



Summary

# **Budget Speech: 2024/2025 All you need to know**

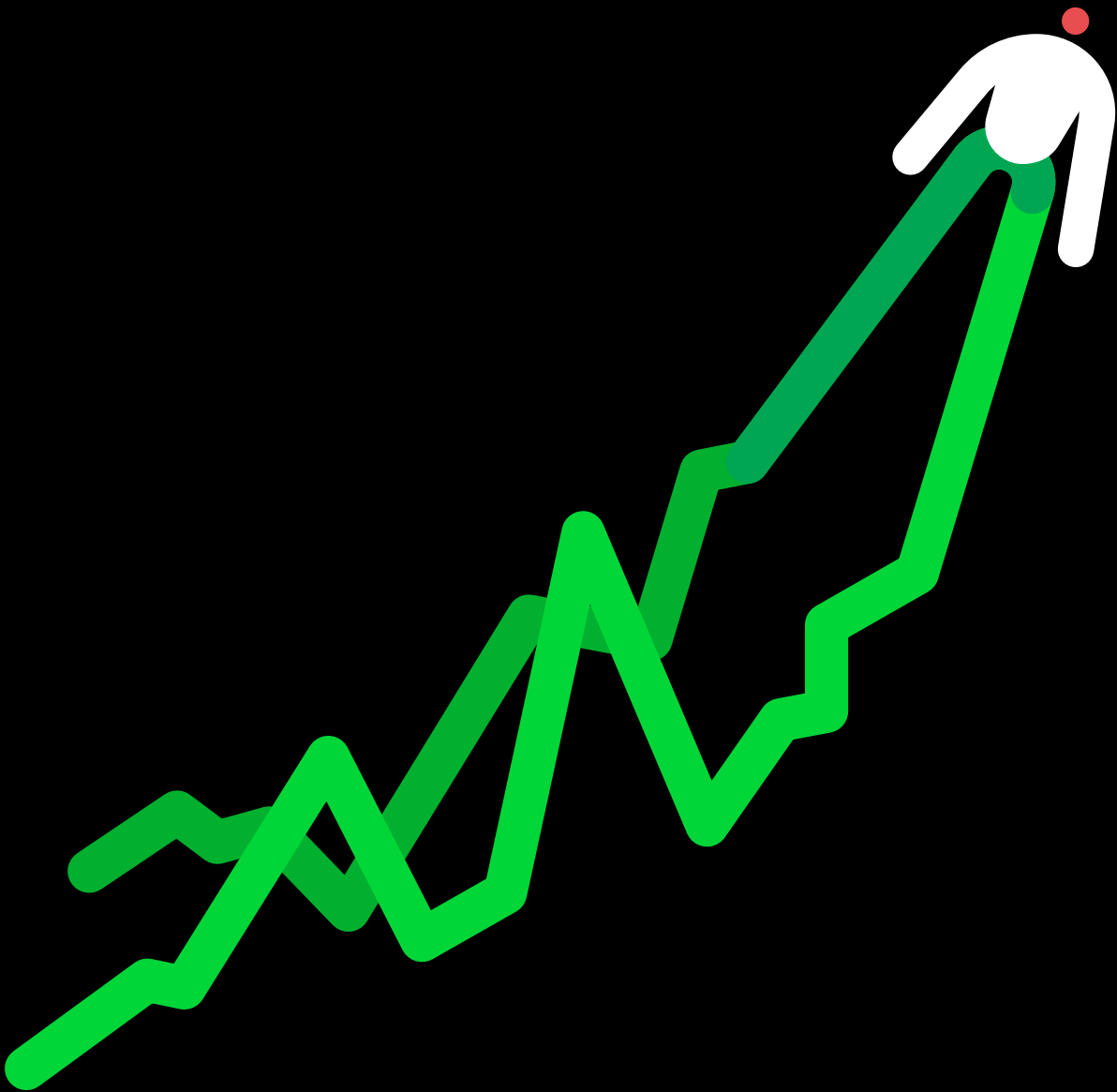
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# Table of Contents

**Page 3**  
Tax tables and rates for 2024/2025

**Page 6**  
Payroll tax and other important amendments

**Page 8**  
Sources



# Tax tables and rates for 2024/2025

(Year of assessment ending 28 February 2025)

## Income tax table: Individuals and special trusts (no change)

Taxable income	Rates of tax
R1 – R237 100	18% of taxable income
R237 101 – R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 – R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 – R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 – R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 – R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

## Rebates (no change)

Primary rebate (persons under 65)	R17 235
Secondary rebate (persons of 65 – 74 years)	R9 444
Tertiary rebate (persons 75 and older)	R3 145

## Tax thresholds (no change)

The tax thresholds at which liability for normal tax commences, are:	
Persons under 65	R95 750
Persons of 65 – 74 years	R148 217
Persons 75 and older	R165 689

## Medical scheme fees tax credits (no change)

Main member	R364
First dependant	R364
Each additional dependant	R246



### Subsistence allowances and advances

Where the recipient is obliged to spend at least one night away from his/her usual place of residence in South Africa for work purposes, an amount equal to the following is deemed to have been expended for each day or part of a day for:

- meals and incidental costs, R548 per day/part of a day;
- incidental costs only, R169 per day/part of a day.

The rates for foreign travel (travel outside South Africa) can be found on [www.sars.gov.za](http://www.sars.gov.za)

Where the recipient only spends a day or part of a day away from his/her usual place of employment/work in South Africa for work purposes and all qualifying conditions are met, an amount equal to R169 per day or part of a day is deemed to have been expended for meals and incidental costs.

**Table for calculation of rate per km/travel allowance**

Value of the vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance cost
(R)	(R)	(c/km)	(c/km)
does not exceed R100 000	34 480	151.7	46.0
exceeds R100 000 but does not exceed R200 000	61 770	169.4	57.6
exceeds R200 000 but does not exceed R300 000	89 119	184.0	63.5
exceeds R300 000 but does not exceed R400 000	113 436	197.9	69.3
exceeds R400 000 but does not exceed R500 000	137 752	211.8	81.5
exceeds R500 000 but does not exceed R600 000	163 178	243.0	95.6
exceeds R600 000 but does not exceed R700 000	188 653	247.1	107.3
exceeds R700 000 but does not exceed R800 000	215 447	251.2	118.9
exceeds R800 000	215 447	25.2	118.9



#### Prescribed rate for reimbursive kilometres

The rate has increased from R4.64 to R4.84 per kilometre.

#### Retirement fund lump sum withdrawal benefit (no change)

Taxable income (R)	Rate of tax
R1 – R27 500	0% of taxable income
R27 501 – R726 000	18% of taxable income above R27 500
R726 001 – R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

#### Retirement fund lump sum benefits or severance benefits (no change)

Taxable income (R)	Rate of tax
R1 – R550 000	0% of taxable income
R550 001 – R770 000	18% of taxable income above R550 000
R770 001 – R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

# Payroll tax and other important amendments

This section explains the most important amendments according to the Taxation Laws Amendment Act, 2023, and the Tax Administration Laws Amendment Act, 2023 affecting employers and employees. It also contains the changes to the National Minimum Wage rates. All changes are effective March 2024, except where mentioned otherwise.

## PAYE

### Definition of employer

The definition of 'employer' has been widened to include non-resident employers conducting business through a permanent establishment in South Africa, and representative employers. These employers will be required to register for PAYE, UIF and SDL purposes.

### Deduction for contributions towards retirement funds

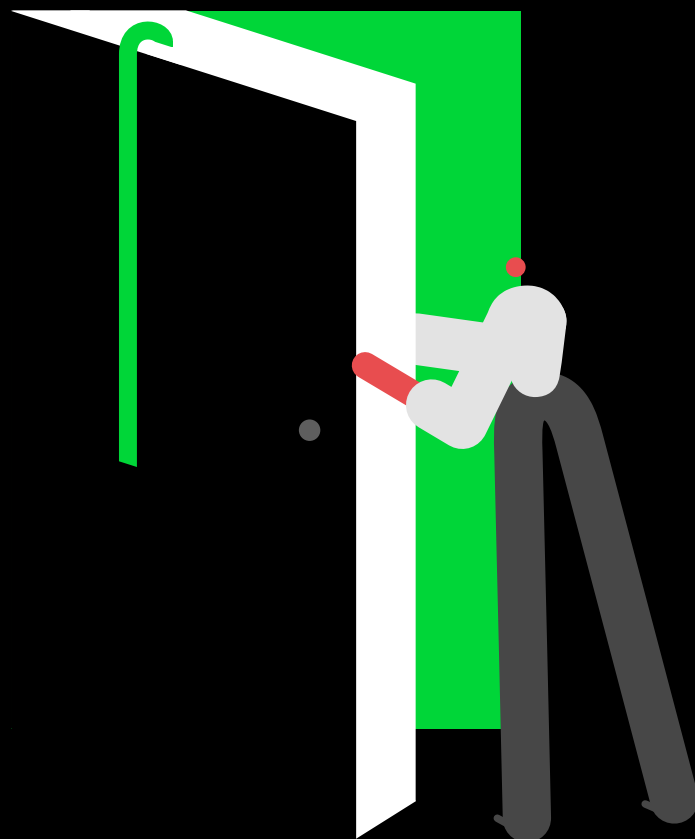
Deductions towards retirement funds will be limited to R350 000 for any twelve-month period. Before the amendment, the deduction was limited to R350 000 for each year of assessment. This resulted in individuals who had two years of assessment in a twelve-month period (due to ceasing SA tax residency) possibly claiming a deduction in excess of R350 000.

### Limitation of deemed employee contributions towards retirement funds

An employee is allowed a tax deduction for contributions made towards retirement funds. Contributions made by the employer for the benefit of the employees are "deemed employee contributions" and are also allowed as a deduction, subject to the limits. The Act is amended in that "deemed employee contributions" (fringe benefit) will be allowed as a deduction provided that the fringe benefit is not exempt from tax e.g., if the fringe benefit is not taxed because it is exempt under the foreign employment income exemption, then the deemed employee contribution (fringe benefit) may not be allowed as a tax deduction.

### Foreign taxes paid in respect of Vesting of Equity Instrument (section 8C) to be taken into account when applying for a tax directive

When applying for a tax directive for a vested equity instrument, an employer may take into account the foreign taxes paid when determining the PAYE on the gains.





## Other important amendments

### **OID Maximum Earnings**

The OID limit for the 2023 assessment period (March 2023 - February 2024) is R568 959. The limit for the 2024 assessment period has not been published yet.

### **National Minimum Wage increase**

From March 2024, the National Minimum Wage rates will increase –

- from R25.42 to R27.58 per hour,
- from R25.42 to R27.58 per hour for farm workers,
- from R25.42 to R27.58 per hour for domestic workers,
- from R13.97 to R15.16 per hour for workers employed on an expanded public works programme, and
- for workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Act, new rates are indicated in Schedule 2 of the Government Gazette.

### *Impact on ETI (Employment Tax Incentive)*

One of the requirements for an employee to qualify for ETI is that the employee must earn at least the minimum wage, which is –

- the higher of –
  - the applicable minimum wage according to the National Minimum Wage Act, or
  - the applicable minimum wage according to the wage regulating measure (i.e. collective agreement, bargaining council or sectoral determination), or
- if none of the above is applicable (i.e. no wage regulating measure is applicable and the employer is exempt from the National Minimum Wage after successful application), then the employee must earn a monthly wage of at least R2 000 for a full month (160 ordinary employed and remunerated hours).



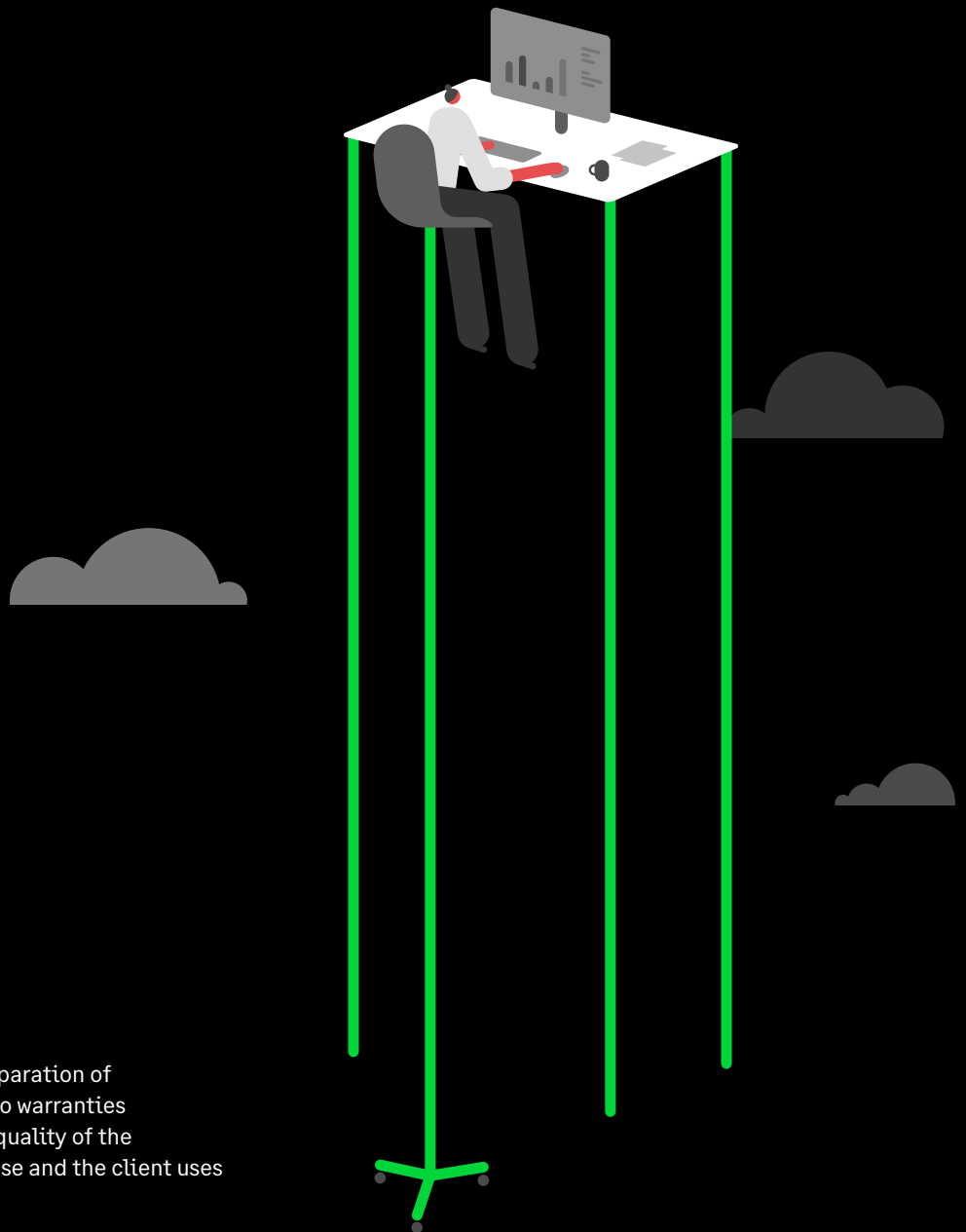
The employer must confirm that the correct minimum wage rate per hour is processed for each employee from 1 March 2024, to ensure the correct 'minimum wage test for ETI' is applied by the system.

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# Sources

- Taxation Laws Amendment Act, 2023
- Tax Administration Laws Amendment Act, 2023
- Draft Explanatory Memorandum on the Draft Taxation Laws Amendment Bill, 2023
- Draft Memorandum on the objects of the Draft Tax Administration Laws Amendment Bill, 2023
- National Budget Speech 2024
- National Minimum Wage - Gazette No. 50073



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