 3** %
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	8.00
01/01/23	9.75	5.75	8.00
01/02/23	9.75	5.75	8.25
01/03/23	10.50	6.50	8.25
01/04/23	10.50	6.50	8.75
01/05/23	10.75	6.75	8.75
01/06/23	10.75	6.75	9.25
01/07/23	11.25	7.25	9.25
01/09/23	11.75	7.75	9.25
01/10/24	11.75	7.75	9.00
01/12/24	11.75	7.75	8.75
01/01/25	11.50	7.50	8.75
01/02/25	11.50	7.50	8.50
01/03/25	11.25	7.25	8.50
01/05/25	11.50	7.50	8.75
01/05/25	11.00	7.00	8.50
01/06/25	11.00	7.00	8.25
01/09/25	10.75	6.75	8.00
01/11/25	10.50	6.50	8.00
01/03/26	10.25	6.25	7.75

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 the repurchase rate.

Penalties

Understatement penalties

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.

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

Taxable income for preceding year	Monthly penalty
Assessed loss	R250
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 will be subject to fixed non-compliance penalties.

Tax calendar

Withholding taxes (dividends, royalties and interest)	Last day of month following the month in which amount is paid
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Provisional tax February year-end

1st payment	6 months before year-end (31 Aug)
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2nd payment	At year-end (end-Feb)
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3rd payment	7 months after year-end (30 Sep)
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Other than February year-end

1st payment	6 months prior to year-end
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2nd payment	At year-end
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Other taxes and levies

VAT	25th of month after tax period (special e-filing rules)
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PAYE	7th day of each following month
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SDL	7th day of each following month
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The information contained in this booklet is based on our interpretation of the existing legislation and budget proposals. These proposals are subject to amendment during the forthcoming debate in the National Assembly before they become law. Whilst we have taken every care in preparing this booklet we cannot accept responsibility for any inaccuracies that may arise. We suggest that you use this booklet as a guide, but that you consult us before taking any decisions based on the information contained herein.

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