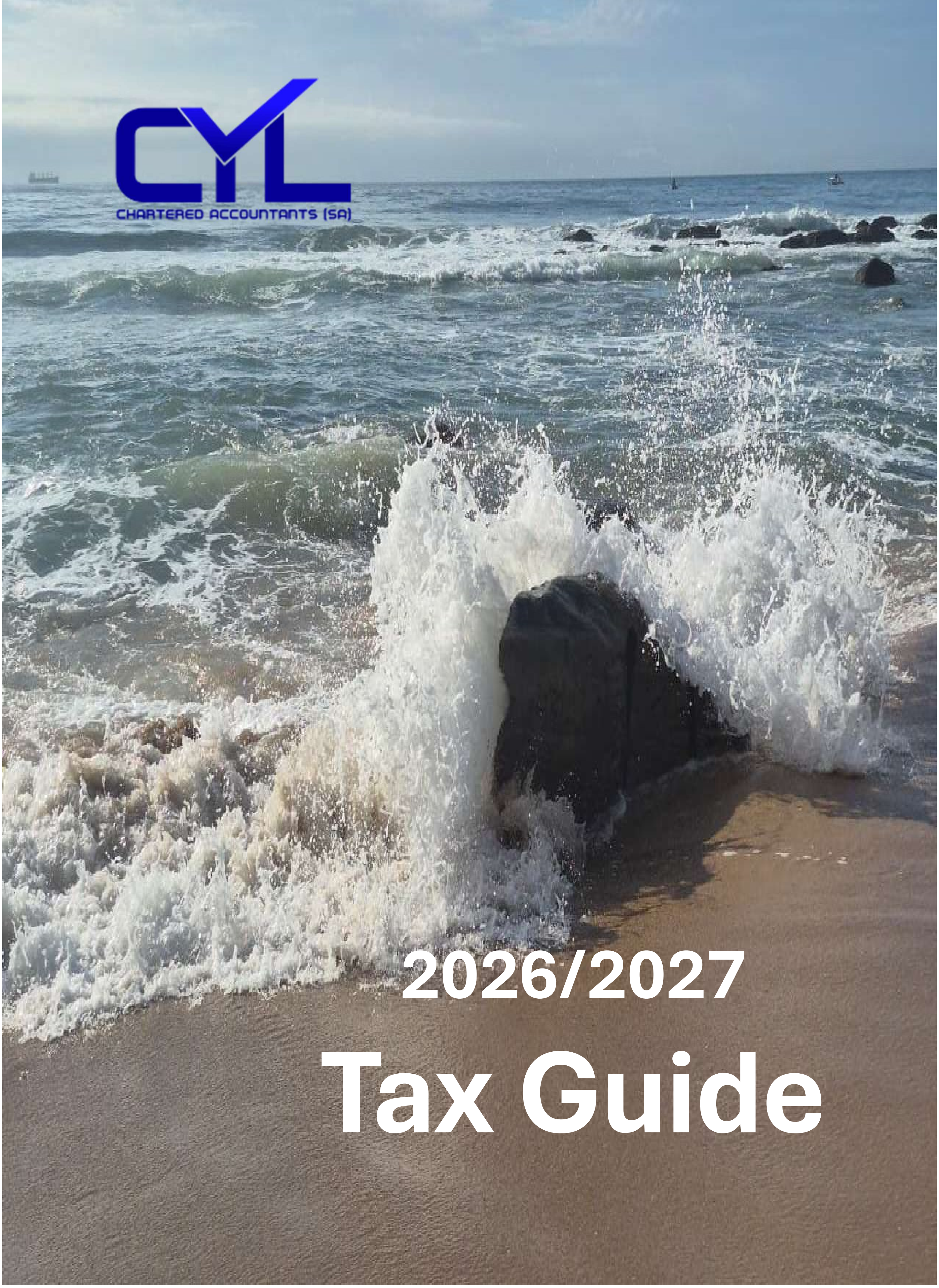

CYL
CHARTERED ACCOUNTANTS (SA)

2026/2027
Tax Guide

INCOME TAX RATES FOR COMPANIES	
1 April 1999 to 31 March 2005	30%
1 April 2005 to 31 March 2008	29%
1 April 2008 to 28 February 2023	28%
1 March 2023 to 31 March 2027	27%

INCOME TAX RATES FOR TRUSTS – ALL TAXABLE INCOME	
2015	40%
2016 to 2017	41%
2018 to 2027	45%

SECONDARY TAX ON COMPANIES	
Dividend declared between 22 June 1994 and 13 March 1996	25.00%
Dividend declared between 14 March 1996 and 30 September 2007	12.50%
Dividend declared between 1 October 2007 and 31 March 2012	10.00%
DIVIDENDS TAX	
Dividend paid or becomes due and payable from 1 April 2012	15.00%
Dividend paid or becomes due and payable from 22 February 2017	20.00%

TAX RATES – INDIVIDUALS - 2027	
Taxable Income	**Tax Rates**
R 0 - R 245 100	18% of each R1
R 245 101 - R 383 100	R 44 118 + 26% of the amount over R 245 100
R 383 101 - R 530 200	R 79 998 + 31% of the amount over R 383 100
R 530 201 - R 695 800	R125 599 + 36% of the amount over R 530 200
R 695 801 - R 887 000	R185 215 + 39% of the amount over R 695 800
R 887 001 - R1 878 600	R259 783 + 41% of the amount over R 887 000
R1 878 601 +	R666 339 + 45% of the amount over R1 878 600

TAX RATES – INDIVIDUALS - 2026	
Taxable Income	**Tax Rates**
R 0 - R 237 100	18% of each R1
R 237 101 - R 370 500	R 42 678 + 26% of the amount over R 237 100
R 370 501 - R 512 800	R 77 362 + 31% of the amount over R 370 500
R 512 801 - R 673 000	R121 475 + 36% of the amount over R 512 800
R 673 001 - R 857 900	R179 147 + 39% of the amount over R 673 000
R 857 901 - R1 817 000	R251 258 + 41% of the amount over R 857 900
R 1 817 001 +	R 644 489 + 45% of the amount over R 1 817 000

TAX THRESHOLDS		
	2027 Taxable Income	**2026 Taxable Income**
Persons under 65	R 99 000.00	R 95 750.00
Persons 65 and under 75	R 153 250.00	R 148 217.00
Persons 75 and over	R 171 300.00	R 165 689.00

TAX REBATES		
	2027	**2026**
Persons under 65	R 17 820.00	R 17 235.00
Persons 65 and under 75	R 27 585.00	R 26 679.00
Persons 75 and over	R 30 834.00	R 29 824.00

MEDICAL AID TAX CREDITS		
	2027	**2026**
Main Member	R 376.00	R 364.00
Main Member with one dependent	R 752.00	R 728.00
Main Member with two dependents	R 1 006.00	R 974.00

CYL
CHARTERED ACCOUNTANTS (SA)

TURNOVER TAX – MICRO-BUSINESSES	
1 MARCH 2015 TO 28 FEBRUARY 2026	
TURNOVER	**Tax Rates**
0 - R 335 000 Nil	Nil
R 335 001 - R 500 000	1% of the amount over R 335 000
R 500 001 - R 750 000	R 1 650 + 2% of the amount over R 500 000
R 750 001 – R 1 000 000	R 6 650 + 3% of the amount over R 750 000
1 MARCH 2026 TO 28 FEBRUARY 2027	
0 - R 600 000	Nil
R 600 001 - R 950 000	1% of the amount over R 600 000
R 950 001 - R1 400 000	R 3 500 + 2% of the amount over R 950 000
R1 400 001 - R2 300 000	R12 500 + 3% of the amount over R1 400 000

INTEREST INCOME ON INVESTMENTS - EXEMPTIONS		
	2027	**2026**
Persons under 65 years	R 23 800.00	R 23 800.00
Persons 65 years and older	R 34 500.00	R 34 500.00

Retirement Fund Lump Sum Withdrawal Benefits

Taxable Income (R)	Rate of Tax
1 – 27 500	0% of taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000

CHARTERED ACCOUNTANTS (SA)

Provisional Tax

A provisional taxpayer is any person who earns income that is not remuneration, an allowance, or advance payable by the person's principal; or who earns income by way of remuneration from an unregistered employer. An individual is not required to pay provisional tax if he or she does not carry on any business, and the individual's taxable income:

- will not exceed the tax threshold for the tax year; or
- from interest, dividends, foreign dividends, rental from the letting of fixed property, and remuneration from an unregistered employer, will be R30 000 or less for the tax year.

Provisional taxpayers must submit an estimation of total taxable income for the year of assessment. Deceased estates are not provisional taxpayers.

Tax-Free Investments

Investments in tax-free investment financial instruments or policies by individuals, deceased estates, and insolvent estates of individuals are limited to R46 000 per tax year. Amounts received by or accrued on tax free investments are exempt from income tax (including tax on capital gains).

Interest Exemptions

An exemption from income tax applies to interest from a South African source, earned by any natural person under 65 years of age or by an estate of a deceased person, up to R23 800 per annum. For persons who are 65 years and older, this exemption applies to interest of up to R34 500 per annum.

Also exempt from income tax is interest earned by non-residents who are not physically present in South Africa for more than 183 days during the 12-month period before the interest accrues or is received. Moreover, the exemption applies only if the interest-bearing debt is not effectively connected to a permanent establishment (such as a fixed place of business) in South Africa.

Deductions

Retirement Fund Contributions

Amounts contributed to pension, provident, and retirement annuity funds during a year of assessment are deductible by members of those funds. Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employees.

The deduction is limited to 27.5% of the greater of the amount of remuneration for employees' tax, or taxable income (both exclude retirement fund lump sums and severance benefits). The deduction is further limited to the lower of R430 000 or 27.5% of taxable income, before the inclusion of a taxable capital gain. Any contributions exceeding the limitations are carried forward to the immediately following year of assessment, and are deemed to be contributed in that following year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and retirement annuities.

Medical and Disability Expenses

In determining tax payable, individuals can deduct a rebate based on monthly contributions to medical schemes. The rebate can be used only by the individual who paid the contributions, up to R376 for each of the first two persons covered by those medical schemes, and R254 for each additional dependant. This rebate is referred to as a medical scheme fees tax credit.

A further rebate that is available for medical expenses is the additional medical expenses tax credit. In the case of:

- An individual who is 65 years and older, or an individual, his or her spouse, or his or her child, who is a person with a disability, the individual is allowed a medical expenses tax credit to the value of 33.3% of the sum of qualifying medical expenses paid by the individual, and the amount by which the medical-scheme contributions paid by the individual exceeds three times the medical scheme fees tax credits for the tax year; or
- Any other individual, who is allowed a medical expenses tax credit to the value of 25% of the sum of the qualifying medical expenses paid by the individual, and the amount by which the medical scheme contributions paid by the individual exceeds four times the medical scheme fees tax credits for the tax year, limited to the amount that exceeds 7.5% of taxable income (excluding retirement fund lump sums and severance benefits).

CHARTERED ACCOUNTANTS (SA)

Fringe Benefits

Employer-Owned Vehicles

- The taxable value is 3.5% of the cash cost, including VAT, of each vehicle per month.
- If the vehicle is:
  - Under a maintenance plan when the employer acquired it, the taxable value is 3.25% of the determined value; or
  - Acquired by the employer under an operating lease, the taxable value is the cost incurred by the employer under the operating lease plus the cost of fuel.
- 80% of the fringe benefit must be included in the employee's remuneration to calculate PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business.
- On assessment, the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business, proven by a logbook, divided by the actual distance travelled during the tax year.
- On assessment, there is further relief for the cost of the licence, insurance, maintenance, and fuel for private travel — if the full cost was borne by the employee, and if the distance travelled for private purposes is proven by a logbook.

Interest-Free or Low-Interest Loans

The difference between interest charged at the official rate and the actual amount of interest charged must be included in gross income.

Residential Accommodation

The value of the fringe benefit to be included in gross income must be the lower of the benefit calculated by applying a prescribed formula, or the cost to the employer if the employer does not have full ownership of the accommodation.

The formula will apply if the accommodation is owned by the employee, but it does not apply to holiday accommodation hired by the employer from non-associated institutions.

BUDGET PROPOSALS

- The Donation Tax exemption for spouses will be limited to donations made to a spouse who is resident, with effect from 25 February 2026.
- The VAT registration threshold for compulsory registrations increased from R1 million to R2,3 million
- voluntary VAT registration increased from R50 000 to R120 000 with effect from 1 April 2026
- Primary residency exclusion for Capital Gains Tax increased from R2 million to R3 million
- The tax free annual investment limits increased from R36 000 to R46 000
- The retirement deduction increased from R350 000 to R430 000
- Donations tax exemption for individuals increased from R100 000 to R150 000.
- A 20% tax on gross gambling proceeds is proposed with draft legislation to be issued in the upcoming Budget Cycle.

DIASON NAIDOO
083 703 5602
diason@cylinc.co.za

RUBENE RAMDAS
082 562 1632
rubene@cylinc.co.za

CYL
CHARTERED ACCOUNTANTS (SA)