

INTRODUCTION**MAIN TAX PROPOSALS**

The summary below reflects the main budget proposals of March 2026

In brief

- 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.
- The R20 billion tax increase previously pencilled in for the 2026 Budget is withdrawn.
- Personal income tax brackets and medical tax credits will be fully adjusted for inflation, after two years with no inflationary relief.
- Tax thresholds and limits are also adjusted for the impact of inflation, to assist small businesses and encourage savings.

The main tax proposals for 2026/27 are:

- Over the past three years the tax system has remained resilient despite weak economic conditions. Tax buoyancies continue to be high, notwithstanding lower levels of nominal GDP. The stronger fiscal outlook presented in the 2025 Medium Term Budget Policy Statement (MTBPS) means that key metrics remain in line with the fiscal strategy. For these reasons, 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 is 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.
- 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. Government also proposes to increase excise duties on tobacco products in line with expected inflation.

Personal income tax rates and bracket adjustments:

2025/26		2026/27	
Taxable income (R)	Rates of tax	Taxable income (R)	Rates of tax
R0 - R237 100	18% of each R1	R0 - R245 100	18% of each R1
R237 101 - R370 500	R42 678 + 26% of the amount above R237 100	R245 101 - R383 100	R44 118 + 26% of the amount above R245 100
R370 501 - R512 800	R77 362 + 31% of the amount above R370 500	R383 101 - R530 200	R79 998 + 31% of the amount above R383 100
R512 801 - R673 000	R121 475 + 36% of the amount above R512 800	R530 201 - R695 800	R125 599 + 36% of the amount above R530 200
R673 001 - R857 900	R179 147 + 39% of the amount above R673 000	R695 801 - R887 000	R185 215 + 39% of the amount above R695 800
R857 901 - R1 817 000	R251 258 + 41% of the amount above R857 900	R887 001 - R1 878 600	R259 783 + 41% of the amount above R887 000
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000	R1 878 601 and above	R666 339 + 45% of the amount above R1 878 600

Rebates

Primary	R17 235
Secondary	R9 444
Tertiary	R3 145

Tax threshold

Below age 65	R95 750
Age 65 and over	R148 217
Age 75 and over	R165 689

Rebates

Primary	R17 820
Secondary	R9 765
Tertiary	R3 249

Tax threshold

Below age 65	R99 000
Age 65 and over	R153 250
Age 75 and over	R171 300

THRESHOLD AND LIMIT ADJUSTMENTS

To promote entrepreneurship, savings and a fairer tax regime for those receiving employment benefits the thresholds in Table 4.6 and Table 4.7 will be adjusted for inflation

Description (R)	Last amended	Current monetary amount	Proposed monetary amount
Small businesses			
Value-added tax (VAT) compulsory registration threshold	2009	1,000,000	2,300,000
Annual turnover limit for the turnover tax	2009	1,000,000	2,300,000
Voluntary VAT registration threshold	2009	50,000	120,000
Capital gains tax (CGT)			
CGT exclusion for small business asset disposal	2012	10,000,000	15,000,000
Exclusion amount on disposal of small business when person over 55 years	2012	1,800,000	2,700,000
Exclusion at death	2012	300,000	440,000
Exclusion in respect of disposal of primary residence	2012	2,000,000	3,000,000
Annual exclusion	2017	40,000	50,000
Savings and retirement			
Tax-free investments: annual limit	2021	36,000	46,000
Retirement fund contribution deduction limit	2016	350,000	430,000
Retirement interest de minimis threshold for annuitisation	2016	247,500	360,000
Living annuity commutation	2020	125,000	150,000
Donations tax			
Exemption for donations made by entities	2002	10,000	20,000
Exemption for donations made by individuals	2007	100,000	150,000

Tax-exempt employment benefits

Bursaries / Scholarships: annual remuneration ceiling for all employees including persons with disabilities (PwD) ¹	2017	600,000	900,000
Bursaries / Scholarships: annual ceiling for employee relatives' primary / secondary education (PwD)	2017	20 000/(30 000)	30 000/(45 000)
Bursaries / Scholarships: annual ceiling for employee relatives' tertiary education (PwD)	2017	60 000/(90 000)	90 000/(130 000)
Remuneration proxy (cap): employee loans for immovable property	2018	250,000	360,000
Market value of property: employee loans for immovable property	2018	450,000	650,000
Maximum compensation exemption for employees dying in fulfilment of duties	1996	300,000	1,300,000
Awards for bravery and long service	2003	5,000	16,000

The VAT registration thresholds will be effective from 1 April 2026 while the other thresholds will be effective from 1 March 2026. In addition the restriction on tax year end dates will be removed to make the turnover tax regime more attractive.

Turnover tax regime for micro businesses

2025/26		2026/27	
Threshold (R)	Rates of tax	Threshold (R)	Rates of tax
R0 - R335 000	0%	R0 - R600 000	0%
R335 001 - R500 000	1% of the amount above R335 000	R600 001 - R950 000	1% of the amount above R600 000
R500 001 - R750 000	R1 650 + 2% of the amount above R500 000	R950 001 - R1 400 000	R3 500 + 2% of the amount above R950 000
R750 001 and above	R6 650 + 3% of the amount above R750 000	R1 400 001 and above	R12 500 + 3% of the amount above R1 400 000

WHO PAYS THE TAXES

Taxable bracket	Registered individuals		Taxable income		
	R thousand	Number	%	R billion	%
R0 - R99 ¹		5,911,034	41.48%	255.4	6.40%
R99 - R150		2,082,136	14.61%	248.6	6.23%
R150 - R250		1,490,061	10.46%	290.9	7.29%
R250 - R350		1,182,539	8.30%	352.5	8.83%
R350 - R500		1,378,140	9.67%	585.2	14.66%
R500 - R750		1,136,023	7.97%	694.9	17.41%
R750 - R1 000		423,786	2.97%	368.1	9.22%
R1 000 - R1 500		377,415	2.65%	454.2	11.38%
R1 500 +		267,761	1.88%	741.7	18.58%
Total		8,337,861	100%	3,736.1	100%
Grand total		14,248,895		3,991.5	

Regards

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