Synopsis

Tax today

June 2026

A monthly journal, published by PwC South Africa, that gives informed commentary on current developments in the tax arena, both locally and internationally.

Through analysis of and comment on new laws and judicial decisions of interest, Synopsis helps executives to identify developments and trends in tax law and revenue practice that may affect their business.

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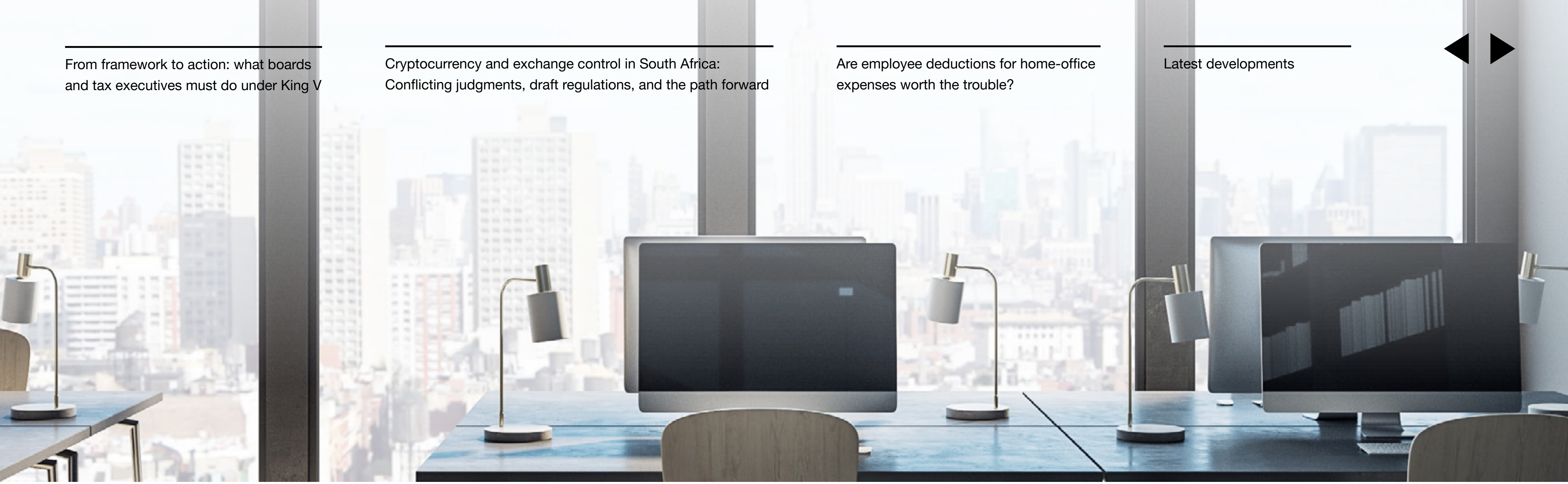

From framework to action: what boards and tax executives must do under King V

Introduction

In our previous article, 'King V and Tax: Reframing Tax Governance as a Strategic Pillar', we explored how the King V Report on Corporate Governance (2025) elevates tax from a technical compliance obligation to a strategic indicator of corporate integrity, sustainability, and stakeholder trust. We unpacked the four core outcomes of King V, namely ethical culture, performance and value creation, conformance and prudent control, and legitimacy and stakeholder trust. We then demonstrated how each redefines tax as a reflection of corporate values rather than being merely a financial outflow.

But grasping the framework is only part of the journey. As we highlighted, future governance will be judged by evidence and consequences and not by policies on paper. Together, these four outcomes reposition tax governance as a strategic tool rather than an administrative function, with the pressing question for every board and tax executive being: how does this translate into practice?

This article shifts from the 'why' of King V to the 'how', outlining seven specific actions that boards and tax executives should undertake to convert King V's principles into measurable outcomes, credible disclosures, and robust governance.

Own the strategy — don't delegate it

Question:

Has the board formally approved a tax strategy that reflects your values and is publicly owned?

Action:

Implement a board-approved, publicly disclosed tax strategy that is reviewed at defined intervals.

Rationale:

Under King V, the board is accountable for the enterprise's tax strategy and its outcomes. While management and the tax function handle day-to-day tax execution, the direction, intent, and ethical stance of the tax approach must be owned at board level.

In practice, this means the board should formally approve the tax strategy, revisit it at defined intervals, and publicly own it as an expression of the company's values and corporate citizenship. A tax strategy buried in an internal policy document — or worse, assumed rather than articulated — falls short of the standard that King V sets. Boards that treat tax strategy as being core to their identity, rather than as a delegated technicality, send a clear signal to regulators, investors, and society that tax is taken seriously at the highest level.

Turn vision into measurable action

Question:

Is there an implementation plan with measurable KPIs, and do you review performance against it regularly?

Action:

Report quantifiable metrics to the board on a set cadence.

Rationale:

A tax strategy is meaningless without the policies, plans, and metrics needed to deliver it. King V's outcomes-based approach demands evidence, and evidence requires measurement.

The board can delegate the work but not the responsibility. Boards should expect management to produce an implementation plan with specific, quantifiable KPIs that link directly to the strategy. These might include effective tax rate stability, the proportion of tax paid in operating jurisdictions, audit outcomes, dispute resolution times, and the timeliness and completeness of disclosures. Performance against these measures should be reviewed regularly — not only when something goes wrong.

Without measurable action, a tax strategy is little more than aspiration. With it, the board has a credible basis on which to govern.

Make transparent reporting your accountability engine

Question:

Are you using external reporting as a driver of internal rigour and continuous improvement?

Action:

Establish an annual review cycle where tax performance informs next year's strategic priorities.

Rationale:

External reporting is more than a disclosure exercise; it is a discipline. The act of preparing to report publicly drives rigorous internal review, reveals weaknesses, and forces clarity of thought. Under King V, transparency is the mechanism through which companies earn legitimacy and stakeholder trust.

Companies should treat reporting as a strategic tool, not a year-end chore. An annual review cycle — in which the prior year's tax performance directly informs the next year's strategy — turns disclosure into a feedback loop for continuous improvement. Where reporting reveals gaps, those gaps shape the priorities for the year ahead. This is how transparency becomes an accountability engine rather than a compliance burden.

Govern across all four dimensions

Question:

Is our governance balanced across all four dimensions — inward, outward, present, and future?

Action:

Structure management reporting to address each dimension, allowing no operational blind spots.

Rationale:

Effective tax governance is multi-dimensional. A narrow focus on any single area — for example, current-year compliance — leaves blind spots elsewhere. King V calls for active oversight across the full landscape, and boards should build all four dimensions into their regular governance rhythm, with management reporting structured to address each in turn.

Inward: Is there a robust tax control environment? Are roles, responsibilities, and accountabilities clearly defined? Does the tax function have the people, systems, and capabilities it needs to execute its mandate?

Outward: How are regulatory developments, economic conditions, and societal expectations being tracked? Is the company engaging transparently with SARS, investors, and other stakeholders?

Present: Is the company meeting its current compliance obligations? Is past performance — including audits, disputes, and remediation — being reported clearly and honestly?

Future: Is there a forward-looking approach to tax that anticipates regulatory change, emerging risks (such as carbon taxes or global minimum tax rules), and opportunities to support sustainable value creation?

Balanced governance across these four dimensions ensures that no part of the tax landscape is neglected and that the board's view of tax is as comprehensive as the risks that the company faces.

Proactively shape your tax narrative

Question:

Does your tax narrative address both financial and impact materiality, and does it explain what the data means?

Action:

Phrase disclosures such that they connect tax conduct to value creation, societal impact, and stated company values.

Rationale:

In a King V world, tax disclosures must address both financial materiality (how tax affects the company) and impact materiality (how the company's tax conduct affects the wider economy and society). This is the essence of double materiality, and tax sits squarely within it.

Boards should ensure that the company tells its tax story proactively rather than reactively. That means explaining how tax contributes to value creation through investment incentives, employment, infrastructure, and contributions to public revenue, and how the company's tax behaviour aligns with its stated values.

Don't just publish data: explain what it means, why it matters, and how it connects to the broader purpose of the organisation.

A well-crafted narrative builds trust. Raw data without narrative invites skepticism.

Mandate clarity and conciseness

Question:

Are your tax disclosures clear, concise, and free of jargon, and do they speak to stakeholder needs?

Action:

Employ outcomes-focused metrics, write in plain language, and avoid boilerplate document construction.

Rationale:

Tax reports too often suffer from technical jargon, generic boilerplate structuring, and disclosures that say much but reveal little. King V's emphasis on outcomes-focused reporting demands the opposite: clarity, conciseness, and metrics that speak directly to stakeholder needs.

Boards should set the tone here. They should expect — and insist on — disclosures that a non-specialist reader can understand, that demonstrate results rather than describe processes, and that avoid the temptation to hide behind technical language. If the board cannot easily explain the company's tax position to an informed stakeholder, the disclosure is not yet fit for purpose.

Ensure final approval sits with the board

Question:

Has the board formally reviewed and approved every external tax disclosure before publication?

Action:

Integrate tax into the reporting calendar from the outset, with proper board scrutiny.

Rationale:

Every external report, including tax disclosures, must be formally approved by the board before publication. This is not a rubber-stamp exercise. It is the board's opportunity to satisfy itself that what is being said publicly aligns with what the company actually does.

Tax should be built into the reporting calendar from the outset, not bolted on at the last minute. Late-stage tax disclosures rarely receive the scrutiny they deserve, and rushed reporting is a frequent source of inconsistency, error, and reputational risk. Only that which the board has properly reviewed and approved should be published.

The mark of responsible corporate citizenship

Ultimately, the test under King V is one of alignment. The board should be satisfied that the organisation's tax purpose, policy, behaviour, and disclosures all align with its stated values, and that this alignment is evidenced and not merely asserted.

What does that evidence look like? Tax paid in the right places. Stable, explainable effective rates. Conduct consistent with both the letter and the spirit of the law. Disclosures that are clear, complete, and credible. Governance that operates across all four dimensions, with the board firmly in the driver's seat.

When these conditions are met, the board can credibly state that the organisation's approach to tax reflects responsible corporate citizenship. That is the standard which King V sets. It is also the standard against which boards and tax executives will increasingly be measured.

The framework has been published. The outcomes are clear. The work now belongs to those at the top of the organisation — and the time to begin is now.

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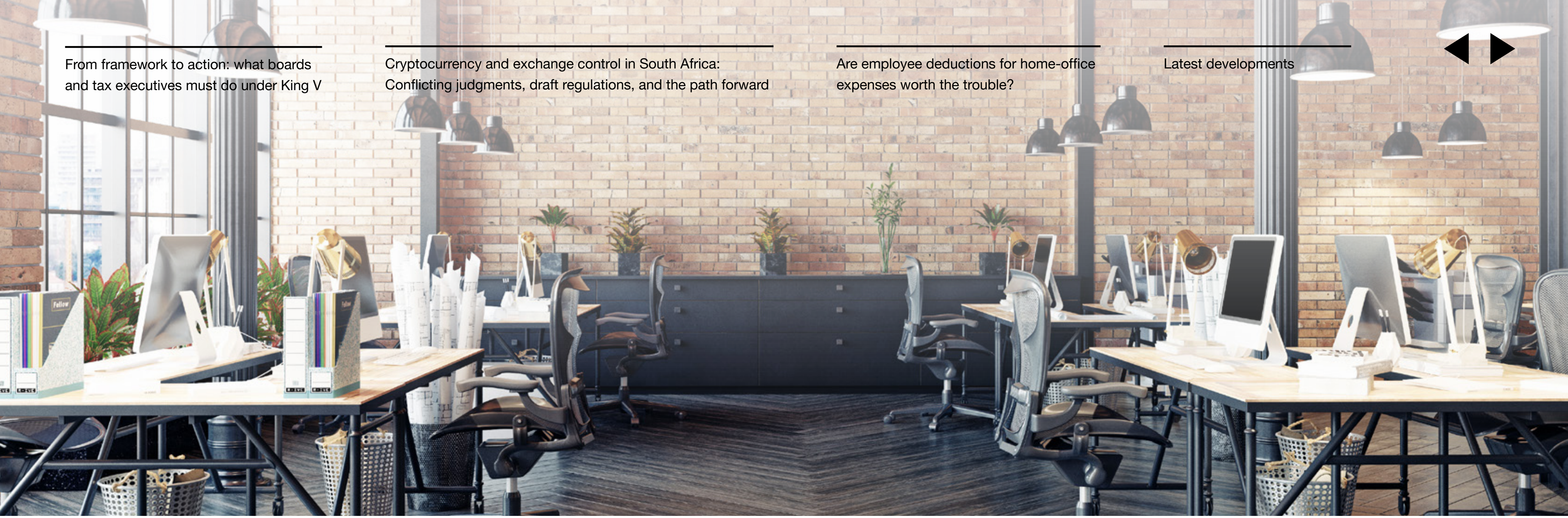
We gratefully acknowledge the contribution of Ine-Lize Terblanche to this article.



Cryptocurrency and exchange control in South Africa: Conflicting judgments, draft regulations, and the path forward

Introduction

In the June 2025 edition of Synopsis, we examined the decision in *The Standard Bank of South Africa Limited v The South African Reserve Bank and Others*[1] ('the *Standard Bank* case'), in which the Gauteng Division of the High Court, Pretoria held that cryptocurrency does not constitute 'currency' or 'capital' for the purposes of the Exchange Control Regulations, 1961 ('the 1961 Regulations'). That judgment identified a regulatory lacuna and called for legislative attention. Since then, two significant developments have occurred: a subsequent High Court judgment reached the opposite conclusion on the very same legal question, and draft regulations have been published that seek to replace the 1961 Regulations entirely and expressly bring crypto assets within the exchange control framework.

1 [2025] ZAGPPHC 48.

The judicial disagreement: A tale of two cases

The *Standard Bank* case (May 2025)

As discussed in our previous article, the High Court in the *Standard Bank* case held that cryptocurrencies do not fall within the ambit of 'currency' or 'capital' as contemplated in Regulations 3(1)(c) and 10(1)(c) of the 1961 Regulations. The Court emphasised the need for a restrictive interpretation of legislation that creates criminal or administrative penalties, referencing, *inter alia*, the case of *Oilwell (Pty) Ltd v Protect International Ltd and Others*[2] ('*Oilwell*'). Having found that cryptocurrency is neither money nor capital, the Court concluded that the transactions in question did not contravene the 1961 Regulations and set aside the forfeiture of funds.
The Court acknowledged the existence of a regulatory

2 [2021] ZASCA 102.

vacuum and called for legislative reform, drawing a parallel to the post-*Oilwell* amendment that brought intellectual property within the scope of the Regulations.

The *Mangundhla* case (June 2026)

In *Mangundhla v The South African Reserve Bank and Others*[3] ('*Mangundlha*'), the Gauteng Division of the High Court, Johannesburg subsequently reached the opposite conclusion. Wilson J held that Bitcoin is both 'money' and 'capital' for the purposes of Regulation 10(1)(c), concluding that this not only arises from the plain text of the Regulations but is reinforced by any reasonable purposive interpretation.

The facts involved Mr Mangundhla using his and Ms Dangaiso's Luno cryptocurrency trading accounts to transfer just under 1,680 Bitcoin (worth approximately R182 million) to Bitcoin wallets, accessible only through cryptocurrency exchanges registered outside South Africa, between January 2018 and March 2020. The SARB declared forfeiture of approximately R6 million in Bitcoin assets and money standing to the applicants' credit.

The Court approached the interpretive exercise by considering the ordinary grammatical meaning of the text, the context in which it appears, and the purpose of the Regulation read in light of the overall purpose of the legislation. Applying this framework, the Court found that 'capital' under the Regulations means any financial asset that is capable of holding value or being used as a medium of exchange. The Court reasoned that Bitcoin is plainly capital in this sense: it can be exchanged for fiat currency, can be held in the expectation that its rand price will increase, and is accepted by merchants as a form of currency in certain contexts.

Critically, Wilson J addressed the practical consequences of holding otherwise. Were Bitcoin not regulated as capital, the exchange controls embodied in the Currency and Exchanges Act would be 'virtually worthless', as anyone wishing to take money abroad could do so without Treasury oversight simply by converting it to cryptocurrency and transferring it to a foreign exchange. This, the Court held, would be completely at odds with the underlying purposes of the exchange control regime, namely to regulate, and where necessary to curb, the outflow of capital.

The Court expressly disagreed with the *Standard Bank* decision, finding that Motha J's emphasis on the intangible and technological characteristics of cryptocurrency 'overlooks the real-world consequences of its use'. In Wilson J's view, courts should be careful not to ascribe unusual or irreducibly exotic properties to phenomena which, though novel, exhibit precisely the attributes that an enactment is intended to regulate. While agreeing that punitive statutes should generally be interpreted restrictively, Wilson J held that the overriding function of a court is to give a statute its appropriate meaning in light of the words used, the context, and the purpose for which the legislation was enacted.

A further dimension of the *Mangundhla* decision that warrants close attention is Wilson J's finding on the question of export. The court held that the mere crediting of Bitcoin to cryptocurrency wallets on exchanges registered outside South Africa was sufficient to establish that capital had been 'exported' within the meaning of Regulation 10(1)(c). Wilson J rejected the argument that export could not have taken place unless the holders of those wallets could be identified as resident in a foreign jurisdiction or it could be established that the Bitcoin was converted to foreign currency in a foreign jurisdiction. In the court's view, once the Bitcoin was placed beyond the Reserve Bank's jurisdiction, it was exported, regardless of the fact that the relevant Bitcoin wallets could, as a technical matter, be accessed from anywhere in the world. The court drew an analogy: a person who draws money from a South African bank account at an ATM in London clearly exports money from South Africa, and the converse holds true for imports.

This reasoning has significant implications for taxpayers and businesses that utilise self-custodied wallets, decentralised exchanges, or multi-signature wallet arrangements that do not have a single jurisdictional nexus. On Wilson J's logic, any transfer of crypto assets from a wallet associated with a South African platform to one associated with a platform outside South Africa may constitute an export of capital, irrespective of whether the account holder is physically present in South Africa and irrespective of whether the crypto assets are subsequently converted to fiat currency. Taxpayers engaged in decentralised finance ('DeFi') activities, yield farming, or liquidity provision on offshore protocols should take note: the analytical lens adopted in *Mangundhla* could encompass such activities to the extent that crypto assets move from a domestic to a foreign platform.

3 (2022/029979) [2026] ZAGPJHC 579 (1 June 2026).

The court went further, holding that Bitcoin qualifies as ‘money’ for the purposes of the forfeiture provisions under Regulations 22A and 22B. Wilson J reasoned that ‘money’ under the Regulations is defined to include ‘any bill of exchange or other negotiable instrument’, and Bitcoin’s qualities, namely that it is no more than a right to be credited a specified sum which is itself exchangeable for fiat currency and other things of value, bring it within that definition. Even if that reasoning were incorrect, the court held, Bitcoin’s general characteristics bring it well within any sensible conception of money. It can be converted into fiat currency, it can be used directly to purchase goods and services from merchants who accept it, and it is both a medium of exchange and a store of value. This finding directly contradicts Motha J’s holding in the *Standard Bank* case that the practical challenges of attaching crypto wallets rendered it impossible to treat cryptocurrency as money under the Regulations.

For market participants, the implication is stark. Under the *Mangundhla* reasoning, not only can crypto assets be subject to exchange control restrictions, but the crypto assets themselves, and not merely fiat currency proceeds, are susceptible to attachment and forfeiture by the SARB. Taxpayers and crypto asset service providers should be aware that, while the *Standard Bank* appeal remains pending and the *Mangundhla* decision carries equal precedential weight for other divisions of the High Court, the SARB may rely on the *Mangundhla* reasoning to pursue forfeiture of crypto assets directly from trading accounts and wallets.

The significance of the conflict

The *Standard Bank* and *Mangundhla* decisions sit at the same level of the judicial hierarchy, and neither of them binds the other either technically or legally. There is, accordingly, no authoritative resolution of the question. South Africa’s current legal position on the application of exchange control rules to crypto assets is therefore set out in directly conflicting judicial pronouncements that each carries equal weight, offering market participants no clear guidance on which to rely.

The *Standard Bank* case adopted a formalist lens, asking what cryptocurrency is and concluding that, because it does not resemble the traditional instruments contemplated by the 1961 drafters, it falls outside the Regulations. The *Mangundhla* case adopted a functionalist lens, asking what cryptocurrency does and concluding that, because it operates as a financial asset capable of holding value and facilitating cross-border capital movement, it is precisely the kind of instrument that the Regulations exist to control.

Navigating the interim – practical considerations for taxpayers and businesses

The current legal position, namely two directly conflicting High Court judgments, each carrying equal weight and neither binding the other, places market participants in an unenviable position. The SARB has appealed the *Standard Bank* decision, and that appeal has suspended the effect of the judgment that cryptocurrencies fall outside the exchange control framework. In the meantime, the *Mangundhla* decision stands as persuasive authority for the proposition that crypto assets are capital and their cross-border transfer constitutes an export requiring Treasury permission.

Taxpayers and businesses should, as a matter of prudence, proceed on the assumption that cross-border crypto asset transfers may attract exchange control scrutiny. This cautious approach is supported by two considerations. The first is that the SARB has demonstrated, through its appeal of the *Standard Bank* case and its enforcement action in *Mangundhla*, that it considers crypto asset transactions to fall within the existing regulatory framework. The second is that the draft Capital Flow Management Regulations, 2026, once promulgated, will expressly bring crypto assets within the ambit of exchange control, eliminating any residual argument that such transactions are unregulated. Taxpayers who proceed in reliance on the Standard Bank decision alone face the risk that, should the appeal succeed or the new regulations take effect before a transaction is completed, retrospective consequences could follow.

Banks and authorised dealers ('ADs') occupy a particularly difficult position. The Currency and Exchanges Manual for Authorised Dealers requires ADs to ensure compliance with exchange control regulations and to report suspicious transactions. Where an AD identifies that a client is engaged in cross-border crypto asset transactions, it must now determine which judicial interpretation to follow when assessing its own reporting and gatekeeping obligations. The practical reality is that most ADs are likely to adopt a conservative stance, applying enhanced due diligence to crypto-related flows and potentially declining to process transactions where exchange control compliance cannot be confirmed.

It is also critical to appreciate the tax dimension of this uncertainty. The Crypto-Asset Reporting Framework ('CARF'), which took effect on 1 March 2026, now requires reporting crypto asset service providers with a South African nexus to furnish SARS with granular data on every crypto asset acquisition, disposal, and transfer executed during the tax year. This means that even where exchange control enforcement may be uncertain, the tax authority will have visibility over cross-border crypto movements through an entirely separate reporting channel. Taxpayers who assume that the absence of clear exchange control regulation means their crypto transactions are invisible to the authorities would be mistaken. SARS will match CARF data against bank flows, Common Reporting Standard financial account data, and income tax returns to identify discrepancies.

The combined effect of the exchange control uncertainty and the CARF reporting regime creates what might be described as a dual compliance imperative. Taxpayers must comply with their income tax obligations in respect of gains or receipts from crypto asset transactions and must simultaneously ensure that any cross-border dimension does not give rise to an exchange control contravention, even if the precise boundaries of that contravention remain judicially contested.

The legislative response: draft Capital Flow Management Regulations, 2026

Background and publication

On 17 April 2026, National Treasury published the draft Capital Flow Management Regulations of 2026 for public comment, as conveyed in Government Gazette No. 7375. The draft regulations will replace the Exchange Control Regulations of 1961 entirely. Public comments were due by 18 May 2026, following which National Treasury and the SARB would consider written submissions and make appropriate revisions.

Crypto assets expressly defined and included

The draft regulations define 'crypto asset' as a digital representation of value that is not issued by a central bank but is capable of being traded, transferred, or stored electronically for the purpose of payment, investment, and other forms of utility; applies cryptographic techniques; and uses distributed ledger technology. Critically, the definition of 'capital' is expanded to expressly include 'anything with a monetary value, or which can be converted to money or disposed of for monetary consideration, including crypto assets'. The definition of 'currency' expressly excludes crypto assets, confirming that they are to be regulated as capital rather than currency.

It is noteworthy that the definition of 'crypto asset' in the draft Capital Flow Management Regulations closely mirrors the definition used across South Africa's broader regulatory architecture. The draft regulations definition of a crypto asset is materially consistent with the definition introduced in the 2021 Taxation Laws Amendment Bill and adopted in the Financial Intelligence Centre Act for anti-money laundering purposes. The alignment across these regulatory domains means that taxpayers and service providers will not face definitional arbitrage between income tax, anti-money laundering, and exchange control frameworks. An asset that is a 'crypto asset' for purposes of one framework will be so for all.

The expanded definition of 'capital' under the draft regulations is deliberately expansive. It includes 'anything with a monetary value, or which can be converted to money or disposed of for monetary consideration, including crypto assets', while expressly excluding immovable property. This language resolves the interpretive dispute at the centre of the *Standard Bank* and *Mangundhla* cases by statutory fiat. It also goes further than either court was willing to go. Wilson J in *Mangundhla* held that Bitcoin was capital because it is a financial asset capable of holding value or being used as a medium of exchange, but he was careful to note that he need not decide whether all cryptocurrency falls within Regulation 10(1)(c). The draft regulations admit of no such limitation. Any digital representation of value meeting the crypto asset definition is capital, regardless of its particular use case, market capitalisation, or degree of acceptance as a medium of exchange.

Critically, the definition of 'currency' in the draft regulations expressly excludes crypto assets. This distinction matters because the regulatory treatment of capital and currency differs. The export of capital has historically attracted different thresholds, reporting requirements, and enforcement mechanisms from the export of currency. Taxpayers should understand that the draft regulations, once in force, will settle the question in a manner consistent with the functionalist reasoning in *Mangundhla*, while providing the definitional certainty that was absent from the 1961 Regulations.

The convergence of exchange control and income tax: a unified compliance framework for crypto assets

The publication of the draft Capital Flow Management Regulations, 2026, together with the commencement of CARF on 1 March 2026, marks the convergence of two historically separate regulatory regimes into what is, for practical purposes, a unified compliance framework governing crypto asset activity in South Africa.

From an income tax perspective, SARS has maintained unequivocally since 2018 that standard income tax principles extend to crypto asset dealings. Crypto assets are regarded as neither legal tender nor currency for tax purposes. They are treated as either trading stock or capital assets, depending on the taxpayer's intention and the circumstances of each transaction. The question of whether a disposal gives rise to revenue (taxable at marginal rates of up to 45% for individuals) or capital gains (with an effective maximum rate of 18% for individuals, given the 40% inclusion rate) remains one of the most consequential determinations for taxpayers in this space. Companies face a 27% corporate tax rate on revenue gains and an effective CGT rate of 21.6% (80% inclusion rate at 27%) on capital gains.

Critically, crypto assets do not benefit from the deemed capital treatment afforded by section 9C of the Income Tax Act[4] to equity shares held for three years or more. This means that even relatively long-term holdings of crypto assets may be susceptible to revenue treatment, depending on the surrounding facts and circumstances, a risk that is heightened for taxpayers who transact frequently or who acquire crypto assets with a speculative motive.

The CARF reporting framework now provides SARS with the informational infrastructure to enforce these principles effectively. Reporting crypto asset service providers with a South African nexus, including exchanges, brokers, dealers, and custodial wallet providers that are tax-resident, incorporated, or centrally managed in South Africa, must furnish SARS with user identities; every acquisition, disposal, and transfer executed during the tax year; and the rand equivalent of every transaction, including wallet-to-wallet movements.

On the exchange control side, if the Capital Flow Management Regulations are promulgated in their current draft form, all cross-border crypto asset transfers will require either National Treasury permission or execution through an authorised crypto asset service provider. The declaration obligations will create an additional layer of reporting to National Treasury that operates in parallel to CARF reporting to SARS.

The compliance imperative extends to historical transactions. Taxpayers with undisclosed crypto asset activity face mounting risk. SARS may use CARF data to prepopulate tax returns for certain categories of crypto-asset transactions (notably staking rewards and airdrops), and discrepancies between third-party data and self-assessed tax positions are likely to trigger automated queries, audits, and assessments.

4 No. 58 of 1962.

On the exchange control side, the administrative relief provisions in the draft regulations offer a path to regularisation, but only for those who act before an investigation commences.

Taxpayers are reminded of the Voluntary Disclosure Programme under the Tax Administration Act[5], which offers a parallel opportunity for tax regularisation.

Conclusion

The conflicting judgments in the *Standard Bank* and *Mangundhla* cases have created a period of legal uncertainty that, while intellectually fascinating, presents real and immediate compliance risks for taxpayers, businesses, and crypto asset service providers operating in South Africa. The formalist reasoning of Motha J, that crypto assets are technologically and conceptually distinct from the instruments contemplated by the 1961 drafters, and the functionalist reasoning of Wilson J, that crypto assets plainly exhibit the attributes which the Regulations exist to control, represent two defensible but irreconcilable approaches to statutory interpretation in the context of novel technology.

The draft Capital Flow Management Regulations, 2026, resolve this question by legislative intervention: crypto assets are capital, and their cross-border movement will be subject to comprehensive regulation. The authorised crypto asset service provider regime, the declaration obligations, the enhanced administrative sanctions, and the specific prohibition on the export of crypto assets without permission collectively constitute the most significant extension of South Africa's capital flow management framework since the post-*Oilwell* amendment brought intellectual property within the scope of the Regulations.

For taxpayers and businesses, the practical imperative is clear. Those currently engaged in cross-border crypto asset transactions should proceed with caution, treating such transactions as potentially subject to exchange control, and should begin preparing the documentation and compliance infrastructure necessary to meet the requirements of the new regime once it is promulgated.

The era of uncertainty regarding whether exchange control applies to crypto assets is drawing to a close. In its place, a new era of active compliance management is emerging, one that demands careful coordination between income tax obligations, CARF reporting, and exchange control authorisations. Taxpayers and their advisers would be well served to treat this transitional moment not as a source of anxiety but as an opportunity to establish robust compliance frameworks that will position them favourably as the regulatory environment crystallises.

5 No. 28 of 2011.

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We gratefully acknowledge the contribution of Kyle Mandy to this article.

Are employee deductions for home-office expenses worth the trouble?

Working-from-home arrangements have grown steadily more common since the mid-2000s, particularly during and since the COVID-19 pandemic. The tax deductibility of home-office expenses nonetheless remains contentious, largely because the governing legislation is open to interpretation.

Introduction

Since the advent of reliable and accessible home broadband connections from as early as the mid-2000s, there has been an increase in the prevalence of 'working from home' arrangements for individuals. This has resulted in a growing number of individuals working either wholly or partially from locations other than those of their employers or businesses - the main example being 'home offices' or '**home workspaces**'. The practice expanded sharply during the COVID-19 pandemic, when governments mandated it during the periods known as 'lockdowns' in South Africa. Since the pandemic it has become the norm rather than the exception, as employers value the flexibility it offers and the savings on office space, while for employees it helps offset rising living costs at a time when substantial, ongoing salary increases are difficult to fund. This trend raises important questions about the tax deductibility of home-office expenses.

The tax deductibility of expenses related to working from home is determined with reference to section 11(*a*), section 11(*d*), or section 11(*o*) of the Income Tax Act[1] (as amended) ('the Act'),[2] read together with section 23(*b*) and/or section 23(*m*). Section 23(*b*) prohibits the deduction of all 'domestic or private expenses', specifically including expenses associated with domestic premises, while making an exception relating to home workspaces in certain circumstances. Section 23(*m*) prohibits the deduction of any 'expenditure, loss or allowance' which relates to employment or the holding of an office, except for those specifically listed under that section. For the purposes of this article, we consider only the tax deductibility of expenses incurred in working from home by taxpayers whose trade constitutes the holding of an office or employment (hereinafter '**Employees**' or '**Employment**' respectively).

The tax deductibility of expenses relating to home workspaces has been contentious since the judgment handed down in *Kommisaris van Binnelandse Inkomste v Van der Walt*[3] ('*Van der Walt* case') in 1986. Section 23(*b*) was subsequently amended in the early 1990s, followed by the introduction of section 23(*m*) in the early 2000s and its amendment in 2006. The contention heightened during the COVID-19 pandemic, particularly given the increase in working-from-home arrangements during this time. National Treasury acknowledged the issue and undertook to review the applicable legislation in this regard in the 2021 Budget Review. Following this, the South African Revenue Service ('SARS') released two new drafts of existing Interpretation Note 28 ('IN 28') relating to the deduction of home office expenses incurred by Employees during 2021. After these were made available for public comment, and not without significant media attention, SARS finalised and issued IN 28 (Issue 3) on 4 March 2022. Since then, National Treasury has repeated its commitment to reviewing the applicable legislation.

This article sets out the current legislative framework relating to the tax deductibility of expenses in connection with working from home, including the historical background and development of the applicable law, before turning to SARS' IN 28 for any guidance it may provide. Thereafter, we offer observations on the relevance and applicability of SARS' IN 28, SARS' practice, and the potential capital gains tax consequences. We conclude with key considerations for taxpayers.

Current legislative framework

The Act does not, in the first instance, distinguish between Employee and non-Employee taxpayers. For all taxpayers, the deductibility of expenses is generally determined by reference to the 'general deduction formula' in terms of section 11(*a*) read together with section 23(*g*). Watermeyer J summarised the requirements of the general deduction formula in *Port Elizabeth Electric Tramway Co. v. Commissioner for Inland Revenue*[4]:

> 'These two sections [namely, section 11(*a*) and section 23(*g*)] provide **positively** for what may be deducted and **negatively** for what may not be deducted [respectively] and thus furnish us with two apparent tests for determining what kind of expenditure may be deducted…' (our emphasis)

The general deduction formula therefore contains a 'positive test' of what may generally be deducted (under section 11(*a*)) and a 'negative test' for what may generally not be deducted (under section 23(*g*). To be an allowable deduction from taxable income, a general deduction must meet the requirements of both section 11(*a*) and section 23(*g*). The section 11(*a*) requirements are that a trade must be carried on and expenditure or losses must be:

- 'actually incurred',
- in the current 'year of assessment',
- 'in the production of income', and
- not of a 'capital in nature'.

1 No. 58 of 1962.
2 All references to 'section' or 'paragraph' refer to sections of the Act or to paragraphs of the Eighth Schedule to the Act dealing with capital gains tax ('CGT'), unless otherwise indicated or shown by the context.
3 1986 (4) SA 303 (T), 48 SATC 104.
4 [1936] 8 SATC 13 at 14 and 16.

The section 23(*g*) requirement is that no deductions are allowed to the extent that moneys are not laid out or expended for the purposes of carrying on any trade (including Employment). Although this requirement was originally an 'all or nothing' test, it has since been amended[5] to allow for apportionment.

Most of these requirements are not defined in the Act, and case law is therefore relied upon to establish their meaning. Accordingly, notwithstanding the specific disallowances discussed below, Employees could deduct expenses related to working from home to the extent that those expenses relate to the carrying on of their Employment trade, provided they also meet the other requirements of section 11(*a*) and section 23(*g*).

The remaining paragraphs of section 11 (including various allowances) and section 23 do, however, contain special deductions and specific prohibitions respectively, with section 11(*d*), section 11(*e*), section 23(*b*), and section 23(*m*) being of particular relevance to Employees seeking to claim expenses related to working from a home workspace. Broadly, section 23(*b*) prohibits the deduction of all 'domestic or private expenses', or expenditure related to domestic premises, except to the extent that the premises are occupied for trade. Specific rules apply to home workspaces, while section 23(*m*) limits the deduction of expenditure, losses or allowances for Employees. These provisions are dealt with below, starting with section 23(*m*), which is the prohibition applicable to all Employees.

5 Effective as from the commencement of years of assessment ending on or after 1 January 1993.

Before turning to those sections, two others are relevant, namely section 11(*x*) and section 23B:

- Section 11(*x*) brings into section 11 'any amounts which in terms of any other provision in this Part [sections 5 to 37H], are allowed to be deducted from the income of the taxpayer'. In other words, deductions and allowances granted elsewhere in this Part, which would not otherwise fall under section 11, are effectively brought into section 11 by section 11(*x*).
- Section 23B(3) provides that 'no deduction shall be allowed under section 11(*a*) in respect of any expenditure or loss of a type for which a deduction or allowance may be granted under any other provision of this Act', including where that other provision imposes a limit on the amount or timing (i.e. it may be granted in a different year of assessment) of the deduction or allowance. In other words, where a special deduction or allowance applies, section 11(*a*) cannot be used. This aligns, to some extent, with the legal maxim *generalia specialibus non derogant,* under which a specific provision that applies to a particular set of circumstances also covered by a broader or more general principle should prevail over the more general provision.

Section 23*(m)*

Section 23(m) applies to 'any expenditure, loss or allowance, contemplated in section 11 (which, through section 11(*x*) discussed above, effectively includes all special deductions and allowances) that relates to 'any employment of, or office held by, any person' in respect of which that person derives any 'remuneration' (as defined in paragraph 1 of the Fourth Schedule), unless that person is 'an agent or representative whose remuneration is normally derived mainly from commission based on sales or turnover attributable to him or her'.

Section 23(*m*) prohibits Employees from deducting any expenditure, loss or allowance from their (Employment) income, *other than* the deductions specifically excluded from the prohibition under paragraphs (i) – (iv) of section 23(*m*). The deductions available to salaried Employees are therefore limited to those listed in that section. Of relevance to Employees seeking to claim expenses related to working from a home workspace are paragraphs (ii) and (iv) of section 23(*m*):

> '…(ii) any allowance or expense which may be deducted from the income of that person in terms of **section 11** (*c*), (***e***), (*i*) or (*j*);…
>
> (iv) any deduction which is allowable under **section 11 (*a*) or (*d*)** in respect of any rent of, cost of repairs of or expenses in connection with any dwelling house or domestic premises, to the extent that the deduction is not prohibited under paragraph (*b*);…' (our emphasis)

This means that if the requirements of section 11(*e*) are met, and/or the requirements of section 11(*a*) and section 11(*d*) are met (subject to the further requirements relating to section 23(*b*) dealt with below), the section 23(*m*) prohibition 'switches off'.

Paragraph (ii) of section 23*(m)* / Section 11*(e)*

Paragraph (ii) of section 23(*m*), to the extent relevant, provides that an allowance in terms of section 11(*e*) may be deducted from the (Employment) income of the Employee.

Section 11(*e*) provides that a taxpayer may claim an allowance equal to:

> 'such sum as the Commissioner may think just and reasonable as representing the amount by which the value of any **machinery, plant, implements, utensils and articles…owned by the taxpayer**… and **used by the taxpayer for the purpose of his or her trade** has been diminished by reason of wear and tear or depreciation during the year of assessment.' (our emphasis)

This is commonly known as the 'wear-and-tear or depreciation allowance', and SARS has issued Interpretation Note 47 (Issue 5)[6] ('IN 47'), which includes a schedule of write-off periods that SARS accepts for various qualifying assets. Assets (and the proposed write-off periods, in years) that may be relevant to Employees seeking to claim expenses related to working from a home workspace include the following:

- Air conditioners and air-conditioning assets (6 to 20 years, depending on the type)
- Computers, computer tablets and similar devices (2 to 5 years, depending on the type)
- Computer software - mainframe and personal computers (2 to 5 years, depending on the type)
- Furniture and fittings (6 years)
- Generators – portable (5 years) and standby (15 years)
- Heating equipment (6 years)
- Law reports (5 years) and textbooks (3 years), and
- Office equipment – electronic (3 years) or mechanical (5 years).

The requirements of section 11(*e*) that are relevant here are that the asset must be:

- owned by the taxpayer (i.e. not purchased or owned by an employer), and
- used by the taxpayer for the purposes of their Employment trade (i.e. where it is used for another purpose, apportionment may be required in terms of section 23(*g*)).

SARS notes in paragraph 4.3.7 of IN 47 that a section 11(*e*) allowance 'must be apportioned if an asset is used for private and business purposes, since the deduction is allowable only to the extent that the asset was used for the purposes of trade'. SARS further notes in paragraph 4.1.6 that a section 11(*e*) allowance 'for a qualifying asset that has not been used for the purposes of trade throughout the year of assessment must be apportioned', with further guidance provided under paragraph 4.3.8. There are also further considerations where a personal-use asset is brought into use for trade purposes.

Provided these requirements are met and appropriately documented, Employees may claim section 11(*e*) allowances in respect of assets related to working from home. Importantly, these allowances are not subject to the further section 23(*b*) requirements dealt with below. Unlike paragraph (iv), paragraph (ii) of section 23(*m*) does not refer to section 23(*b*).

Paragraph (iv) / Section 23*(b)*

Paragraph (iv) of section 23(*m*), to the extent relevant, provides that any deduction allowable under section 11(*a*) or (*d*) in respect of any 'rent of, cost of repairs of or expenses in connection with any dwelling house or domestic premises' may be deducted from the (Employment) income of the Employee. This is, however, only to the extent that the deduction 'is not prohibited' under section 23(*b*).

Section 23(*b*) prohibits the deduction of 'domestic or private expenses, including the rent of or cost of repairs of or expenses in connection with any premises not occupied for the purposes of trade or of any dwelling-house or domestic premises except in respect of such part as may be occupied for the purposes of trade'.

In *Commissioner for Inland Revenue v Hickson*[7], Beyers JA stated, when considering an equivalent version of section 23(*b*) then in force, that 'House rent and the cost of repairing the house are specifically mentioned'.[8] He went on to note that '[O]ther costs which come to mind are servants' wages, the cost of board and lodging, the cost of running a motorcar for private use, holiday expenses, and so forth'[9]. This confirms that section 23(*b*) prohibits all 'domestic and private expenditure'; rent, repairs, and other expenses connected with non-trade premises are merely examples of such domestic and private expenditure.

6 Interpretation Note 47 (Issue 5) dated 9 February 2021, 'Wear-and-tear or depreciation allowance'.

7 [1960] 1 All SA 544 (A).

8 At 549.

9 At 549.

This is important because of the exception to section 23(*b*), which in effect permits the deduction of those specifically mentioned expenses (i.e. rent, repairs, or other expenses connected with non-trade premises) to the extent that they are 'in respect of such part as may be occupied for the purposes of trade', for example a home workspace.

The *proviso* to section 23(*b*) was introduced in the early 1990s (following the *Van der Walt* case). It imposes additional requirements for the deduction of expenses in respect of a home workspace. An Employee would be entitled to claim the specifically mentioned expenses (i.e. rent, repairs, or other expenses in connection with a part of a home occupied for trade purposes) only if:

1. the area used as a home workspace is '**specifically equipped**' for the purposes of the taxpayer's (Employment) trade; and
2. the area used as a home workspace is used '**regularly**' and '**exclusively**' for the purposes of the taxpayer's (Employment) trade; and
3. either (i) the Employee's income consists '**mainly**' of commission or other variable payments based on the Employee's work performance, and the Employee's duties are '**mainly**' performed otherwise than in an office provided by the employer; or (ii) the Employee's duties are '**mainly**' performed in the home office.

In the *Van Der Walt* case (decided before the current versions of sections 23(*b*) and (*m*)), it was held that a university lecturer could claim his home-study expenses, where he worked after hours both as a lecturer (which constituted his Employment trade) and as a doctoral candidate. He estimated that he spent more than 50 per cent of his total working time as a lecturer (which contractually also included research) in the study. He established the necessary connection between the expenditure claimed and his earnings, since he showed that he had, in good faith, incurred the expenditure for the more efficient discharge of the duties of his Employment. This leads one to conclude that there is no requirement for the employer to expressly instruct the Employee to work from home in order to meet this requirement. It is a factual enquiry into whether the Employee did in fact mainly perform their Employment duties in their home office. If the Employee can prove that they did mainly perform their duties in the home office, this requirement should be met. This accords with SARS' interpretation of the current legislation in paragraph 4.5.4 of IN 28, in relation to the 'mainly' requirement discussed below.

Other than the *Van der Walt* case (after which the section 23(*b*) proviso requirements and section 23(*m*) were enacted), there is no specific case law to rely upon in applying the section 23(*b*) proviso requirements. In IN 28, SARS arguably adopts a narrow interpretation of the section 23(*b*) proviso requirements, as discussed below.

Section 23(*b*) proviso requirements

Specifically equipped for trade purposes[10]

In establishing the meaning of 'specifically equipped', SARS references two dictionary meanings. Together, these define 'specific' as 'relating to a specified or particular thing' and 'relating uniquely to a particular subject', and 'equipped' as 'to furnish with' and to 'supply with the items needed for a particular purpose'.

SARS then states:

> "…in order for a part of a private home to be considered "specifically equipped" for the purposes of trade, that part must be **fitted with the instruments, tools and equipment required to conduct that trade**." (our emphasis)

On SARS' view, then, the home workspace must be specifically equipped for the purposes of the Employee's trade, which will depend on the **type** of trade. For office-type work from a home workspace, this would presumably mean a workstation and chair, together with any other equipment required to perform the relevant duties. It is worth noting that the cost of these assets would be claimable under section 11(*e*) read together with section 23(*m*), and that section 11(*a*) read together with section 23(*b*) would not apply, as discussed above.

10 Paragraph 4.5.2 'Specifically equipped for the purposes of trade' of IN 28.

'Regular trade use'[11]

In establishing the meaning of 'regularly', SARS refers to a dictionary definition of 'regularly' as 'done or happening frequently'. However, SARS states:

> 'As **each case will have to be decided on its own merits**, it is not possible to define what would be acceptable as regular usage for the purposes of trade. However, a home office that is maintained and is only used **occasionally, for example, once on a weekend** due to the taxpayer maintaining separate business premises, **is not used frequently enough** to constitute "regular" use.' (our emphasis)

SARS' view of this requirement therefore appears to be quite strict: the example given suggests that use once on a weekend is not frequent enough. However, SARS does acknowledge that, as with the 'specifially equipped for trade purposes' requirement, this may also depend on the *type* of trade.

'Exclusive trade use'[12]

In establishing the meaning of 'exclusively', SARS refers to a dictionary definition of 'exclusively' as 'excluding or not admitting other things; excluding all but what is specified'.

SARS acknowledges that a part of a room constitutes a part of a premises, as envisaged by the wording of section 23(*b*):

> '…although a part of **a room constitutes a part of a premises**, it is submitted that taxpayers will have **great difficulty satisfying the burden of proof** that the part was used exclusively for purposes of trade, if the part does not constitute a separate room in the premises.'

Notably, SARS did not acknowledge in prior versions of IN 28 that a part of a room constitutes a part of a premises. In any case, SARS acknowledges that where two taxpayers share a room and have separate parts specifically equipped for their trade, the burden of proof 'could be met'. It further acknowledges that there is no exclusion from 'exclusive trade use' for incidental private use; however, it comments that 'inconsequential private use, such as, for example, answering a private telephone call in the home office whilst working, or walking through the home office after work to an outside patio, will not render the use to be not exclusively for purposes of trade.'

This is, arguably, the most onerous of the requirements and borders on the absurd. The reality is that very few homes have a part that satisfies the exclusive-use requirement; even a separate, dedicated office may fail to qualify. While SARS does allow some leeway for inconsequential private use, the examples it gives are somewhat contrived. More concerning is Example 3 in IN 28, which makes clear that simply allowing children to play in the room would not, in SARS' view, amount to inconsequential private use.

'Mainly'[13]

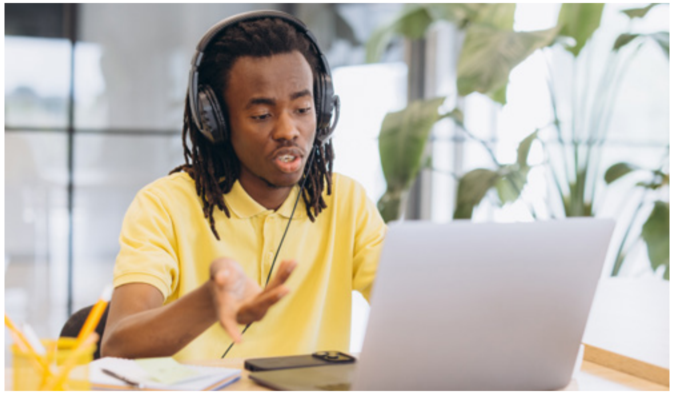
In establishing the meaning of 'mainly', SARS refers to *Sekretaris vir Binnelandse Inkomste v Lourens Erasmus (Edms) Bpk*[14] ("*Lourens Erasmus (Edms) Bpk* case"), in which the term 'mainly' was considered, **albeit** in a different context. It was held that 'the word "mainly" prescribed a purely quantitative standard of more than 50%'. SARS concludes:

> 'Therefore to satisfy the "mainly" requirement the employee must spend **more than 50%** of his or her **working time during the particular year of assessment** rendering employment services at the home office.'

In short, to meet this requirement an Employee must spend more than 50% of their working time during the relevant year of assessment working from the home workspace.

Where the Employee's income consists 'mainly'[15] of commission or other variable payments based on the Employee's work performance, their duties must be 'mainly' performed otherwise than in an office provided by an employer. SARS appears to interpret this to mean that, where an Employee earns more than 50% of their total Employment income from commission and other variable payments based on their work performance, the Employee's duties must be performed mainly (i.e. more than 50%) otherwise than in an office provided by the employer. The key distinction is that non-commission-earning Employees may deduct home-workspace expenses only if they work mainly in the home office, whereas commission-earning Employees may deduct such expenses regardless of whether or not 50% of their working time is spent there.

11 Paragraph 4.5.3 'Regular and exclusive trade use' of IN 28
12 Paragraph 4.5.3 'Regular and exclusive trade use' of IN 28.
13 Paragraph 4.5.4 'Trade constituting employment or office' of IN 28.
14 1966 (4) SA 434(A).
15 This is also interpreted by SARS to mean more than 50% with reference to the *Lourens Erasmus (Edms) Bpk* case.



Observations

In paragraph 2 of IN 28, SARS appears to acknowledge that the underlying legislation may be considered overly strict, inequitable, and unaccommodating of the modern work environment – and, interestingly, also appears to suggest that Employees should claim reimbursements from their employers:

> '**Some people may consider the provisions to be overly strict**, inequitable and unaccommodating of the modern work environment, however, **absent legislative amendment they are the provisions which must be applied**. Dependent on the facts of a particular employee-employer relationship, an employee who has incurred business expenditure **may be able to claim a reimbursement** from their employer to offset a financial hardship experienced as a result of incurring expenditure for work purposes.' (our emphasis)

We consider, however, that SARS' commentary on the difficulty of discharging the burden of proof for the 'exclusive trade use' requirement is problematic. In practice, SARS asks for extensive proof, in line with its arguably misplaced 'list' of documentary evidence in paragraph 5 of IN 28 (which includes onerous items such as 'floor plans' and 'photographs of the home office'). This arguably makes meeting the requirements and claiming home-workspace expenses 'not worth it' from a cost-benefit perspective.

In any case, taxpayers working from a home workspace should note an often overlooked but important point relating to the potential future capital gains tax consequences. Where an Employee works from a home workspace, that workspace becomes a place of trade and no longer qualifies for the primary residence exclusion. Normally, when a primary residence is sold, the primary residence exclusion applies to the resulting capital gain. A person who has used part of a primary residence for carrying on a trade must apportion the exclusion so that it applies only to the portion of the house used for residential purposes; that is, the area of the home workspace must be left out of the exclusion. For example, if the home workspace makes up 10% of the total area of the house, only 90% of the capital gain qualifies for the primary residence exclusion.

Key conclusions

We consider that the current legislative framework for the tax deductibility of working-from-home expenses is not fit for purpose, given the prevalence of such arrangements. What is clear, however, is that Employees may claim section 11(*e*) allowances in respect of assets related to working from home, provided the section's requirements are met and appropriately documented in line with the guidance provided by SARS in IN 47.

Given the growing prevalence of working-from-home arrangements for Employees, which accelerated during the COVID-19 pandemic, National Treasury has, since 2021, repeatedly committed to reviewing the applicable legislation. This has not yet materialised, leaving taxpayers uncertain about both the tax deductibility of working-from-home expenses and the tax treatment of primary residences on disposal.

Given the difficulties highlighted in this article, taxpayers may wish to consider carefully any potential claims for home-office deductions. What is more, it has become urgent for National Treasury to conclude its review and make the necessary legislative changes to render the law fair and equitable to taxpayers, taking the modern work environment into account.

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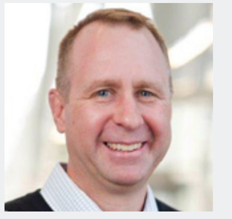

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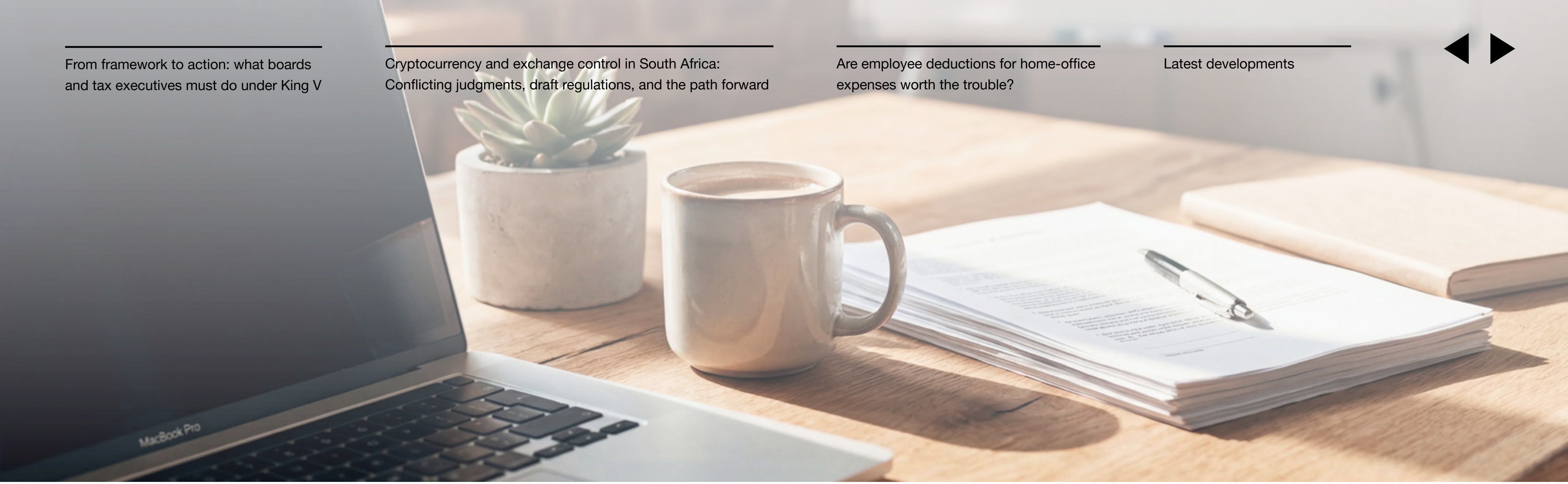

Latest developments

Latest developments 26 May 2026 – 25 June 2026

PwC thought leadership		
Various weekly	PwC thought leadership	Global Tax Talk: a PwC on-demand video series that quickly and concisely brings you the global tax policy news you need to know in a format that you can access on the go. Every Monday, the Global Tax Policy leader, Will Morris, provides a 60-second roundup of key perspectives to prepare for the upcoming week. PwC releases news briefings and short interviews with PwC subject matter specialists and global leaders around the world on the issues they see affecting the business community.
4 June 2026	Global Policy Tax Alert	Beyond cost-plus – OECD rewrites the rules on intra-group services The OECD has opened a consultation on the revised Chapter VII of the Transfer Pricing Guidelines on intra-group services. The draft seeks to align Chapter VII with Chapters I–III and add practical illustrations, while retaining the underlying transfer pricing principles. It introduces enhanced guidance on accurate delineation, the benefit test, shareholder and stewardship activities, intangible-service boundaries, transfer pricing method selection, pass-through costs, and documentation expectations. This alert examines the potential implications of the proposed changes for businesses with intra-group service arrangements, including headquarters charges, shared services, and intangible-enabled services.

25 June 2026	Global Tax Policy Alert	European Commission proposes recast of all Directives on Administrative Cooperation The European Commission has published a proposal to recast all Directives on Administrative Cooperation (DAC1 to DAC9) into a single legislative instrument, alongside targeted amendments intended to simplify compliance and improve the usefulness of information exchanged between tax authorities. The proposed changes would streamline certain reporting requirements and modernise exchange and verification tools, with key business-facing changes relating to DAC6, DAC7, the interaction between DAC4 and DAC9 notifications, and the interaction between DAC6 and Pillar Two. This alert considers the implications of the proposed changes for affected businesses.
25 June 2026	Global Tax Policy Alert	European Commission publishes Tax Omnibus proposal The European Commission has published a Tax Omnibus proposal to simplify the EU direct tax framework by amending six EU direct tax Directives. The proposal includes significant changes to withholding tax relief procedures, cross-border reorganisations, and dispute resolution mechanisms, with the aim of reducing compliance burdens, improving legal certainty, and supporting EU competitiveness. This alert provides an overview of the proposed measures and their implications for withholding tax processes, reorganisation planning, and dispute strategy.
25 June 2026	Global Tax Policy Alert	European Commission's Tax Omnibus proposes significant ATAD amendments The European Commission has published a Tax Omnibus proposal that would amend, among other Directives, the first Anti-Tax Avoidance Directive (ATAD). The Tax Omnibus is released alongside a separately proposed DAC Recast. The DAC Recast changes are covered in this tax policy alert. This alert focuses on the ATAD changes and non-ATAD direct tax measures (the Interest and Royalties Directive, Parent Subsidiary Directive, FASTER, Merger Directive, and Dispute Resolution Mechanisms).

Interpretation

28 May 2026	Interpretation Note 144 – Income Tax Exemption – Bargaining Councils	Interpretation Note 144 has been released. This Note provides clarity on the approval of registered bargaining councils as institutions, boards, or bodies under section 10(1)(*c*A)(i) of the Income Tax Act No. 58 of 1962.

Table of interest rates and average exchange rates

1 June 2026	Interest rates table 3	'Interest rates table 3 – rates at which interest-free or low-interest loans are subject to income tax' has been updated in accordance with the SARB's update of the repo rate on 29 May 2026, effective 1 June 2026.
8 June 2026	Average exchange rates	The following tables have been updated: • Table A – A list of the average exchange rates of selected currencies for a year of assessment as from December 2003. • Table B – A list of the monthly average exchange rates to assist a person whose year of assessment is shorter or longer than 12 months.

Customs and excise

27 May 2026	Tariff amendments	Publication details for correction notice R7521, as published in Government Gazette 54749 of 27 May 2026, are now available.
28 May 2026	Rule amendments notice R.7522	Rule amendments notice R7522 relating to the non-reciprocal zero-tariff treatment for goods exported from the Republic of South Africa to the People's Republic of China (DAR271), issued under sections 46A and 120, was published in Government Gazette 54755 of 28 May 2026.
29 May 2026	Tariff amendments	Publication details for tariff amendments notice R.7533, as published in Government Gazette 54757 of 29 May 2026, have been made available.
3 June 2026	Correction notice	Correction notice R7551 has been published in Government Gazette 54776 of 3 June 2026 to correct the rules under sections 46A and 120 in relation to the non-reciprocal zero-tariff treatment for goods exported from the Republic of South Africa to the People's Republic of China (DAR272).
12 June 2026	Tariff amendments	Tariff amendments notices R7578, R7579, R7580, R7581, R7582, and R7583 have been published in Government Gazette 54820 of 12 June 2026.
19 June 2026	Tariff amendments	Tariff amendments notices R7604, R7605, R7606, and R7607, and rules amendment notices TD01 and TGD1 have been published in Government Gazette 54854 of 19 June 2026.

SARS draft documents for public comment

3 June 2026	Draft Regulations and draft Explanatory Memorandum	Draft Regulations and Draft Explanatory Memorandum – Domestic Reverse Charge Relating to Valuable Metal issued in terms of section 74(2) of the Value-Added Tax Act, 1991. Comments are due to SARS by 30 June 2026.
3 June 2026	2026 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill	The 2026 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill was published on 25 February 2026, following the Budget Speech, and comments were due to SARS by 26 June 2026.
19 June 2026	Draft amendment to rules – Income Tax Act	A draft amendment was published to rules under section 18A(2B) and (2C) in terms whereof the Commissioner prescribes the information that must be contained in a certificate as specified in these sections, with comments being due to SARS by 17 July 2026.

SARS guides and notices

28 May 2026	Guide for Tax Rates/Duties/Levies	Issue 18 of the Guide for Tax Rates/Duties/Levies has been released. Tax rates prior to the 2018 year of assessment have been deleted. Issues 15 to 17 of this guide may be consulted for these rates.
29 May 2026	Guide to the Tax Directive Functionality	The Guide to the Tax Directive Functionality on eFiling has been updated to: • Provide more clarity on the tax type description for Tax Directive – Individual and Tax Directive – Organisation activation • Include the tax directive reports function that is available.
1 June 2026	Global minimum tax	A new guide on how to submit GMT returns has been developed and the Payment Rules guide has been updated: • GMT-GEN-01-G02 – Guide to submit Global Minimum Tax (GMT) Returns on eFiling – External Guide • GEN-PAYM-01-G01 – SARS Payment Rules – External Guide
17 June 2026	VAT Reference Guide – Schools Exiting the VAT System	This reference guide provides information and guidelines regarding the VAT implications for schools that cease to be vendors, effective from 1 January 2026, because of the amendments to the Value-Added Tax Act 89 of 1991.
2 June 2026	Income tax notices 2026	Notice in terms of paragraph (*c*) of the definition of 'living annuity' in section 1(1) of the Income Tax Act, No. 58 of 1962: Withdrawal of all notices issued in terms of paragraph (*c*) of the definition of 'living annuity' in section 1(1) of the Income Tax Act, 1962 (Act No. 58 of 1962) and prescribing that the amount referred to in that paragraph is R150 000.
15 June 2026	Income tax guides	The following income tax guides have been made available: • Guide on the Determination of Medical Tax Credits (Issue 18) • Guide on Income Tax and the Individual (2025/26)
19 June 2026	Public notices – Notice 7602	Notice 7602 has been published and made available in Government Gazette 54853 of 19 June 2026, in terms of section 95(6) of the Tax Administration Act, 2011, extending the date by which a taxpayer who is eligible for automatic assessment may request SARS to issue a reduced or additional assessment.

Case law

In accordance with the date of judgment

26 May 2026	*Ndyamara NO and Others v CSARS* (51569/2020) [2026] ZAGPPHC (25 May 2026)	Whether VAT payments made by the taxpayer constituted dispositions not made for value within the meaning of s 26 of the Insolvency Act and were therefore recoverable by the liquidators from the Commissioner.
26 May 2026	*Poseidon Operations (Pty) Ltd v CSARS and Others* (23278/2022) [2026] ZAGPPHC 453 (29 April 2026)	Whether the taxpayer had established grounds for leave to appeal against the judgment and order of the court, including whether the proposed appeal enjoyed reasonable prospects of success or there existed another compelling reason for the appeal to be heard.
27 May 2026	*Williams NO and Another v eThekwini Municipality and Others* (13624/2022P) [2026] ZAKZPHC (27 May 2026)	Whether the defendant was entitled to security for costs from the liquidators in action proceedings instituted on behalf of an insolvent close corporation, and whether the circumstances justified the exercise of the court's discretion in favour of such relief.
27 May 2026	*CSARS v Shabangu and Another* (121282/2023) *and CSARS v Shabangu NO and Others* (121275/2023) [2026] ZAGPPHC (27 May 2026)	Whether the Commissioner had established the requirements for the granting of final sequestration orders, including whether the debtors were insolvent and whether sequestration would be to the advantage of creditors.
27 May 2026	*CSARS and Another v Alliance Fuel (Pty) Ltd* (7453/2024) [2026] ZALMPPHC 43 (30 March 2026)	Whether leave to appeal should be granted, including whether the order granted was appealable notwithstanding its interim form. Whether the Commissioner's grounds based on s 96 of the Customs and Excise Act 91 of 1964, *audi alteram partem* and s 24 of the Superior Courts Act raised reasonable prospects of success, and whether another court may differ on the applicability of rule 55(3)(e) and the relief granted restraining further searches and the use of seized material.
27 May 2026	*WCF Hardware Distributors (Pty) Ltd v CSARS* (2024/051127) [2026] ZAGPPHC 104 (10 February 2026)	Whether imported goods qualified for a rebate under s 47(9) of the Customs and Excise Act 91 of 1964, including whether the assembly undertaken by the taxpayer constituted manufacture, or whether the goods remained substantially completed products that were merely repackaged with minor additions.
27 May 2026	*Afrinergy Holdings (Pty) Ltd v CCARS and Others* (18187/2022) [2026] ZAGPPHC 105 (2 February 2026)	Whether the seizure of a truck and trailer carrying fuel was lawful and rational under ss 89 and 96 of the Customs and Excise Act 91 of 1964, including whether there were objectively reasonable grounds to suspect non-compliance with import declaration requirements and a contravention of the Act.
27 May 2026	*Contract Packing Solutions CC v SARS and Others* (2025/016340) [2026] ZAGPPHC 17 (16 January 2026)	Whether the taxpayer was entitled to urgent relief permitting the resumption of its manufacturing operations, and whether the period prescribed in s 96(1)(a)(i) of the Customs and Excise Act 91 of 1964 should be reduced in terms of s 96(1)(c)(iii) to enable the matter to be heard as one of urgency.
23 June 2026	*Lueven Metals (Pty) Ltd v CSARS* (CCT 320/23) [2026] ZACC 24 (23 June 2026)	Whether, on a proper interpretation of section 11(1)(*f*) of the Value-Added Tax Act 89 of 1991, the supply of gold by the taxpayer qualified for zero-rating, and the resulting VAT consequences of that supply.

Other publications

26 May 2026	OECD	Blog: Home and away: When does working remotely across borders create a taxable presence? As remote work crosses borders, where does tax follow? This article explores how OECD guidance and the OECD Model Tax Convention help businesses navigate taxable presence and apply international tax rules in a changing, digitalised economy.
28 May 2026	OECD	The OECD Report (Inclusive Framework on BEPS) on Tax Challenges Arising from the Digitalisation of the Economy – Consolidated Commentary to the Global Anti-Base Erosion Model Rules (2026) has been made available.
1 June 2026	SARS	Important 2026 tax filing season dates to take note of: • Auto assessments: 1 July to 12 July 2026 • Non-provisional individuals: 13 July to 23 October 2026 • Provisional taxpayers: 13 July 2026 to 22 January 2027 • Trusts: 19 September 2026 to 22 January 2027
15 June 2026	ATAF	Article: ATAF research calls for stronger and structured gender-responsive tax systems across Africa.
22 June 2026	SARS	Government Connect: The June 2026 edition of Connect features key updates and practical guidance for taxpayers, employers, and practitioners to support compliance and improve service delivery. This issue covers global minimum tax requirements, filing season 2026 changes, updates to the PAYE employer reconciliation BRS, and improvements to the AA88 Employer Guide.