

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 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 four 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 three 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 R2.3 million)	0% – 3.0%	0% – 3.0%
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

Normal tax on taxable income	
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 companies whose assessment years 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

	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.

**For more information, please contact
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