

OLDMUTUAL

BUDGET 2020
SPEECH 2020



DO GREAT THINGS EVERY DAY

RATES OF TAXES

Individual, special trusts, insolvent and deceased estates

Year of assessment ending 28 February 2027

| Taxable Income (R) | Rate of tax (R) |
|---------------------|--------------------------------------|
| 1 - 245 100 | 18% of taxable income |
| 245 101 - 383 100 | 44 118 + 26% of the amt > 245 100 |
| 383 101 - 530 200 | 79 998 + 31% of the amt > 383 100 |
| 530 201 - 695 800 | 125 599+ 36% of the amt > 530 200 |
| 695 801 - 887 000 | 185 215 + 39% of the amt > 695 800 |
| 887 001 - 1 878 600 | 259 783 + 41% of the amt > 887 000 |
| 1 878 601 and above | 666 339 + 45% of the amt > 1 878 600 |

Year of assessment ending 28 February 2026

| Taxable Income (R) | Rate of tax (R) |
|---------------------|--------------------------------------|
| 1 - 237 100 | 18% of taxable income |
| 237 101 - 370 500 | 42 678 + 26% of the amt > 237 100 |
| 370 501 - 512 800 | 77 362 + 31% of the amt > 370 500 |
| 512 801 - 673 000 | 121 475+ 36% of the amt > 512 800 |
| 673 001 - 857 900 | 179 147 + 39% of the amt > 673 000 |
| 857 901 - 1 817 000 | 251 258 + 41% of the amt > 857 900 |
| 1 817 001 and above | 644 489 + 45% of the amt > 1 817 000 |

Retirement fund lump sum withdrawal benefits

Year of assessment ending 28 February 2027

| Taxable Income (R) | Rate of tax (R) |
|---------------------|--------------------------------------|
| 1 - 27 500 | 0% of taxable income |
| 27 501 - 726 000 | 18% of the amt > 27 500 |
| 726 001 - 1 089 000 | 125 730 + 27% of the amt > 726 000 |
| 1 089 001 and above | 223 740 + 36% of the amt > 1 089 000 |

Retirement fund lump sum benefits or severance benefits

Year of assessment ending 28 February 2027

| Taxable Income (R) | Rate of tax (R) |
|---------------------|--------------------------------------|
| 1 - 550 000 | 0% of taxable income |
| 550 001 - 770 000 | 18% of the amt > 550 000 |
| 770 001 - 1 155 000 | 39 600 + 27% of the amt > 770 000 |
| 1 155 001 and above | 143 550 + 36% of the amt > 1 155 000 |

The Two-Pot Retirement System came into effect on 1 September 2024. Withdrawals from the Savings Component are taxed at the taxpayer's marginal income tax rate.

TRUSTS (OTHER THAN SPECIAL TRUSTS)

Years of assessment ending on 28 February 2027

| | 2026/27 | 2025/26 |
|----------------------------------|---------|---------|
| Trusts (inclusion rate) | 45.0% | 45.0% |
| Effective Capital Gains Tax Rate | 36.0% | 36.0% |

USEFUL INFORMATION AT A GLANCE

| Rebates and thresholds | 2026/27 | 2025/26 |
|--|----------|----------|
| Primary rebate for individuals | R17 820 | R17 235 |
| Secondary rebate (65 years of age or older) in addition to primary rebate | R9 765 | R9 444 |
| Tertiary rebate (75 years of age or older) in addition to primary and secondary rebate | R3 249 | R3 145 |
| Tax threshold for individuals under 65 years of age | R99 000 | R95 750 |
| Tax threshold for individuals 65 years of age to below 75 years of age | R153 250 | R148 217 |
| Tax threshold for individuals 75 years of age or older | R171 300 | R165 689 |

| Interest exemption | 2026/27 | 2025/26 |
|---|---------|---------|
| Interest exemption for individuals under 65 years of age | R23 800 | R23 800 |
| Interest exemption for individuals 65 years of age or older | R34 500 | R34 500 |

| Donations tax and estate duty | 2026/27 | 2025/26 |
|---|----------|----------|
| Donations tax rate – first R30 million | 20% | 20% |
| Donations tax rate – amount > R30 million | 25% | 25% |
| Donations tax – annual exemption (individuals only) | R150 000 | R100 000 |
| Estate duty rate – estate < R30 million | 20% | 20% |
| Estate duty rate – estate > R30 million | 25% | 25% |
| Estate duty abatement | R3.5 m | R3.5 m |

| Capital Gains Tax-Individuals | 2026/27 | 2025/26 |
|--|------------|------------|
| Annual capital gain/loss exclusion | R50 000 | R40 000 |
| Primary residence exclusion | R3 m | R2 m |
| Exclusion on death | R440 000 | R300 000 |
| Once-off relief for the disposal of qualifying small business assets | R2.7 m | R1.8 m |
| Effective CGT rate – individuals and special trusts | 0 - 18.00% | 0 - 18.00% |

| Travel allowance | 2026/27 | 2025/26 |
|----------------------------------|----------|----------|
| Travel allowance subject to PAYE | 80% | 80% |
| Maximum vehicle value | R920 000 | R800 000 |

TRAVEL ALLOWANCE – COST SCALES

Year ending 28 February 2027

| Value of the vehicle (including VAT) (R) | Fixed Cost (R) | Fuel Cost (C) | Main-tenance Cost (C) |
|--|----------------|---------------|-----------------------|
| 0 – 115 000 | 38 344 | 132.9 | 49.1 |
| 115 001 – 230 000 | 68 487 | 148.4 | 61.4 |
| 230 001 – 345 000 | 98 689 | 161.2 | 67.8 |
| 345 001 – 460 000 | 125 393 | 173.4 | 74.0 |
| 460 001 – 575 000 | 152 097 | 185.5 | 86.9 |
| 575 001 – 690 000 | 180 078 | 212.8 | 102.0 |
| 690 001 – 805 000 | 208 106 | 216.5 | 114.5 |
| 805 001 – 920 000 | 237 679 | 220.1 | 126.9 |
| > 920 000 | 237 679 | 220.1 | 126.9 |

Reimbursed travel

If an employee is reimbursed for business kilometres travelled at a rate not exceeding R4.95 per kilometre, no tax will be payable provided:

- the reimbursement is based on actual business kilometres travelled; and
- no other compensation in the form of further travel allowance or reimbursement is paid by the employer to the employee.

The reimbursement exceeding a rate of R4.95 per kilometre must be included as remuneration to calculate the amount of employees' tax to be withheld.

OFFICIAL RATE OF INTEREST

The current official rate is set at 7.75% with effect from 1 December 2025

DEDUCTIONS FROM INCOME – INDIVIDUALS

Retirement funds

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 purposes or taxable income (both excluding 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 limits are carried forward to the next assessment year and treated as though they were contributed in that year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and retirement annuities.

Minor Children

Minor children (under the age of 18 years) may be taxpayers in their own right and are taxed on income received by, or accrued to, them. Where the income arises as a result of the child's parent having made a donation, settlement or other disposition to the child, the resultant income will be taxed in the parent's hands.

TRANSFER DUTY

Transfer duty rates, with effect from 1 April 2025, are as follows (acquisition is not subject to VAT):

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

MEDICAL EXPENSES

2026/2027 year of assessment

Medical aid contributions or qualifying medical expenses are not claimable as deductions. A credit-only (tax rebate) system applies.

If the taxpayer is younger than 65 and is not disabled and has no disabled dependants:

In respect of medical aid contributions, the amount of the credit is limited to:

- R376 if the contributions are in respect of the taxpayer only;
- R752 in respect of the taxpayer and one dependant;
- R254 in the case of each additional dependant.

In determining the tax payable, individuals younger than 65 are allowed to deduct 25% of an amount equal to the sum of qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 4 times the medical scheme fees tax credits for the tax year, limited to the amount which exceeds 7.5% of taxable income (excluding retirement fund lump-sums and severance benefits).

If the taxpayer is younger than 65 and is disabled, or has a disabled dependant or, alternatively, is 65 and older:

An additional credit is allowed and is calculated as 33.3% of the sum of qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 3 times the medical scheme fees tax credits for the tax year.

Donations to certain Public Benefit Organisations (PBOs)

The deduction is limited to 10% of taxable income calculated excluding retirement fund lump sums and severance benefits. The deduction claimed must be supported by a Section 18A certificate issued by the PBO. The amount of donations exceeding 10% of the taxable income is treated as a donation to qualifying public benefit organisations in the following tax year.

COMPANIES AND CLOSE CORPORATIONS

| Normal tax on taxable income | 2026/27 | 2025/26 |
|---|-----------|---------|
| Companies | 27.0% | 27.0% |
| Companies' effective capital gains tax rate | 21.6% | 21.6% |
| Turnover based presumptive tax system (elective) for micro businesses (turnover not exceeding R1 million) | 0% – 3.0% | 0% – 3% |
| Non-resident companies with a branch in the Republic on SA source income | 27.0% | 27.0% |
| Personal service providers | 27.0% | 27.0% |
| Public benefit organisations and recreational clubs (trading income only) | 27.0% | 27.0% |

SMALL BUSINESS CORPORATIONS ^(N1)

For the financial years ending between 1 April 2026 and 31 March 2027

| Taxable Income | Rate of Tax (R) |
|---------------------|--|
| R1 – R99 000 | 0% of taxable income |
| R90 001 – R365 000 | 7% of taxable income above R99 000 |
| R365 001 - R550 000 | R18 620 + 21% of taxable income above R365 000 |
| R550 001 and above | R57 470 + 27% of the amount above R550 000 |

(N1) Primary requirements to qualify as a small business corporation: all the shares are held by individuals, none of whom hold shares in any other company (other than listed shares, unit trusts and shares in certain tax-exempt entities); the gross income of the corporation may not exceed R20 million for the year of assessment; not more than 20% of the gross income of the company may comprise investment income and income from rendering a personal service and the company is not an "employment company" or a "personal service provider".

MICRO BUSINESSES TURNOVER

Applies to individuals from 1 March 2026 to 28 February 2027 and to years of assessment of companies that end on any date from 1 April 2026 to 31 March 2027.

| Taxable turnover (R) | Rate of tax (R) |
|----------------------|---|
| 1 – 600 000 | 0% of taxable turnover |
| 600 001 – 950 000 | 1% of taxable turnover above 600 000 |
| 950 001 – 1 400 000 | 3 500 + 2% of taxable turnover above 950 000 |
| 1400 001 and above | 12 500 + 3% of taxable turnover above 1 400 000 |

WITHHOLDING TAXES

A withholding tax is levied in the Republic on the following amounts (subject to double tax treaty relief):

Dividends tax

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax, at a rate of 20%, is withheld by the entities paying the dividends to the individuals. Dividends received by South African resident individuals from REITs (listed and regulated property-owning companies) are subject to income tax, and non-residents in receipt of those dividends are only subject to dividends tax.

Foreign dividends

Most foreign dividends received by individuals from foreign companies (shareholding of less than 10% in the foreign company) are taxable at a maximum effective rate of 20%. No deductions are allowed for expenditure to produce foreign dividends.

Interest

A final tax at a rate of 15% is imposed on interest from a South African source, payable to non-residents. Interest is exempt if payable by any sphere of the South African government, a bank, or if the debt is listed on a recognised exchange.

Disposal of immovable property

A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa, to be set off against the normal tax liability of the non-residents. The tax to be withheld from payments to the non-residents is at a rate of 7.5% for a non-resident individual, 10% for a non-resident company, and 15% for a non-resident trust that is selling the immovable property.

Foreign entertainers and sportspersons

A final withholding tax of 15% of the gross revenue is payable.

INTEREST RATES PAYABLE/RECEIVABLE

| Effective Date | Rate |
|---|--------|
| Late or underpayments of tax | |
| 1 March 2026 | 10.25% |
| Fringe benefits – official rate of interest | |
| 1 February 2026 | 7.75% |
| Overpayments of tax | |
| 1 March 2026 | 6.25% |

VALUE-ADDED TAX (VAT)

VAT is levied on taxable supplies by registered VAT vendors at the standard rate of 15%.

A vendor that makes taxable supplies of more than R2.3 million per annum must register for VAT. A vendor that makes taxable supplies of more than R120 000, but not more than R2.3 million per annum, can apply for voluntary registration. Certain supplies are subject to a zero rate, or are exempt from VAT.

SECURITIES TRANSFER TAX (STT)

The tax is imposed at a rate of 0.25% on the transfer of listed or unlisted securities. Securities consist of shares in companies or members' interests in close corporations.

SKILLS DEVELOPMENT LEVY (SDL)

An SDL is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers that pay an annual remuneration of less than R500 000 are exempt from paying skills development levies.

UNEMPLOYMENT INSURANCE FUND (UIF)

Unemployment insurance contributions are payable monthly by employers, based on a contribution of 1% by employers and 1% by employees, based on the employees' remuneration below a certain amount.

Employers that are not registered for PAYE or SDL must pay the contributions to the Unemployment Insurance Commissioner.

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