CLIENT TAX GUIDE | 2025/2026

Tax Guide
2025 / 2026

A practical reference to South African tax
for individuals, businesses, trusts and estates

2026 year of assessment | Reflecting the 2025 Budget

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Contents

About this guide

Jansen Accountants & Auditors | Tax Guide 2025/2026

This is your single reference for South African tax for the 2026 year of assessment, following the 2025 Budget.

We prepare this guide each year so that individuals, business owners, trustees and executors have one clear source for the rates, thresholds and rules that matter, together with our own practical guidance on where tax is won and lost. It covers individual and trust income tax, capital gains tax, allowances and fringe benefits, deductions, retirement and lump sums, company and employer taxes, VAT, transfer duty, estate duty and donations tax, the main business allowances, and the penalty regime.

The figures reflect the Income Tax Act 58 of 1962, the Tax Administration Act 28 of 2011, the Value-Added Tax Act 89 of 1991 and related legislation applicable to the 2026 year of assessment (1 March 2025 to 28 February 2026).

How to read the boxes in this guide

Throughout the guide you will see three kinds of highlight: a **JACC insight** explains a point in plain terms, a **Planning opportunity** points to something you can act on before year-end, and a **Common SARS pitfall** warns of what SARS tends to query. A few sections carry a personal note from our partner.

Professional disclaimer

This guide does not constitute personal tax advice. It is general information based on South African tax legislation and SARS practice applicable to the 2026 year of assessment, as published at March 2025. Your tax position depends on your own facts, and the law and SARS practice change. Always obtain advice specific to your circumstances from us before you act.

The year at a glance

Key numbers for the 2026 year of assessment

27% Company tax rate	**18% to 45%** Individual rates	**15%** VAT standard rate	**R95 750** Threshold (under 65)
R17 235 Primary rebate	**R40 000** CGT annual exclusion	**R36 000** Tax-free savings limit	**R350 000** Retirement deduction cap
R1 million VAT registration	**20%** Dividends tax	**R3.5m** Estate duty abatement	**R100 000** Donations exemption

Try our online tax calculators.
Estimate your income tax, CGT, provisional tax and more at www.jacc.co.za, then talk to us about the result.

What changed this year

The 2025 Budget at a glance

The main changes affecting our clients for the 2026 year of assessment:

- Personal income tax brackets, rebates and thresholds were not adjusted for inflation, so they remain at the prior year's levels (an effective increase through fiscal drag).
- VAT remained at 15%. The increase to 15.5% proposed in the 2025 Budget was withdrawn before it took effect.
- The two-pot retirement system, effective from 1 September 2024, is now in full operation.
- Transfer duty brackets were adjusted from 1 March 2025, lifting the nil-duty threshold to R1 210 000.
- The Employment Tax Incentive bands were revised from 1 April 2025.
- Company tax (27%), dividends tax (20%), the retirement deduction cap (R350 000), the tax-free savings limit (R36 000) and the medical credits were unchanged.

How your income tax is calculated

The order of the calculation

Income tax is built up in a set order. Each step narrows the amount finally taxed, which is why claiming deductions and exemptions correctly matters.

1. **Gross income** everything of a revenue nature received or accrued, worldwide for residents.
2. **Less exempt income** interest exemption, certain foreign pay, local dividends and similar.
3. **Less allowable deductions** retirement contributions, donations, allowable expenses and allowances.
4. **Add taxable capital gain** the included portion of your net capital gain for the year.
5. **Equals taxable income** the figure to which the tax table is applied.
6. **Apply the tax table** work out tax using the brackets for your income.
7. **Less rebates and credits** primary, secondary and tertiary rebates, then medical credits.
8. **Equals tax payable** less PAYE and provisional tax already paid, gives the balance.

Who is a South African taxpayer?

Residence and the physical presence test

See also: SARS Interpretation Note 3 (physical presence test) and Interpretation Note 4 (ordinarily resident).

Residents are taxed on worldwide income. Non-residents are taxed only on income from a South African source. You are a resident if you are ordinarily resident here, or if you meet the physical presence test.

The physical presence test

You meet the test if you are physically present in South Africa for:

- more than 91 days in total in the current year of assessment; and

- more than 91 days in total in each of the preceding five years; and
- more than 915 days in total across those five preceding years.

A person who has been a resident under this test, but is then physically absent for a continuous period of at least 330 full days, ceases to be a resident from the day the absence began. Ceasing residence is a deemed disposal for capital gains tax, an exit charge, so plan it carefully.

> **Charlton's insight**
> *Emigration is a tax event, not a Home Affairs event. SARS looks at the cessation of tax residence, the deemed disposal that comes with it, and the retirement fund rules that follow. If you are leaving, returning, or working abroad, let us map the tax position before you move.*

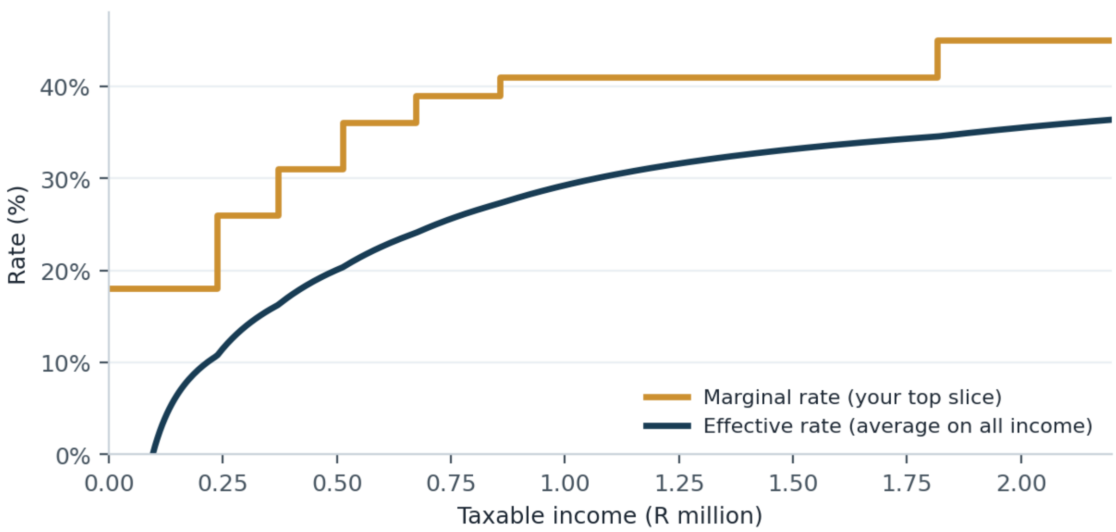
Income tax: individuals and special trusts

Income Tax Act 58 of 1962 | year ending 28 February 2026

The table below applies to individuals and special trusts. Trusts other than special trusts are taxed at a flat rate of 45%.

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

Your marginal rate is the rate on your top slice of income. Your effective rate is the average across all your income, and is always lower. Most taxpayers pay an effective rate well below their marginal rate.



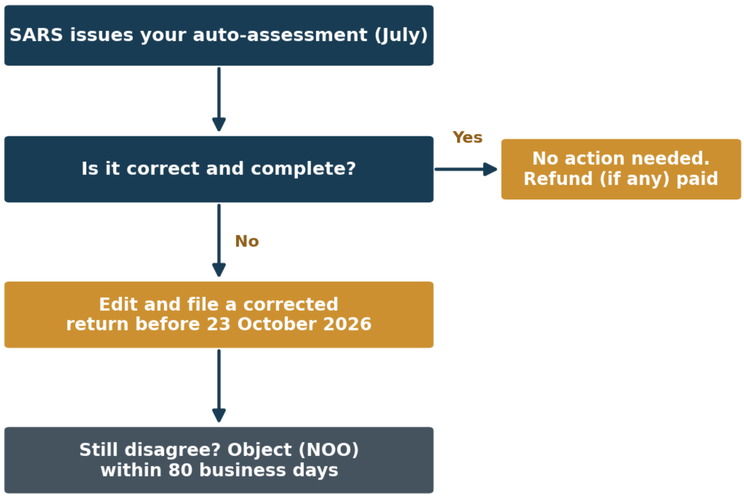
Marginal versus effective tax rate, 2026 year of assessment. Source: SARS tax tables.

Rebates and thresholds

Rebate / threshold	Amount
Primary rebate	R17 235
Secondary rebate (65 to 74)	R9 444
Tertiary rebate (75 and older)	R3 145
Tax threshold (under 65)	R95 750
Tax threshold (65 to 74)	R148 217
Tax threshold (75 and older)	R165 689

Auto-assessment and your return

If SARS issues you an auto-assessment, check it carefully before accepting. It is built from third-party data and often misses deductions. The flow below shows your options.



What to do when SARS auto-assesses you.

Common SARS pitfall

Accepting an auto-assessment without adding legitimate deductions is the most common way clients overpay. Auto-assessments routinely omit retirement annuity top-ups, out-of-pocket medical costs, home office expenses and travel claims, because SARS has no third-party data for them.

Provisional tax

Paragraph 19 of the Fourth Schedule

A provisional taxpayer earns income that is not remuneration, or remuneration from an unregistered employer. You are not a provisional taxpayer if you do not carry on a business and your taxable income does not exceed the threshold, or your interest, dividends, foreign dividends and rental income together are R30 000 or less. Deceased estates are not provisional taxpayers.

The provisional tax cycle

1. **First payment** within six months of the start of the tax year, by 31 August for a February year-end.
2. **Second payment** by the last day of the tax year, 28 February, on an accurate estimate of taxable income.
3. **Third (top-up) payment** voluntary, within six or seven months after year-end, to limit interest on any shortfall.

Common SARS pitfall

A 10% penalty applies to a late payment, and a 20% under-estimation penalty applies on the second payment where the estimate is too low against the benchmarks in section 213 of the Tax Administration Act.

Charlton's insight

Provisional tax is where good clients lose money needlessly. A realistic second estimate, and a small top-up payment before year-end, almost always costs less than the penalty and non-deductible interest of getting it wrong.

Capital gains tax: individuals

Eighth Schedule to the Income Tax Act 58 of 1962

See also: SARS Comprehensive Guide to Capital Gains Tax.

A capital gain or loss arises on the disposal of an asset, for example a sale, donation, exchange, emigration or death. A portion of the net gain is included in taxable income and taxed at your marginal rate.

Measure	Individuals and special trusts
Inclusion rate	40%
Statutory rate range	0% to 45%
Maximum effective rate	18%

Main exclusions

- Annual exclusion of R40 000 of capital gain or loss.
- In the year of death the annual exclusion increases to R300 000.
- Primary residence exclusion: the first R2 million of a gain or loss on a primary residence is disregarded.
- Small business exclusion for persons 55 and older: up to R1.8 million, where the market value of the business does not exceed R10 million.
- Most personal-use assets, approved retirement benefits and certain long-term insurance policies.

Worked example: selling an investment property

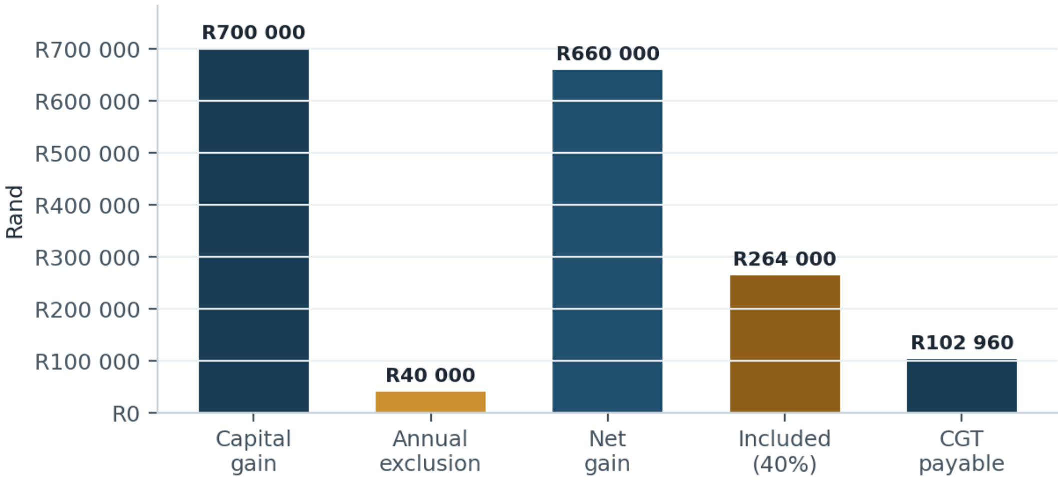
Sarah, aged 48, sells a buy-to-let flat. The base cost was R1 200 000 and the net proceeds R1 900 000.

Capital gain: 1 900 000 less 1 200 000 = R700 000.

Less annual exclusion: 700 000 less 40 000 = R660 000.

Included in taxable income at 40%: R264 000.

At a 39% marginal rate the CGT is about R102 960, an effective rate of roughly 14.7% on the gain.



How the capital gain on Sarah's property flows through to CGT payable.

Planning opportunity

Where you already plan to dispose of an investment, timing the sale to use the R40 000 annual exclusion in two tax years, or realising a loss in the same year to offset a gain, can reduce the CGT. Keep records of base cost and improvements.

Allowances

Subsistence and travel

Subsistence allowances and advances

Where you must spend at least one night away from your usual residence on business in South Africa, the following daily amounts are deemed spent without receipts: R570 for meals and incidental costs, or R176 for incidental costs only. For travel outside South Africa a deemed amount per country is published by SARS.

Travel allowance

If you receive a travel allowance, PAYE is withheld on 80% of it, reducing to 20% where the employer is satisfied that at least 80% of the vehicle's use is for business. Alternatively a reimbursement of up to R4.76 per business kilometre may be paid free of tax, provided no other travel compensation is received for the same vehicle.

Common SARS pitfall

No logbook, no claim. The most common travel-allowance query is a missing or unreconciled logbook. Start the logbook on 1 March and record opening and closing odometer readings.

Fringe benefits

Seventh Schedule to the Income Tax Act 58 of 1962

Employer-provided vehicles

The taxable value is 3.5%% of the determined value (cash cost including VAT) per month, reducing to 3.25%% where the vehicle was under a maintenance plan when acquired. For an operating lease, the value is the lease cost plus fuel. PAYE applies to 80%% of the benefit, reducing to 20%% where at least 80%% of use is for business. On assessment the benefit is reduced for proven business travel and private costs borne by the employee, each supported by a logbook.

Interest-free or low-interest loans

The fringe benefit is the difference between interest at the official rate and the actual interest charged. The official rate is the repurchase rate plus one percent, as published by SARS.

Residential accommodation

The benefit is the lower of the cost to the employer or an amount from the statutory formula based on the employee's prior-year remuneration. The formula does not apply to holiday accommodation hired by the employer from unconnected parties.

Exemptions

Interest, dividends, foreign pay and bursaries

Interest and dividend income

- Local interest: the first R23 800 is exempt if you are under 65, and R34 500 if you are 65 or older.
- Local dividends are generally exempt from normal tax, but dividends tax of 20% is usually withheld at source.
- Foreign interest has no exemption. Foreign dividends are taxed at a maximum effective rate of 20% where you hold less than 10% of the foreign company.

Foreign remuneration exemption (section 10(1)(o)(ii))

Where you render employment services outside South Africa for more than 183 days in any 12-month period, of which at least 60 are continuous, the first R1.25 million of that foreign remuneration is exempt. Amounts above R1.25 million are taxed here, with a credit for qualifying foreign taxes under section 6quat.

Employer-provided bursaries

Bursaries to employees can be exempt subject to conditions. For bursaries to relatives, the employee's remuneration must not exceed R600 000, and the exemption is limited to R20 000 for schooling up to NQF level 4 and R60 000 from NQF level 5 (R30 000 and R90 000 for relatives with disabilities). No exemption applies where the bursary is funded by a salary sacrifice.

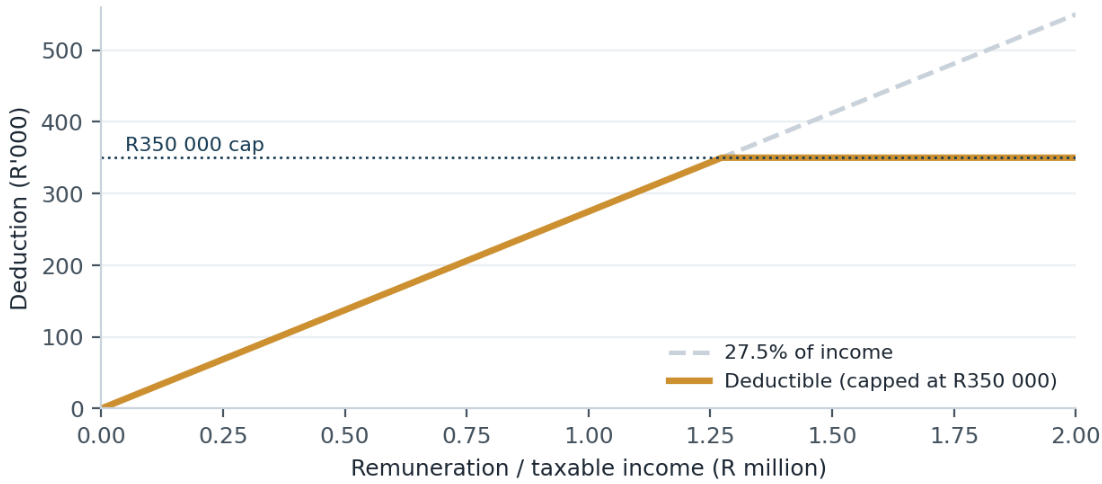
> **Charlton's insight**
>
> *South Africans working abroad often assume their foreign salary is automatically tax-free. It is not. The R1.25 million exemption depends on meeting the day tests and on remaining a tax resident, and the rand amount above the cap is fully taxable here.*

Deductions from income: individuals

Retirement, donations and home office

Retirement fund contributions (section 11F)

Contributions to pension, provident and retirement annuity funds are deductible up to the lower of R350 000, or 27.5% of the greater of remuneration or taxable income (before a taxable capital gain, and excluding retirement and severance lump sums). Excess contributions carry forward and remain available in later years, or against lump sums and annuity income on retirement.



The retirement deduction is 27.5% of income, capped at R350 000. The cap bites once income passes about R1.27 million.

Planning opportunity

A retirement annuity top-up before 28 February is one of the few deductions still fully within your control at year-end. If your income is up this year, contributing to the 27.5%% limit reduces taxable income now and compounds tax-free in the fund.

The two-pot retirement system

The two-pot system, since 1 September 2024, splits contributions between a savings component and a retirement component. Amounts withdrawn from the savings component before retirement are taxed at your marginal rate and added to taxable income for the year, which can push you into a higher bracket.

Donations to public benefit organisations (section 18A)

Donations to approved public benefit organisations are deductible up to 10% of taxable income (excluding lump sums and severance benefits), provided you hold a valid section 18A receipt. Any excess carries forward. SARS now receives third-party donation data and pre-populates many of these on the return.

Home office expenses (sections 11(a), 23(b) and 23(m))

If you work mainly from home and have an area used regularly and exclusively for trade, you may claim a portion of rent, rates, electricity, cleaning and repairs, apportioned by floor area.

Common SARS pitfall

A home office claim is queried where the room is not used exclusively for trade, where the floor-area apportionment is overstated, or where the time-at-home test is not met. It can also reduce the primary residence CGT exclusion when you sell.

Medical and disability expenses

Sections 6A and 6B

Medical scheme contributions attract a medical scheme fees tax credit, deducted directly from your tax: R364 per month for each of the first two members, and R246 per month for each additional dependant.

An additional medical expenses tax credit may also apply: for persons 65 and older, and persons with a disability or a disabled dependant, 33.3% of the sum of qualifying out-of-pocket expenses plus contributions exceeding three times the annual credits; for persons under 65 with no disability, 25% of qualifying out-of-pocket expenses plus contributions exceeding four times the annual credits, limited to the amount above 7.5% of taxable income.

Planning opportunity

For members 65 and older, and for disability claims, the additional credit is generous and often overlooked. Keep the medical scheme tax certificate and proof of out-of-pocket expenses so the calculation can be made.

Tax-free savings and investment accounts

Section 12T

All returns from a tax-free savings or investment account, including interest, dividends and capital gains, are fully exempt from tax. The annual contribution limit is R36 000, and the lifetime limit is R500 000.

Common SARS pitfall

Contributions above the limits attract a 40% penalty on the excess. The limit applies across all your accounts combined, so opening a second account does not give you a second limit.

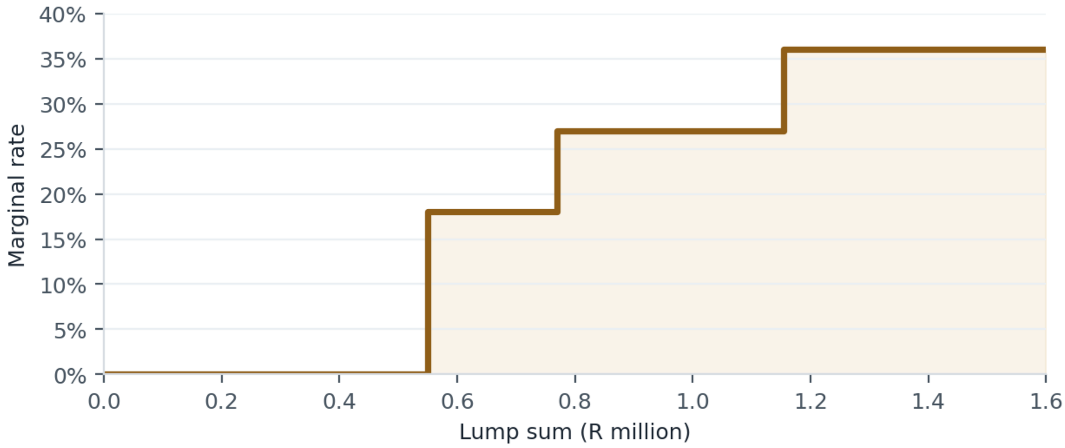
Taxation of lump sum benefits

Retirement, death, severance and withdrawal

Retirement, death and severance benefits

The first R550 000 is tax-free. These rates apply cumulatively to all such benefits received since the relevant start dates:

Taxable income (R)	Rates of tax
1 – 550 000	0%
550 001 – 770 000	18% of the amount above 550 000
770 001 – 1 155 000	39 600 + 27% of the amount above 770 000
1 155 001 and above	143 550 + 36% of the amount above 1 155 000



Marginal rates on a retirement, death or severance lump sum.

Withdrawal benefits (before retirement)

Taxable income (R)	Rates of tax
1 – 27 500	0%
27 501 – 726 000	18% of the amount above 27 500
726 001 – 1 089 000	125 730 + 27% of the amount above 726 000
1 089 001 and above	223 740 + 36% of the amount above 1 089 000

Tables apply cumulatively to retirement fund lump sums from October 2007, withdrawal benefits from March 2009 and severance benefits from March 2011.

Companies and employers

Corporate and small business tax

Type	Rate of tax
Companies (resident, non-resident, personal service provider)	27%
Trusts other than special trusts	45%

Small business corporations

Taxable income (R)	Rates of tax
1 – 95 750	0%
95 751 – 365 000	7% of the amount above 95 750
365 001 – 550 000	18 848 + 21% of the amount above 365 000
550 001 and above	57 698 + 27% of the amount above 550 000

Which companies must submit returns

Every resident company, every resident trust, and non-resident companies and trusts with a South African permanent establishment, source income or capital gain, must submit an annual income tax return. A company with gross income, assets or liabilities of more than R1 000, or any assessed loss, must file.

Turnover tax for micro businesses

Sixth Schedule

See also: SARS Tax Guide for Micro Businesses (TT01).

Turnover tax is a simplified regime that replaces income tax, VAT, provisional tax, capital gains tax and dividends tax for a micro business with a qualifying annual turnover of R1 million or less. The rates for the year ending 28 February 2026 are:

Taxable turnover (R)	Rate of tax
1 – 335 000	0%
335 001 – 500 000	1% of the amount above 335 000
500 001 – 750 000	1 650 + 2% of the amount above 500 000
750 001 and above	6 650 + 3% of the amount above 750 000

Individuals (sole proprietors), partnerships, close corporations, companies and co-operatives may qualify. A registered micro business may still elect to remain in the VAT system.

Planning opportunity

Turnover tax cuts compliance to a single simple return. We can run the SARS quick test and compare it against the normal tax and small business corporation position for your business.

Capital gains tax: companies and trusts

Effective rates

Type of taxpayer	Inclusion	Statutory	Effective
Trusts other than special trusts	80%	45%	36%
Companies and branches of non-residents	80%	27%	21.6%
Small business corporations	80%	0% – 27%	0% – 21.6%

Assessed losses and ring-fencing

Sections 20 and 20A

A company may set off a balance of assessed loss against only the higher of R1 million or 80% of its taxable income for the year. Any unused balance carries forward. For individuals, section 20A can ring-fence losses from certain suspect trades where the taxpayer is in the highest bracket, so the loss may only be set off against income from the same trade.

Bad and doubtful debts

Sections 11(i) and 11(j)

A bad debt actually written off, that was previously included in income, is deductible under section 11(i). A doubtful debt allowance under section 11(j) is also available. For taxpayers applying IFRS 9, the allowance is generally 40% of the loss allowance relating to lifetime expected credit losses, and 25% in other cases, unless a SARS directive provides otherwise. The allowance is added back in the following year and reassessed.

Capital allowances and wear and tear

Writing off business assets

See also: SARS Interpretation Note 47 (wear-and-tear write-off periods).

The cost of business assets is written off over time rather than deducted in full. The main allowances are:

- Section 11(e): wear and tear on movable assets over their write-off period per Interpretation Note 47.
- Section 12C: manufacturing plant and machinery, generally 40% in year one and 20% for the next three years.
- Section 12E: small business corporations may write off qualifying plant and machinery 100% in the year it is brought into use.
- Section 13 and 13quin: industrial and new commercial buildings, with an annual allowance (commercial buildings at 5%).
- Section 11(g): leasehold improvements over the lease period.

> **Planning opportunity**
> Where a capital purchase is already planned, bringing it into use before year-end can accelerate the allowance into the current year.

Learnership allowances

Section 12H

Employers with registered learnership agreements may claim an annual allowance and a completion allowance, in addition to the normal deduction of salaries. The allowances are R40 000 a year and R40 000 on completion for most learners, with higher amounts for learners with a disability. They are pro-rated for part-year learnerships, and the agreement must be registered with the relevant SETA.

Dividends tax

Sections 64D to 64N

See also: SARS Comprehensive Guide to Dividends Tax.

Dividends tax is a 20% withholding tax on dividends paid by South African resident companies, and by non-resident companies listed in South Africa. The company or its regulated intermediary withholds and pays it to SARS by the end of the month following the dividend. Dividends are exempt where the beneficial owner is a South African resident company, an approved retirement fund or a public benefit organisation, or where a lower rate applies under a double tax agreement.

Payroll taxes and levies

PAYE, UIF and SDL

Pay-As-You-Earn (PAYE)

Employers must withhold PAYE and pay it to SARS by the 7th of the following month, or the last business day before the 7th if it falls on a weekend or public holiday. Non-resident employers operating through a South African permanent establishment must also register and withhold.

Unemployment Insurance Fund (UIF)

UIF is payable monthly at 2% of remuneration, split equally between employer and employee, subject to the monthly remuneration ceiling of R17 712 (R212 544 per year).

Skills Development Levy (SDL)

SDL is an employer contribution of 1% of total remuneration. Employers with an annual payroll of R500 000 or less are exempt.

Employment Tax Incentive (ETI)

Employment Tax Incentive Act 26 of 2013

The ETI reduces the cost of employing young, less experienced workers by allowing a compliant employer to reduce its PAYE liability. It applies for up to 24 qualifying months per qualifying employee. The incentive is nil once monthly remuneration reaches R7 500.

Monthly remuneration	First 12 months	Second 12 months
R0 – R2 499.99	60% of remuneration	30% of remuneration
R2 500 – R5 499.99	R1 500	R750
R5 500 – R7 499.99	R1 500 - (0.6 x (rem - 5 500))	R750 - (0.3 x (rem - 5 500))

Common SARS pitfall

ETI claimed incorrectly is treated as a refund under the Tax Administration Act and can attract understatement penalties. The qualifying-employee rules and the calculation are easy to get wrong. Have the claim reviewed before you reduce your PAYE.

Trusts and the conduit principle

Sections 7, 7C and 25B

A trust other than a special trust is taxed at a flat 45%, with a CGT effective rate of 36%. Special trusts are taxed on the individual scale. Three rules matter most:

- The conduit principle (section 25B): income that vests in a beneficiary in the same year is taxed in the beneficiary's hands, often at a lower rate.
- Attribution (section 7): income from assets a person donated or transferred to a trust may be taxed back in that person's hands.
- Low-interest loans to trusts (section 7C): interest forgone below the official rate on a loan to a trust is treated as an ongoing donation, which uses up the annual R100 000 donations exemption and can trigger donations tax.

Trustees must also submit an IT3(t) return reporting amounts vested in beneficiaries, and maintain a beneficial ownership register.

Common SARS pitfall

The most common trust queries are an overlooked section 7C loan, distributions resolved too late to vest in the same year, and a missing or late IT3(t).

Charlton's insight

A trust is still a sound planning and protection structure, but only if it is run like one. Where the founder funded it by an interest-free loan, the section 7C donation must be dealt with every year.

Related JACC services

Trust set-up and review, annual trustee resolutions and IT3(t) submissions.

Section 7C loan account reviews and donations tax planning.

Beneficial ownership registers and Master's office compliance.

Estate duty and donations tax

Estate Duty Act 45 of 1955

Estate duty

Estate duty is levied on the dutiable value of an estate at 20% on the first R30 million and 25% above R30 million. A basic abatement of R3.5 million applies, with deductions for liabilities, bequests to public benefit organisations and property accruing to a surviving spouse. The unused abatement may roll over to a surviving spouse, giving a married couple up to R7 million combined.

Donations tax

Donations tax is payable at 20% on the cumulative value of property donated since 1 March 2018, increasing to 25% above R30 million. The first R100 000 donated by a natural person each year is exempt. For donors who are not natural persons, exempt donations are limited to casual gifts of R10 000 in total per year. Donations between spouses, between South African group companies, and to certain public benefit organisations are exempt.

Planning opportunity

The R100 000 annual donations exemption resets each year and is a simple way to move value out of a dutiable estate over time. Used consistently, together with the spouse roll-over of the abatement, it can materially reduce estate duty.

Related JACC services

Wills, estate planning and estate duty calculations.

Deceased estate administration and the liquidation and distribution account.

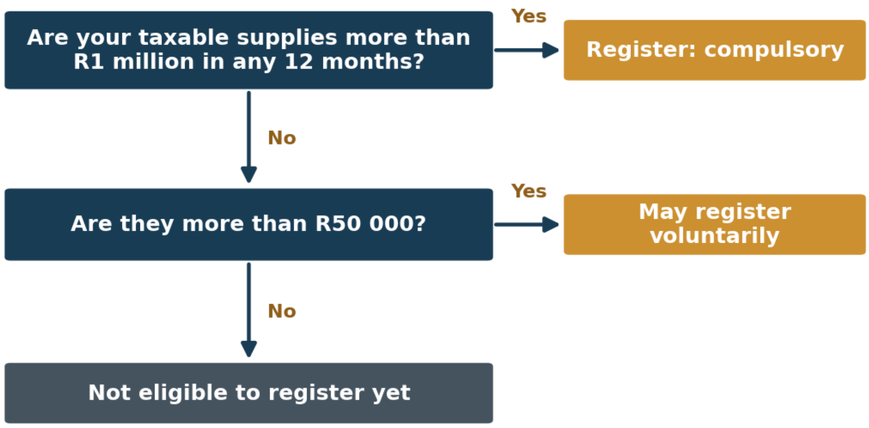
Donations tax planning and section 7C reviews.

Value-Added Tax

Value-Added Tax Act 89 of 1991

VAT is charged at the standard rate of 15%. The registration thresholds are:

- Compulsory registration: taxable supplies exceeding R1 million in any 12-month period.
- Voluntary registration: generally available where taxable supplies exceed R50 000 in the past 12 months.
- Returns are submitted and VAT paid on the SARS-allocated cycle, usually every two months.



Do you have to register for VAT? A quick decision guide.

Common SARS pitfall

Common VAT queries are input tax claimed without a valid tax invoice, and apportionment where a business makes both taxable and exempt supplies and may claim only the taxable portion of its input tax.

Related JACC services

VAT registrations, deregistrations and threshold reviews.

VAT health checks and apportionment reviews.

SARS VAT verifications and audits.

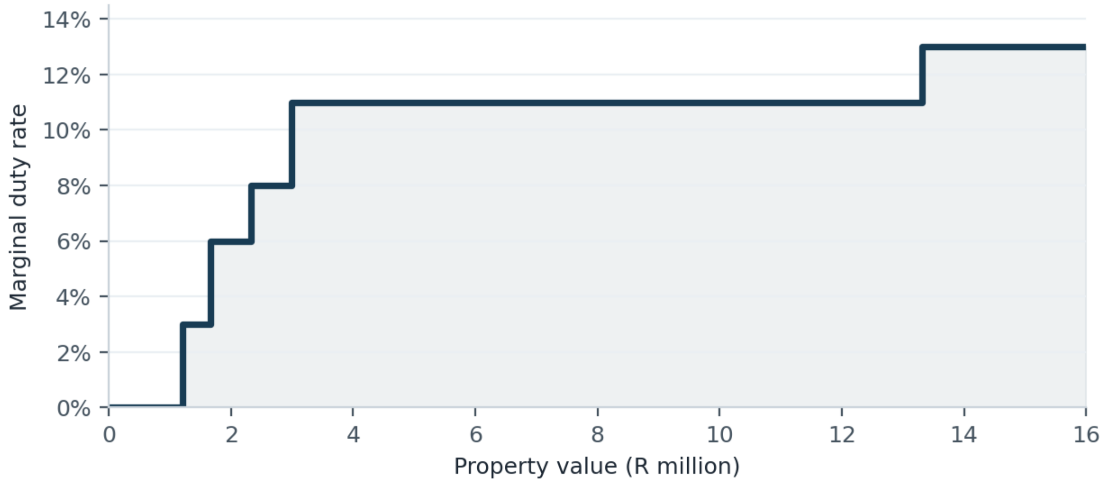
Transfer duty and Securities Transfer Tax

Property and shares

Securities Transfer Tax is imposed at 0.25% on the transfer of listed or unlisted securities. Transfer duty is payable on property transactions that are not subject to VAT:

Value of property (R)	Rate
1 – 1 210 000	0%
1 210 001 – 1 663 800	3% of the value above 1 210 000

Value of property (R)	Rate
1 663 801 – 2 329 300	13 614 + 6% of the value above 1 663 800
2 329 301 – 2 994 800	53 544 + 8% of the value above 2 329 300
2 994 801 – 13 310 000	106 784 + 11% of the value above 2 994 800
13 310 001 and above	1 241 456 + 13% of the value above 13 310 000



Transfer duty is charged on a sliding scale, with no duty on the first band.

Tax compliance status

Staying compliant with SARS

SARS issues a Tax Compliance Status, accessed through a PIN on eFiling, which has replaced the printed Tax Clearance Certificate. You will need a compliant status for government tenders, the foreign investment allowance, emigration, and many funding and licensing applications. A single outstanding return can block an unrelated application.

Taking money offshore

Exchange control allowances

Residents may transfer funds abroad under two main allowances, administered by Authorised Dealer banks under exchange control: a single discretionary allowance of up to R1 million per calendar year, available without a tax clearance, and a foreign investment allowance of up to R10 million per calendar year, which requires an approved international transfer tax compliance status PIN from SARS.

> **Confirm the current limits**
> Exchange control allowances are set by the Reserve Bank and change from time to time. Confirm the current limits and the SARS approval process with us before you transact, particularly for amounts above R1 million.

SARS interest on tax debt

Interest and the prescribed rate

SARS charges interest on late or underpaid tax at the prescribed rate set by the Minister of Finance, which changes periodically in line with the repurchase rate and is published on the SARS website. Interest on a late payment is not deductible and compounds the cost of paying late, which is why a top-up provisional payment before year-end is often worthwhile. Where SARS owes you a refund after the prescribed period, interest runs in your favour at a lower prescribed rate.

Other provisions to be aware of

Awareness, not detail

These provisions arise often enough that you should know they exist. Each can change a tax outcome materially, so speak to us where they apply.

- Section 24C: a deduction for future expenditure that will be incurred under a contract from income already received in advance.
- Section 24J: interest on financial instruments is accrued and taxed on a yield-to-maturity basis, not only when paid.
- Section 8C: gains on shares or options received by virtue of employment are taxed as income when the restrictions end, not as capital.
- Section 9D: the income of a controlled foreign company may be imputed to South African shareholders holding more than 50%.
- Foreign trusts: distributions to South African residents carry specific reporting and tax consequences.
- VAT apportionment: a business making both taxable and exempt supplies may claim only the taxable portion of its input tax.
- Diesel refunds: qualifying farming, mining and fishing operations may claim a refund of part of the fuel levy.

Cryptocurrency and crypto assets

A growing area of SARS focus

SARS treats crypto assets as assets, not currency. Gains are taxable, either as revenue (where you trade actively) or as capital (where you hold for investment), and must be declared. SARS receives data from local exchanges. Keep records of every acquisition and disposal, including the rand value at the time, because the onus is on you to prove base cost and the nature of the gain.

Common SARS pitfall

Not declaring crypto gains is high risk. SARS now matches exchange data to returns, and an omission can attract understatement penalties. If you hold or trade crypto and have not declared it, the Voluntary Disclosure Programme may be the safer route.

Administrative non-compliance penalties

Tax Administration Act 28 of 2011

Fixed monthly penalties apply for non-compliance such as the failure to submit a return. The amount depends on taxable income for the preceding year:

Taxable income (preceding year)	Monthly penalty
Assessed loss	R250
R0 – R250 000	R250
R250 001 – R500 000	R500
R500 001 – R1 000 000	R1 000
R1 000 001 – R5 000 000	R2 000
R5 000 001 – R10 000 000	R4 000
R10 000 001 – R50 000 000	R8 000
Above R50 000 000	R16 000

Penalties recur monthly for up to 35 months (or 47 months if SARS does not have your address).

Understatement penalties

Sections 222 and 223

Where an understatement results in prejudice to SARS, a percentage penalty applies based on the taxpayer's behaviour. A bona fide inadvertent error attracts no penalty, and the behaviour category SARS applies is frequently open to challenge.

Behaviour	Standard	Obstructive / repeat	VDP after notice	VDP before notice
Substantial understatement	10%	20%	5%	0%
Reasonable care not taken	25%	50%	15%	0%
No reasonable grounds	50%	75%	25%	0%
Impermissible avoidance	75%	100%	35%	0%
Gross negligence	100%	125%	50%	5%
Intentional tax evasion	150%	200%	75%	10%

The burden of proving the facts on which a penalty is based rests on SARS. If you have received an understatement penalty, the category and the facts are often worth disputing.

Received a SARS assessment, penalty or audit?
Visit our SARS Dispute Resolution centre at www.jacc.co.za to check your deadline, or contact us before the objection window closes.

Voluntary Disclosure Programme

Tax Administration Act 28 of 2011

The Voluntary Disclosure Programme allows a taxpayer to approach SARS to regularise undisclosed tax, with the prospect of relief from understatement penalties and protection from criminal prosecution for the disclosed default. A valid disclosure must be voluntary, complete, and made before SARS notifies an audit.

Record-keeping

Sections 29 to 32 of the Tax Administration Act

You must keep the records that support your return for at least five years from the date the return is submitted. If a return is under audit, objection or appeal, keep the records until the matter is finally resolved.

- Income: IRP5 and IT3 certificates, invoices, rental statements, dividend and interest vouchers.
- Deductions: retirement annuity and medical certificates, section 18A receipts, logbooks, home office records.
- Assets: purchase and sale agreements and improvement costs, to support base cost for capital gains tax.

Tax compliance calendar

Key dates through the year

Month	Key obligations
March	Tax year starts (1 March). New payroll tax tables apply.
April / May	Employer annual reconciliation (EMP501) for the year to 28 February; due 31 May.
June	SARS public notice on who must file; prepare for Filing Season.
July	Filing Season opens; auto-assessments issued, then individual returns.
August	First provisional tax payment due (31 August).
September / October	Employer interim EMP501; non-provisional individual filing deadline.
January	Provisional taxpayer filing deadline.
February	Second provisional tax payment; tax year ends (28 February).

Monthly through the year: PAYE, UIF and SDL by the 7th, and VAT by the end of the month following each tax period.

Key dates: 2026 Filing Season

Individual taxpayers

Taxpayer group	Filing window
Auto-assessments issued	1 July to 12 July 2026
Non-provisional individuals	13 July to 23 October 2026
Provisional taxpayers	13 July 2026 to 22 January 2027

Dates are as announced by SARS for the 2026 Filing Season and are subject to the Commissioner's notice.

Common mistakes we see

Avoidable problems that cost clients money

- Accepting an auto-assessment without adding legitimate deductions, and overpaying as a result.
- Claiming a travel allowance with no logbook, which SARS then disallows in full.
- Under-estimating the second provisional payment and triggering the 20% penalty.
- Withdrawing from the two-pot savings component without allowing for the marginal-rate tax.
- Funding a trust by an interest-free loan and overlooking the section 7C donation each year.
- Missing the filing deadline and running up fixed monthly penalties on a nil or refund return.

Top tax planning opportunities

Before 28 February 2026

Practical, actionable items to review before year-end. Not all will apply to you, and several interact, so confirm the detail with us before acting.

- Contribute to the 27.5% retirement deduction limit (capped at R350 000).
- Top up your tax-free savings account towards the R36 000 annual limit.
- Use the R40 000 annual CGT exclusion where a disposal is already planned.
- Realise a capital loss in the same year as a gain to offset it.
- Make section 18A donations and keep the receipt for the deduction.
- Use the R100 000 annual donations exemption to reduce a future estate.
- Review trust loan accounts for section 7C implications and document interest.
- Pass trustee resolutions in time for income to vest in beneficiaries this year.
- Check your second provisional estimate against the basic amount to avoid penalties.
- Make a third (top-up) provisional payment to limit interest on a shortfall.
- Reconcile your travel logbook and keep odometer readings.
- Bring planned capital assets into use before year-end to accelerate allowances.
- For a small business, compare turnover tax, the SBC rates and normal tax.
- Check VAT input tax is supported by valid tax invoices.
- Confirm medical out-of-pocket expenses are recorded for the additional credit.
- Declare all crypto disposals and keep rand-value records.
- Confirm your tax compliance status PIN before tender or offshore transfers.
- Use the spouse roll-over of the estate duty abatement in your will.
- Review your will and beneficiary nominations annually.
- Bring outstanding returns up to date before Filing Season to release refunds.

Frequently asked questions

Do I have to file if I earn under the threshold?

Usually not, if your gross income is below the threshold for your age and you have no other filing trigger. Filing can still be worthwhile to claim a refund where PAYE was withheld.

SARS auto-assessed me. Can I still claim my retirement annuity and medical expenses?

Yes. If the auto-assessment is incomplete you can edit and submit a corrected return within the filing window.

I work abroad. Is my salary taxed in South Africa?

If you are a South African resident, the first R1.25 million of qualifying foreign employment income is exempt where you meet the 183-day and 60-consecutive-day tests. Amounts above that are taxed here, with a credit for foreign tax paid.

How long must I keep my tax records?

At least five years from the date you submit the return, and longer if the return is under audit, objection or appeal.

Glossary of terms

Year of assessment The tax year. For individuals it runs from 1 March to the end of February.

Marginal rate The rate of tax on your top slice of income.

Effective rate The average rate of tax across all your income, always lower than the marginal rate.

Provisional taxpayer A person who earns income not subject to PAYE, and who pays tax in advance during the year.

Base cost The amount deducted from proceeds when working out a capital gain.

Rebate A fixed amount deducted from tax payable, such as the primary rebate.

Tax credit An amount deducted directly from tax payable, such as the medical scheme fees credit.

Conduit principle The rule that income vesting in a trust beneficiary in the same year is taxed in the beneficiary's hands.

Auto-assessment An assessment SARS raises automatically from third-party data, which the taxpayer can accept or correct.

Tax compliance status A real-time SARS status, accessed by PIN, confirming your returns and payments are up to date.

How we can help

Jansen Accountants & Auditors

We are a Cape Town firm of chartered accountants and registered auditors, and registered tax practitioners. Beyond completing returns, we help clients plan ahead so the tax outcome is the right one before a transaction happens, not after.

- Individual and provisional tax returns, including auto-assessment reviews.
- Company, trust and close corporation tax, and small business and turnover tax.
- Payroll, PAYE, UIF, SDL and ETI.
- VAT registration, returns and reviews.
- Estate planning, deceased estates, donations tax and trusts.
- SARS verifications, audits, objections, appeals and the Voluntary Disclosure Programme.

Talk to us before you act.
If anything in this guide affects a decision you are weighing up, book a consultation at www.jacc.co.za, call +27 21 554 3482, or email info@jacc.co.za.

Important notice

This guide does not constitute personal tax advice. It is general information based on South African tax legislation and SARS practice applicable to the 2026 year of assessment, as published at March 2025, and must not be relied on as advice. Tax outcomes depend on the specific facts, and the law and SARS practice change. Jansen Accountants & Auditors Inc accepts no liability for any loss arising from reliance on this guide. Obtain advice specific to your circumstances before acting.

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