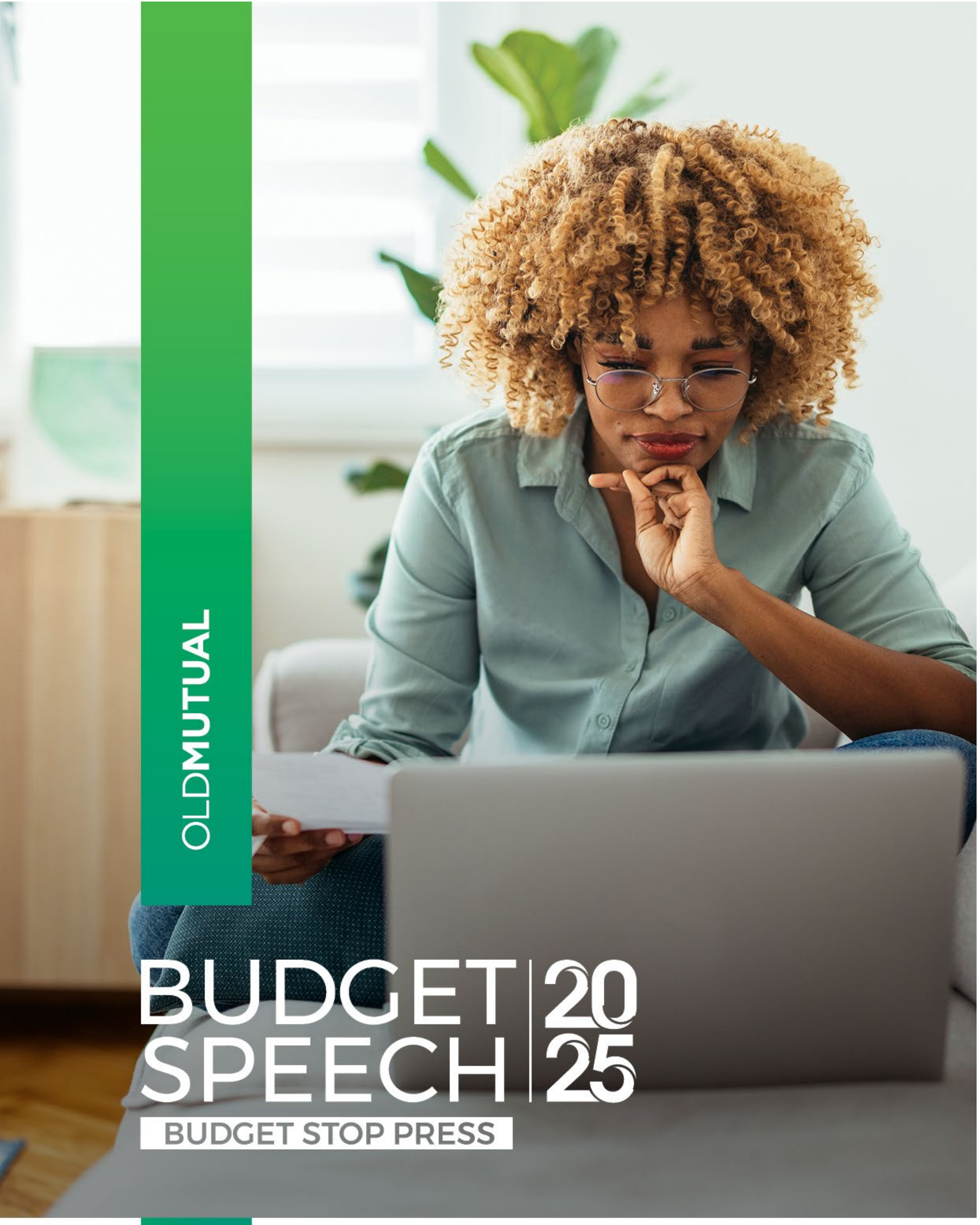

OLDMUTUAL

BUDGET SPEECH 2025

BUDGET STOP PRESS

PWM | PRIVATE WEALTH MANAGEMENT

1. Personal Income Tax

Due to the ongoing focus on fiscal consolidation, the personal income tax brackets and rebates will remain unchanged for inflation in the 2025/26 fiscal year. The new personal income tax proposals, effective from 1 March 2025, are projected to generate R19.5 billion in revenue.

Tax rates for natural persons and special trusts – 2025/2026 tax year*	
Taxable income (R)	**Rate of tax**
1 – 237 100	18% of each R1
237 101 – 370 500	R42 678 + 26% of taxable income above R237 100
370 501 – 512 800	R77 362 + 31% of taxable income above R370 500
512 801 – 673 000	R121 475 + 36% of taxable income above R512 800
673 001 – 857 900	R179 147 + 39% of taxable income above R673 000
857 901 – 1 817 000	R251 258 + 41% of taxable income above R857 900
1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

**The above table is an extract from the 2024 SARS Budget Tax Guide.*

Tax rebates		
	2024/2025 tax year (R)	**2025/2026 tax year (R)**
Primary rebate	17 235	17 235
Secondary rebate (Age 65 to below 75)	9 444	9 444
Tertiary rebate (Age 75 and older)	3 145	3 145

Tax thresholds		
	2024/2025 tax year (R)	**2025/2026 tax year (R)**
Below age 65	95 750	95 750
Age 65 to below 75	148 217	148 217
Age 75 and older	165 689	165 689

This means that if your annual income is below these amounts, you are not required to pay income tax. The thresholds help ensure that lower-income earners are not burdened with income tax, providing some financial relief.

Since the tax brackets have not been adjusted for inflation, individuals who received salary increases this year will effectively pay more tax and could potentially be pushed into a higher tax bracket.

Value-Added Tax (VAT)

The VAT rate will rise from 15% to 15.5% from 1 May 2025, with an additional increase to 16% from 1 April 2026.

VAT zero-rating has been introduced on specific food types – i.e. edible offal, specific meat cuts, unflavoured dairy liquid blends and specific canned vegetables to assist poor households.

2. Estate Duty and Donations Tax

Estate duty and donations tax rates remain unchanged.

Estate duty rates for persons dying on or after 1 March 2018	
Dutiable estate (R)	**Rate of estate duty**
0 – 30 000 000	20% of each R1
30 000 001 and above	R6 000 000 + 25% of the dutiable estate above R30 000 000

Donations tax rates for donations on or after 1 March 2018	
Taxable donation (R)	**Rate of donations tax**
0 – 30 000 000	20% of each R1
30 000 001 and above	R6 000 000 + 25% of taxable donation above R30 000 000

As from 1 March 2018, donations tax is levied at a rate of 20% on the aggregated value of property donated not exceeding R30 million, and at a rate of 25% on the value exceeding R30 million. In this regard, take note of the following guidelines provided on the SARS website dated 23 February 2020:

- In determining the R30 million threshold, the aggregate value of property donated is calculated as from 1 March 2018 to date of current donation. Any donations made prior to 1 March 2018 must not be taken into account, and
- the aggregate value of property to determine the R30 million threshold is calculated after deducting any exemptions provided for in section 56 of the Income Tax Act, and
- where the donor has exceeded the R30 million threshold, all subsequent donations will be taxed at the rate of 25%..

3. Capital Gains Tax (CGT)

The CGT inclusion and effective rates remain the same and are as follows:

Type of taxpayer	Inclusion rate	Statutory tax rate	Effective tax rate
Individuals	40%	0 – 45%	0 – 18%
Other (local) trusts	80%	45%	36%
Special trusts	40%	0 – 45%	0 – 18%
Companies	80%	27%	21.6%

The annual exclusion for individuals remains at R40 000 and R300 000 in the year of death.

Limitation of CGT annual exclusion

When an individual ceases to be a tax resident, a natural person's year of assessment is deemed to have ended on the date immediately before the day on which that person ceased to be a resident for South African tax purposes. Furthermore, that person's subsequent tax year is deemed to commence on the day on which that person ceased to be a tax resident for South African tax purposes. This created the anomaly that an individual ceasing to be a South African resident could potentially double up on the annual CGT exclusion (i.e. R80 000 instead of R40 000). The Taxation Laws Amendment Act 20 of 2022 amended the relevant provision and now dictates that the annual CGT exclusion may not exceed R40 000 during any 12 months from March to February of the following year.

Clarifying the rebate for foreign taxes on income in respect to capital gains

South African tax residents are subject to income tax on their worldwide income. The Income Tax Act grants them relief from double taxation where the same amount is taxed by more than one tax jurisdiction. Section 6quat of the Income Tax Act provides that a taxpayer should get credit for the taxes paid in the relevant foreign jurisdiction but limits this to the South African tax on the amount taxed in South Africa. According to the foreign tax credit rules dealing with foreign dividends, the tax-exempt portion must not be taken into account when determining the allowable foreign tax credit. However, the rules dealing with capital gains have no corresponding provision for the non-taxable portion of the capital gain.

It is proposed that section 6quat be amended to explicitly allow for a full foreign tax credit against tax payable in South Africa on a capital gain for taxes payable in the relevant foreign jurisdiction on the disposal of an asset. This will ensure a similar treatment to that of foreign tax credits for taxable foreign dividends.

4. Interest Exemption

The interest exemption thresholds remain as follows:

- R23 800 per tax year for taxpayers under the age of 65.
- R34 500 per tax year for taxpayers aged 65 years and older.

5. Dividend Withholding Tax

The local dividend withholding tax rate remains unchanged at 20%.

6. Taxation of Small Businesses

Small business corporations

The tax rates for **small business corporations** (gross income not exceeding R20 million) for financial years ending on any date between 1 April 2025 and 31 March 2026 are as follows:

Tax table applicable to small business corporations	
Taxable income (R)	**Rate of tax**
1 – 95 750	0% of taxable income
95 751 – 365 000	7% of taxable income above R95 750
365 001 – 550 000	R18 848 + 21% of taxable income above R365 000
550 001 and above	R57 698 + 27% of the amount above R550 000

**The above table is an extract from the 2025 SARS Budget Tax Guide.*

Micro businesses

The tax rates for **micro businesses** (turnover not exceeding R1 million per year) for financial years ending on any date between 1 March 2025 and 28 February 2026 are as follows:

Tax table applicable to turnover for micro businesses	
Taxable turnover (R)	**Rate of tax**
1 – 335 000	0% of taxable turnover
335 001 – 500 000	1% of taxable turnover above R335 000
500 001 – 750 000	R1 650 + 2% of taxable turnover above R500 000
750 001 and above	R6 650 + 3% of taxable turnover above R750 000

**The above table is an extract from the 2025 SARS Budget Tax Guide.*

7. Transfer Duty

The monetary thresholds for transfer duties will be adjusted by 10% to compensate for inflation. The transfer duty tax rates will remain unchanged. Transfer duty is payable at the following rates on transactions that are not subject to VAT. These apply to the acquisition of property by all persons.

Rate of transfer duty	
Property value (R)	**Rate of tax**
1 – 1 210 000	0% of the value
1 210 001 – 1 663 800	3% of property value above R1 210 000
1 663 801 – 2 329 300	R13 614 + 6% of property value above R1 663 800
2 329 301 – 2 994 800	R53 544 + 8% of property value above R2 329 300
2 994 801 – 13 310 000	R106 784 + 11% of property value above R2 994 800
13 310 001 and above	R1 241 456 + 13% of property value above R13 310 000

**The above table is an extract from the 2025 SARS Budget Tax Guide*.

8. Medical Tax Credits

The monthly medical tax credit for contributions made to medical schemes remains unchanged at:

- R364 for a taxpayer;
- R728 for a taxpayer and the first dependant;
- R246 being afforded for each additional dependant.

For taxpayers younger than 65, an additional tax credit will be afforded in an amount equal to 25% of the aggregate of:

- the amount by which their contribution exceeds four times their tax credit (for contributions), plus
- their out-of-pocket expenses that exceed 7.5% of their taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit).

For taxpayers aged 65 years or older, or taxpayers who are disabled or who have disabled dependants, an additional tax credit will be afforded in an amount equal to the aggregate of:

- 33.3% of the amount by which their contribution exceeds three times their tax credit (for contributions), plus
- 33.3% of their out-of-pocket expenses.

The additional tax credit afforded to employees aged 65 years and older with respect to their contributions to medical schemes may also be accounted for in the monthly PAYE calculations. This facility is also afforded to provisional taxpayers who are 65 years of age and older.

9. Tax-Free Savings Accounts

- Contributions to Tax-Free Savings Accounts remain unchanged.
- A taxpayer may not exceed an annual contribution of R36 000, limited to R500 000 over their lifetime, in order to benefit from the tax-free investment returns, growth and payouts.
- Any amount contributed in excess of the above limits will be taxed at a rate of 40%.

11. "Sin Taxes" and Levies

Sin taxes

Product	Current excise duty rate	Proposed excise duty rate	% change Nominal	% change Real
Malt beer	R135.89 / litre	R145.07 / litre	6.75	2.00
Traditional African beer	7,82c / litre	7,82c / litre	-	-4.75
Traditional African beer powder	34,70c / kg	34,70c / kg	-	-4.75
Unfortified wine	R5.57 / litre	R5.95 / litre	6 .75	2 .00
Fortified wine	R9.40 / litre	R10.04 / litre	6 .75	2 .00
Sparkling wine	R17.83 / litre	R19.03 / litre	6 .75	2 .00

Ciders and alcoholic fruit beverages	R135.89 / litre	R145.07 / litre	6 .75	2 .00
Spirits	R274.39 / litre	R292.91 / litre	6 .75	2 .00
Cigarettes	R21.77 / 20 cigarettes	R22.81 / 20 cigarettes	4 .75	–
HTPs	R16.33 / 20 sticks	R17.10 / 20 sticks	4 .75	–
Cigarette tobacco	R24.47 / 50g	R25.63 / 50g	4 .75	–
Pipe tobacco	R7.53 / 25g	R8.03 / 25g	6 .75	2 .00
Cigars	R125.91 / 23g	R134.40 / 23g	6 .75	2 .00
ENDS/ENNDS (e-cigarettes)	R3.04 / ml	R3.18 / ml	4 .75	–

Fuel levy

There are no changes to the fuel levy and the Road Accident Fund (RAF) levy.

Carbon tax rates

Effective 1 January 2025, the carbon tax rate increased from R190 to R236 per tonne of carbon dioxide equivalent. In line with the carbon tax rate increase, the carbon fuel levy for 2025/26 will increase to 14 cents per litre for petrol and 17 cents per litre for diesel from 2 April 2025. The carbon tax cost recovery quantum for the liquid fuels refinery sector increased from 69 cents per litre to 99 cents per litre, effective from 1 January 2025.

12. Retirement Reform

Two-pot retirement system

This reform allows members of retirement funds to access a portion of their retirement savings prior to the traditional benefit "triggers" – e.g. cessation of service, retirement and death. The effective date of the reform was 1 September 2024. It was expected to yield R5 billion in tax revenue but, due to a far greater uptake, R11.6 billion in tax revenue has been generated to date.

High-level overview of the reform as applied to retirement funds

- The total member interest in the fund was valued as at 31 August 2024:
    - The lesser of 10% of this value (balance) and R30 000 was deducted from this balance and allocated to the member's savings component.
    - The remainder was allocated to a vested component maintained on behalf of the member.
    - All member access rights which applied as at 31 August 2024 continue to apply in respect of the vested component.
- 1/3 of the member's ongoing contributions as from 1 September 2024 are allocated to a savings component maintained on behalf of the member:
    - One withdrawal per tax year is allowed from the savings component.
    - The minimum withdrawal allowed is R2 000, so if the savings component balance is less than R2 000, the member may not access anything from the savings component.
    - The amount accessed from the savings component prior to retirement or death will be taxed as normal income at the member's marginal tax rate. The amount accessed upon retirement or death is to be taxed as a retirement fund lump sum benefit at the favourable "R550 000 taxed at 0%" Second Schedule scales.
- 2/3 of the member's ongoing contributions as from 1 September 2024 are allocated to a retirement component maintained on behalf of the member:
    - The retirement component may not be accessed until the member retires from the fund or dies.
    - On retirement, it must be used to purchase an annuity providing the member with a retirement income.
- The "legacy policy" component of a retirement annuity fund (i.e. certain policies that did not contemplate such early access prior to retirement or the death of a member) is exempted from implementing the two-pot reforms if these polices have certain prescribed features.
- The National Treasury intends to engage with the retirement fund industry and other interested stakeholders about an access regime for retrenched members. A complex set of conditions is proposed including, *inter alia*, proof by the retrenched member that they have no other source of income, and possibly restricting access to a percentage of the retrenched member's income. This may be difficult for funds to administer.

Cross-border tax treatment of retirement funds

Current provisions in the Income Tax Act may result in a South African resident who is employed in another country whilst being a member of an offshore retirement fund, not being held liable for tax on lump sums, pensions or annuities accruing from such foreign retirement fund. This will apply where South Africa is granted the taxing right by way of a double tax agreement but such benefits from a foreign retirement fund are exempt from tax in South Africa. It is proposed that changes be made to the provisions that currently exempt benefits received by South African residents from foreign retirement funds for previous employment outside South Africa.

Divorce awards

An amendment is proposed to the Second Schedule to cater for the taxation of divorce awards paid out in respect of the division of marital assets in accordance with religious tenets.

Unclaimed benefits

A paper dealing broadly with unclaimed benefits (not only retirement fund unclaimed benefits) was circulated for comment in September 2022. The retirement fund industry responded that, in its view, the current "Unclaimed Benefit Preservation Fund" dispensation sufficiently deals with unclaimed retirement fund benefits. The National Treasury and the Financial Sector Conduct Authority (FSCA) will continue to engage with the industry to create an unclaimed assets framework with a view to creating a government-run central unclaimed benefits fund.

13. Other Proposals[1]

13.1 Building capability to fight financial crimes and exit the grey list

In February 2023, the Financial Action Task Force (FATF) put South Africa on its "grey list" due to deficiencies in technical compliance and effectiveness of the country's system to combat money laundering and the financing of terrorism. This grey listing followed the publication of the 2021 mutual evaluation report, in which South Africa was identified as non-compliant with 20 of the 40 FATF recommendations and deficient in all 11 measures of the effectiveness of the system. In response, Government developed a strategy to build a financial system that is less vulnerable to abuse and where abuses are effectively prosecuted. This involves

1 Extract from National Treasury 2025 Budget Review documentation.

both legislative and regulatory changes, as well as improvements in the implementation and application of these laws and regulations.

Progress on technical compliance

At its October 2024 plenary, the FATF approved the upgrade of South Africa's compliance. South Africa now complies or largely complies with 37 of the 40 FATF recommendations, while one recommendation was deemed to be inapplicable.

The country is deemed to partially comply with the two outstanding recommendations, which relate to non-profit organisations and cash couriers. Meeting the outstanding recommendations does not affect the process for the country to exit the FATF grey list, as greylisting is a consequence of the assessment of the extent to which a country's anti-money laundering laws and frameworks are applied effectively. Complying with 37 of 39 applicable recommendations positions South Africa well for the 2026/27 mutual evaluation assessment. Additional legislation will be introduced in 2025 to improve the extent of compliance with the FATF recommendations.

Progress on effectiveness

Government continues to address the 22 action items in the action plan agreed with the FATF. Once all items have been implemented and the improvements deemed sustainable, the FATF will reconsider the country's grey listing. South Africa provides a progress report every four months. The latest draft progress report was submitted in March 2025 and will be finalised at the June 2025 FATF plenary.

The February 2025 plenary confirmed that two action items remain. These relate to demonstrating a sustained increase in the investigation and prosecution of complex money laundering and terror financing. South Africa is working to address both outstanding action items by June 2025 to exit greylisting by October 2025.

Cross-border remittances

In line with the FATF recommendations, the existing policy on cross-border remittances will be expanded to include informal money value transfer services. This will help to stem illicit financial flows as part of the fight against financial crimes.

13.2 Financial innovation to improve competition and inclusion

Crypto asset policy

The Intergovernmental Fintech Working Group published a position paper on regulating crypto assets in June 2021. The group continues its analytical work to understand the applicable use cases of stablecoins and to recommend an appropriate policy and regulatory response. The group recently finalised a diagnostic of the domestic stablecoin landscape, which will be published in 2025. In addition, the group aims to finalise a set of regulatory recommendations in line with relevant international standards, including a framework for cross-border crypto asset transactions, which will be published for public consultation during 2025.

Artificial intelligence (AI) in the financial sector

In 2025, the Financial Sector Conduct Authority (FSCA), in collaboration with the Prudential Authority, will publish a market study on the adoption and use of AI in South Africa's financial sector. Integrating AI into the financial sector presents both opportunities and challenges, particularly in the areas of consumer protection, market conduct and financial soundness. Despite AI's potential to enhance efficiency and innovation, there is a significant gap in understanding its current adoption and impact, and the associated regulatory challenges. The market study aims to explore the landscape of AI within the financial industry, focusing on how AI technologies affect consumer protection, influence market conduct and affect financial stability. The research will help to ensure that AI is used ethically, responsibly and effectively while safeguarding the integrity and soundness of the financial sector.

National payment system reform

The Reserve Bank and the National Treasury are working on reforms aimed at strengthening the legal and regulatory framework of the national payment system. These efforts aim to promote stability, transparency, integrity and safety, while also supporting financial inclusion, competition and the prevention of financial crime. Additionally, these efforts will contribute to achieving the objectives of the Digital Payments Roadmap, national payment system financial inclusion initiatives and the *National Payment System Framework and Strategy: Vision 2025*.

National Payment System Bill

The National Treasury is carving out the amendments to the National Payment System Act (1998) from the schedule of the Conduct of Financial Institutions Bill into a standalone bill for the national payment system, due to the length of the proposed amendments. Alignment will be maintained with the draft Conduct of Financial Institutions Bill and the Financial Sector Regulation Act (2017). Given their interdependencies, it is envisaged that the two bills will be processed concurrently, to the extent feasible. The bills are anticipated to be tabled in Parliament during 2025.

Responding to climate risks and working towards net zero

In the first quarter of 2025, the FSCA will run a pilot with key financial institutions to encourage greater adoption of the South African Green Finance Taxonomy. The FSCA will release the results of the pilot later in 2025.

The FSCA is also expected to release further information on climate disclosure requirements, building on the guidance note for banks and insurance companies issued by the Prudential Authority in 2024, and expanding it to a broader range of financial institutions.

Financial inclusion and the Ombud system

The National Treasury will develop a national strategy on financial inclusion in 2025 based on the policy paper *An Inclusive Financial Sector for All*, which Cabinet approved in 2023.

The National Treasury is reforming the financial sector ombud system to make it simpler, accessible, comprehensive, efficient and effective. As part of reforms, a National Financial Ombud scheme was established and began operating on 1 March 2024 after being granted recognition by the Ombud Council. The National Financial Ombud is an umbrella financial services ombud scheme formed by the amalgamation of four ombud schemes: the offices of the Banking Ombud; the Credit Ombud; the office of the Long-Term Insurance Ombud; and the Short-Term Insurance Ombudsman.

Conduct of Financial Institutions Bill (COFI)

The National Treasury is finalising the Conduct of Financial Institutions Bill, together with comprehensive amendments to the Financial Sector Regulation Act and the Pension Funds Act (1956), and repealing various financial sector laws (conduct focused). The bill will streamline and harmonise the legal landscape that financial institutions operate within and provide a single, holistic legal framework for market conduct regulation in South Africa that is consistently applied to all financial institutions.

The bill has been published twice for public consultation, discussed at several workshops and revised to address the comments received. The final draft of the bill is awaiting certification from the Office of the Chief State Law Adviser, whereafter it will be submitted to Cabinet for approval to be tabled in Parliament.

The FSCA is preparing for the bill's implementation, as will be explained in more detail in its 2025 3-Year Regulation Plan. The FSCA has already started informal engagements on some of the regulatory frameworks it intends to make once the bill is passed, and these will continue over the next budget period.

13.3 Measures to boost long-term investment

Offshore exposure limit for institutional investors

The International Monetary Fund (IMF) conducted an investigation into the South African foreign exchange system and concluded that no reduction in the current exposure limit of 45% should be implemented.

Promoting trade

To support increased trade, authorised dealers may allow resident agricultural commodity producers with firm commitments to hedge their foreign exposures on foreign commodity exchanges, provided they produce suitable documentary evidence and report to the Financial Surveillance Department of the Reserve Bank.

Travel allowance

At present, unused foreign currency must be sold to either an authorised dealer or an authorised dealer in foreign exchange with limited authority within 30 days of the traveller's return to South Africa. Alternatively, going forward, the traveller may deposit unused foreign currency into a foreign currency account at an authorised dealer within 30 days of their return.

13.4 Corporate reorganisation rules

Anomaly relating to capital distributions by collective investment schemes

Since the 2009 change to tax collective investment schemes (CIS) in securities according to an adjusted trust system, there has been no clarity regarding "capital distributions" to holders of participatory interests. If a CIS portfolio in securities is liquidated, any payments at the time could be considered proceeds from the disposal of participatory interests. There is however no specific rule for ongoing payments from the CIS capital. It is proposed that the tax treatment of these capital distributions be considered.

Reviewing asset-for-share and amalgamations transactions involving collective investment schemes

The National Treasury is of the view that transferring shares to a collective investment scheme (CIS) without tax implications results in unintended tax avoidance where the shareholding in listed companies change, because the realised gains on disposal of the shares are not taxed on transfer. The realised gains are also not taxed when the CIS disposes of the shares as part of a corporate restructuring. It is proposed that these provisions in respect of asset-for-share and amalgamation transactions be reviewed.

Other discussion points regarding collective investment schemes

A discussion paper by the National Treasury on collective investment schemes (CIS) taxation made three main proposals: make CIS fully tax transparent, provide a threshold for CIS and remove hedge funds from the framework. Government acknowledges the administrative concerns raised with respect to the fully tax transparent proposal and confirms that it does not intend to tax all CIS returns as revenue. It has confirmed that consultations will continue in 2025.

13.5 Taxation of trusts and their beneficiaries

In 2023, amendments were made to the taxation of trusts and trust beneficiaries by limiting the flow-through principle to resident beneficiaries. It has however come to light that the interaction between sections 7 and 25B of the Income Tax Act and the tax treatment of income and assets vested in beneficiaries of trusts could have unintended consequences where non-residents are involved. It is proposed that these aspects be reviewed.

13.6 Reinstating the exemption for child maintenance payments funded from after-tax income

Child maintenance payments (which are not paid from retirement funds) are made using after-tax income. The person paying the maintenance receives no tax deduction or relief for these payments, whilst the recipient is taxed on the maintenance received. As these payments are intended to fulfil the duty of supporting a child, taxing it in the hands of the recipient does not align with Government's social policy objectives. Amendments are proposed to exclude child maintenance payments from the recipient's taxable income.

13.7 Other financial and taxation priorities

Finance ministers and central bank governors will also discuss financial sector issues, with a focus on financial regulations relating to cross-border payments, AI and crypto assets. The FSCA aims to convene a roundtable about AI in the financial sector with stakeholders from Africa and the rest of the world alongside the G20 programme of events. The aim is to promote international dialogue on conduct and consumer protection issues associated with AI.

The G20 has made notable progress in addressing global tax evasion and tax avoidance, including the implementation of the global 15% effective minimum tax by over 50 countries. In 2025, the international taxation agenda will focus on assessing progress and moving forward with the two-pillar tax reform, supporting effective revenue collection, addressing inequalities in taxing high net worth individuals, and improving tax certainty.

Conclusion

The delay in the 2025 Budget engendered much debate and consternation. *To increase VAT or to reduce spending?* – that was the question.

In fact, the Minister delivered a bit of both: a phased increase in VAT, and government spending proposals that we assume are a reduction of what was proposed in the original February Budget. These compromises are a function of multi-party government. They are evidence of the maturing of our democracy, which should be celebrated.

We received the expected news that our fiscal pie is smaller and the demands on the pie are greater. Company profits have decreased resulting in reduced tax revenues, and our economy is battling to achieve the growth that will enable us to achieve our developmental goals. Whilst the global economy grows at 3%, our economy grows at 0.6%.

As in previous years, the Budget proposes to:

- improve municipal governance and finances
- address the budget deficit
- improve SOE governance and finances
- solve our energy and infrastructure crisis
- bolster tax revenues, and
- continue to provide a social wage.

There is additional / renewed focus on:

- Fiscal stability
- Health and education
- Transport infrastructure
- Security

2025 Budget highlights

- A phased VAT increase of 1% by 1 April 2026 – to soften the impact, it is proposed to increase the basket of zero-rated essential foods
- No increase in fuel or Road Accident Fund levies
- No change to the personal income tax tables
- Tax policy proposals that are expected to generate an additional R28 billion via the increase in VAT and the operation of personal income tax "bracket creep"

The Minister delivered a pragmatic budget. He invoked some sage advice from the pan-African leader, Amilcar Cabral, who emphasised that the common citizenry are not bothered with ideology (the fight for ideas); instead, they want to see an improvement in their circumstances (their "material benefits"). The tax proposals should not cause undue stress on the already financially stretched taxpayers. The spending priorities seek to address our most fundamental issues such as service delivery, health services, security and appropriate social safety nets. There is a desire to reduce complexity and red tape to pave the way for increased growth. There is a desire to improve the "material benefits" of citizens.

PLEASE NOTE THAT THE INFORMATION PROVIDED IN THIS CIRCULAR IS BASED ON PROPOSALS MADE IN THE NATIONAL BUDGET SPEECH DELIVERED ON 12 MARCH 2025 IN PARLIAMENT. UNTIL THE PROPOSALS HAVE FORMALLY BEEN PROMULGATED IN LEGISLATION, THEY WILL ONLY BE VIEWED AS PROPOSALS.

Income Tax Calculator

If you want to calculate your monthly income tax and compare it to that of last year, you can make use of Old Mutual's Income Tax Calculator, which has been updated to also include the tax changes applicable to retirement funds. You will therefore be able to see the benefits of retirement reform where your income tax is concerned.

This calculator takes your monthly income, retirement contributions, medical aid contributions and your employer's contributions to a medical aid scheme and retirement funds into account and can be found via the following link: https://www.oldmutual.co.za/personal/tools-and-calculators/income-tax-calculator/

Compiled by: Personal Finance Legal, PWM Legal and Product Legal

Date: 12 March 2025

Contact your Old Mutual Financial Adviser, PWM Financial Planner or Broker or visit the Old Mutual Budget Speech website for more information at https://www.oldmutual.co.za/personal/budget-speech/