



Budget 2026 Highlights

#BUDGET2026



Budget Summary

The 2026 Budget shows that the tough fiscal choices made by the government over the past few years are finally paying off. Even in a difficult global economic environment, the economy has remained resilient, with the economic outlook displaying modest gains and greater opportunities to accelerate investment.

The government has remained committed to restoring the public finances to health. Government debt as a share of economic output is expected to reach its peak in the current fiscal year and will decline over the next few years.

This is an important turning point because, as debt decreases, debt-service costs as a share of revenue decline. Lower debt-service costs, combined with the improved inflation outlook following the decision to reduce the inflation target to 3 per cent, will boost private investment and job creation.

Over the next three years, the government has anchored fiscal policy with the primary budget surplus. With the continued increase in the surplus over the coming years, government debt will be on a sustainable path.



Budget Summary

Given that the government still expects to meet its fiscal targets over the medium term, the R20 billion in tax increases that were announced for the 2026 Budget have been withdrawn.

The economy is estimated to have grown by 1.4 per cent in 2025, up from 0.9 per cent in 2024. With four consecutive quarters of positive economic growth, there is real optimism about the growth prospects.

More reliable energy, improved logistics, stronger public finances and lower borrowing costs are all contributing to the brighter outlook. Although the economy has remained resilient, South Africa needs to look at local drivers to boost growth.

To fix this, the government is focusing on improving the performance of state-owned companies and municipalities. High unemployment remains the key challenge for all South Africans, and the steps that the government is taking in the 2026 Budget will help to start creating jobs.

The message from the 2026 Budget is clear: The foundation is getting stronger. By sticking to a responsible plan, the government is making the economy stronger for all South Africans.

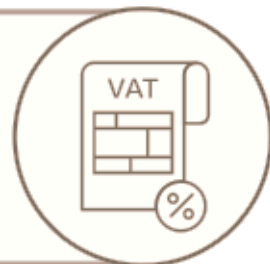


BUDGET Highlights

Personal Income Tax bracket and rebate adjustments to compensate individuals for the effect of inflation.



Increase of VAT compulsory registration threshold to **R2.3 million**



Increase in Tax Free Saving Contributions limit to **R46 000** per annum



Increase of **3.4%** in excise duties on alcoholic beverages and tobacco products.



BUDGET Highlights

Increase in the general Fuel Levy on petrol by **9 cents** per litre, and on diesel by **8 cents** per litre.



Increase in the Road Accident Fund Levy on both petrol and diesel by **7 cents** per litre.



Increase in the Carbon Tax on Fuel by **5 cents** per litre for petrol, and by **6 cents** per litre for diesel.



Further consultation on a national online gambling tax during 2026.



MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2025	2026	2027	2028
	Estimate	Forecast		
Household consumption	3.1	1.8	2.0	2.2
Capital formation	-2.0	2.4	3.3	3.9
Exports	-2.0	1.6	2.4	2.9
Imports	1.0	3.0	2.9	3.1
Real GDP growth	1.4	1.6	1.8	2.0
Consumer price inflation (CPI)	3.2	3.4	3.3	3.2
Current account balance (% of GDP)	-0.9	-1.0	-1.2	-1.3

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2025/26	2026/27	2027/28	2028/29
	Revised estimate	Medium-term estimates		
Revenue	2 231.7	2 345.4	2 467.3	2 612.7
	28.8%	28.6%	28.6%	28.8%
Expenditure	2 578.9	2 669.7	2 768.1	2 893.4
	33.2%	32.6%	32.1%	31.9%
Budget balance	-347.2	-324.3	-300.8	-280.7
	-4.5%	-4.0%	-3.5%	-3.1%
Gross domestic product	7 756.7	8 188.1	8 615.1	9 077.3

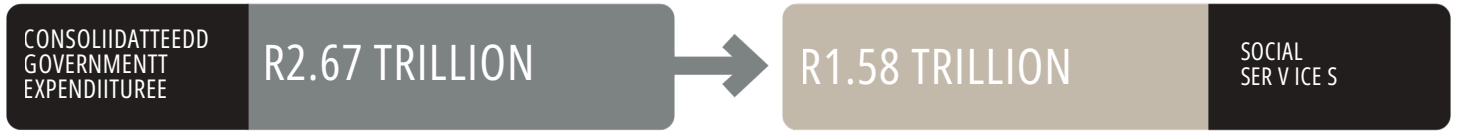

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION

R billion	2025/26	2026/27	2027/28	2028/29	2025/26-2028/29
	Revised estimate	Medium-term estimates			Average growth
Learning and culture	514.3	527.2	552.2	568.7	3.4%
Health	295.4	310.4	323.9	334.3	4.2%
Social development	412.2	446.6	452.9	466.4	4.2%
Community development	291.0	294.3	308.9	326.8	3.9%
Economic development	269.1	283.9	290.6	319.1	5.8%
Peace and security	268.2	274.6	282.3	291.2	2.8%
General public services	86.5	84.4	86.2	89.1	1.0%
Payments for financial assets	21.6	10.8	9.2	11.5	
Allocated expenditure	2 158.2	2 232.2	2 306.1	2 407.1	3.7%
Debt-service costs	420.6	432.4	451.4	469.3	3.7%
Contingency reserve	-	5.0	10.6	17.0	
Consolidated expenditure	2 578.9	2 669.7	2 768.1	2 893.4	3.9%

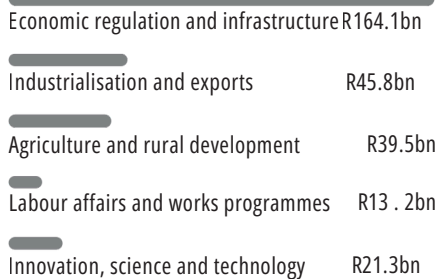
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2026/27 EXPENDITURE

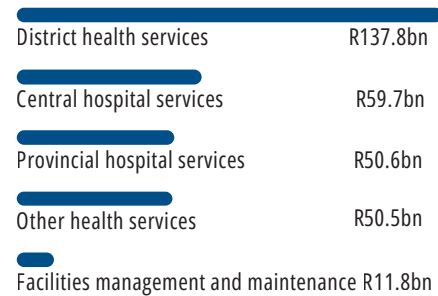
R283.9bn
ECONOMIC DEVELOPMENT




R527.2bn
LEARNING AND CULTURE



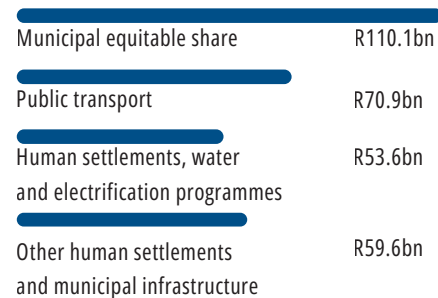
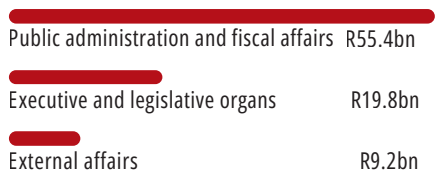
R274.6bn
PEACE AND SECURITY




R310.4bn
HEALTH



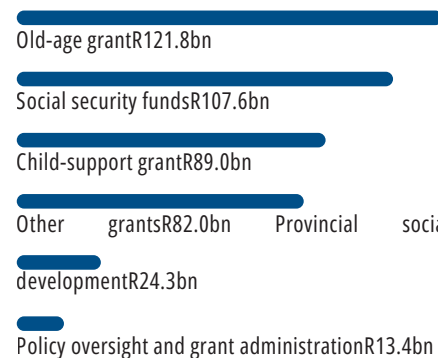

R84.4bn
GENERAL PUBLIC SERVICES




R294.3bn
COMMUNITY DEVELOPMENT



R432.4bn
DEBT-SERVICE COSTS

R446.6bn
SOCIAL DEVELOPMENT



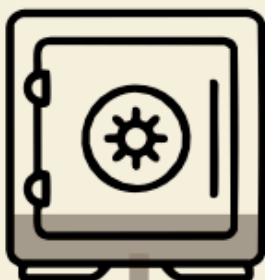
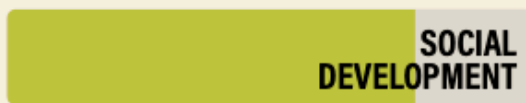
R5.0bn
CONTINGENCY RESERVE

1

SOURCES OF GOVERNMENT INCOME IN 2026/27







**R 2 160.3bn | 80.9%****R 324.3bn | 12.2%****R 185.1bn | 6.9%****2**

GOVERNMENT SPENDING IN 2026/27

**R 446.6bn | 16.7%****R 432.4bn | 16.2%****R 358.6bn | 13.4%****R 294.3bn | 11.0%****R 310.4bn | 11.6%****R 283.9bn | 10.6%****R 274.6bn | 10.3%****R 155.8bn | 5.8%**

3

SOCIAL GRANTS

		2025/26	2026/27
	OLD AGE GRANT	R2 315	R2 400
	WAR VETERANS GRANT	R2 335	R2 420
	DISABILITY GRANT	R2 315	R2 400
	FOSTER CARE GRANT	R1 250	R1 295
	CARE DEPENDENCY GRANT	R2 315	R2 400
	CHILD SUPPORT GRANT	R560	R580
	GRANT-IN-AID	R560	R580



18 million
people to receive social
grants by March 2029

The Budget will increase the values of permanent grants above inflation.

4

THE BUDGET SUPPORTS ECONOMIC GROWTH, JOB CREATION AND SOCIAL DEVELOPMENT



1.6 per cent

real GDP growth is expected in 2026.



60 per cent

of government expenditure goes to community development, jobs, health, education, and social protection over the medium-term.



R4.1 billion

additional funding is allocated to the Presidential Employment Programme.



R930 billion

is allocated for basic services, housing and public transport, and spatial transformation and urban development over the next three years.



R893.6 billion

for manufacturing, small enterprises and public employment programmes over the medium-term to stimulate economic growth and employment.

5

NATIONAL STUDENT FINANCIAL AID SCHEME

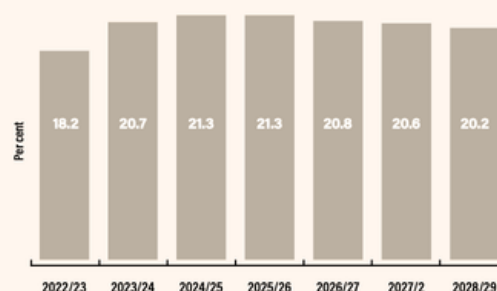


R54.3 billion

will be spent by the National Student Financial Aid Scheme in 2026/27.

6

DEBT-SERVICE COSTS AS A PERCENTAGE OF REVENUE



2026 Budget: A fiscal turning point in a resilient economy

- The economic outlook has improved moderately, and the public finances have reached an important milestone.
- The economy is expected to grow by 1.6 per cent in 2026, up from 1.4 per cent in 2025. Real GDP growth is forecast to reach 2 per cent by 2028, supported by continued momentum on structural reforms, improving confidence, lower interest rates and higher investment.
- The debt ratio will stabilise in this financial year and decline thereafter. This will reduce medium-term debt-service costs as a share of revenue and support the sustainable provision of public services.
- Inflation declined to 3.2 per cent in 2025, helping improve household affordability and keep interest rates lower.
- Growth-enhancing reforms have progressed in energy, transport, telecommunications and visa provision. But overcoming implementation obstacles, increasing investment, and improving basic services remain critical to creating jobs and reducing poverty.
- Budget reforms are underway to make the government more efficient and cut wasteful programmes and activities.
- The R20 billion tax increase previously pencilled in for the 2026 Budget is withdrawn, and personal income tax brackets and medical tax credits will be fully adjusted for inflation after two years without inflationary relief.
- Tax thresholds and limits are also adjusted for inflation to assist small businesses and encourage savings.
- The 2026 Budget introduces a fundamental shift in subnational fiscal architecture, moving from oversight to active structural intervention. This involves changes to legislation, governance, and technology at the municipal level, as well as strict headcount controls and compensation discipline at the provincial level.
- The 2026 Budget reflects improvements in South Africa's debt portfolio, including a credit rating upgrade and declining bond yields, both of which reflect increased investor confidence and lower borrowing costs.

Main Tax Proposals

- Gross tax revenue for 2025/26 is revised upwards by R21.3 billion compared with the 2025 Budget. The tax-to-GDP ratio increases to 25.9 per cent in 2025/26 from 25.1 per cent in 2024/25.
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TAX REVENUE, 2026/27

R844.8 bn Personal income tax

R521.4 bn VAT

R364.3 bn Corporate income tax

R159.4 bn Customs and excise duties

R104.9 bn Fuel levies

R132.3 bn Other

Main Tax Proposals

- Over the past three years, the tax system has remained resilient despite weak economic conditions. Tax buoyancies remain high, notwithstanding lower nominal GDP. The stronger fiscal outlook outlined in the 2025 Medium-Term Budget Policy Statement (MTBPS) indicates that key metrics remain in line with the fiscal strategy. For these reasons, the government has decided to withdraw previously announced tax increases for the 2026 Budget and to provide inflationary relief to taxpayers.
- Fuel prices have remained subdued, and it is proposed that, from 1 April, the general fuel levy will be increased by less than inflation to R4.10/litre for petrol and R3.93/litre for diesel. The Road Accident Fund (RAF) levy will be increased by 7c/litre to R2.25/litre from 1 April, in line with expected inflation, while the customs and excise levies remain unchanged.
- The government proposes to increase excise duties on alcoholic beverages in line with the inflation forecast of 3.4 per cent for 2026/27. Stakeholder consultations on the alcohol excise review will continue during 2026. The government also proposes to increase excise duties on tobacco products in line with expected inflation.

How do personal Income Tax Rates affect you?

Personal income tax brackets and rebates are adjusted for the effect of inflation.

The amount an individual can earn before being required to pay tax for the tax year from 1 March 2026 to 28 February 2027 is as follows:

TAX THRESHOLDS	TAX YEAR: 2026/27
Below age 65	R99 000
Age 65 to 74	R153 250
Age 75 and over	R171 300

The tax rebates for individual taxpayers are as follows:

TAX REBATES	TAX YEAR: 2026/27
Primary (all individuals)	R17 820
Secondary (age 65 and over)	R9 765
Tertiary (age 75 and over)	R3 249

Main Tax Proposals

Tax Rates

INCOME TAX: INDIVIDUALS

Tax payable by individuals for the tax year ending between 1 March 2026 and 28 February 2027.

Taxable Income (R)	Rate of Tax (R)
R0 to R245 100	18% of taxable income
R245 101 to R383 100	R44 118 + 26% of taxable income above R245 100
R383 101 to R530 200	R79 998 + 31% of taxable income above R383 100
R530 201 to R695 800	R125 599 + 36% of taxable income above R530 200
R695 801 to R887 000	R185 215 + 39% of taxable income above R695 800
R887 001 to R1 878 600	R259 783 + 41% of taxable income above R887 000
R1 878 601 and above	R666 339 + 45% of taxable income above R1 878 600

Source: National Treasury

TAX LIMITS

Certain tax limits are adjusted with effect from 1 March 2026.

	Previous limit	Adjusted limit
Annual contribution to tax free investment	R36 000	R46 000
Annual deduction for contributions to retirement funds	R350 000	R430 000
Annual exclusion of capital gains or losses	R40 000	R50 000
Exclusion of capital gains or losses on death	R300 000	R440 000
Exclusion of capital gain or loss on disposal of primary residence	R2 000 000	R3 000 000
Turnover of micro business for turnover tax	R1 000 000	R2 300 000
Compulsory VAT registration limit*	R1 000 000	R2 300 000

THANK YOU



"The real goal should be reduced government spending, rather than balanced budgets achieved by ever-rising tax rates to cover ever-rising spending."