



## Summary

# Budget Speech: 2025/2026 All you need to know

Sage

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# Tax tables and rates for 2025/2026

(Year of assessment ending 28 February 2026)

## 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, R570 per day/part of a day;
- incidental costs only, R176 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 R176 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	33 940	146.7	47.4
exceeds R100 000 but does not exceed R200 000	60 688	163.8	59.3
exceeds R200 000 but does not exceed R300 000	87 497	177.9	65.4
exceeds R300 000 but does not exceed R400 000	111 273	191.4	71.4
exceeds R400 000 but does not exceed R500 000	135 048	204.8	83.9
exceeds R500 000 but does not exceed R600 000	159 934	234.9	98.5
exceeds R600 000 but does not exceed R700 000	184 867	238.9	110.5
exceeds R700 000 but does not exceed R800 000	211 121	242.9	122.5
exceeds R800 000	211 121	242.9	122.5



#### Prescribed rate for reimbursive kilometres

The rate has decreased from R4.84 to R4.76 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

#### Employment tax incentive (ETI)

Monthly remuneration	First 12 incentive months	Next 12 incentive months
R0 – R2 499.99	60% of monthly remuneration	30% of monthly remuneration
R2 500 – R5 499.99	R1 500	R750
R5 500 – R7 499.99	Formula: $R1\,500 - (0.75 \times (\text{monthly remuneration} - R5\,500))$	Formula: $R750 - (0.375 \times (\text{monthly remuneration} - R5\,500))$



# Payroll tax and other important amendments

This section explains the most important amendments introduced by the Taxation Laws Amendment Act, 2024, and the Tax Administration Laws Amendment Act, 2024, affecting employers and employees. It also contains the changes to the National Minimum Wage rates. All changes are effective March 2025, except where mentioned otherwise.

## Remuneration proxy

The term 'associated institution' is used in the definition of remuneration proxy which is relevant when calculating the fringe benefit for scholarships/bursaries, employer-provided accommodation and low cost housing.

The amended legislation now clarifies that 'associated institution' is an associated institution as defined in the Seventh Schedule to the Income Tax Act and not the ordinary meaning of 'associated institution'.

## Definition of 'monthly remuneration' for ETI

The amended provision clarifies that an amount other than a cash payment to the employee after adding back deductions in terms of section 34(1)(b) of the Basic Conditions of Employment Act, must be disregarded when determining the 'monthly remuneration' paid or payable for the purpose of calculating the Employment Tax Incentive (ETI).

Remuneration for the purpose of calculating ETI should therefore exclude non-cash benefits and must be reduced with those deductions not allowed as per the BCEA. Monthly remuneration is therefore limited to cash amounts paid to the employee plus any amount that the employer has legally deducted under section 34(1)(b) of the BCEA.

Employers are encouraged to ensure the correct classification of deductions and indicate deductions not permitted in terms of a law, collective agreements, court orders or arbitration awards to enable accurate ETI calculations.

## Extension of the learnership allowance

The learnership tax incentive is extended by another three years, to April 2027, in line with the Minister's 2024 Budget announcement to further facilitate the evaluation of the tax incentive.

## Labour broker with an exemption certificate

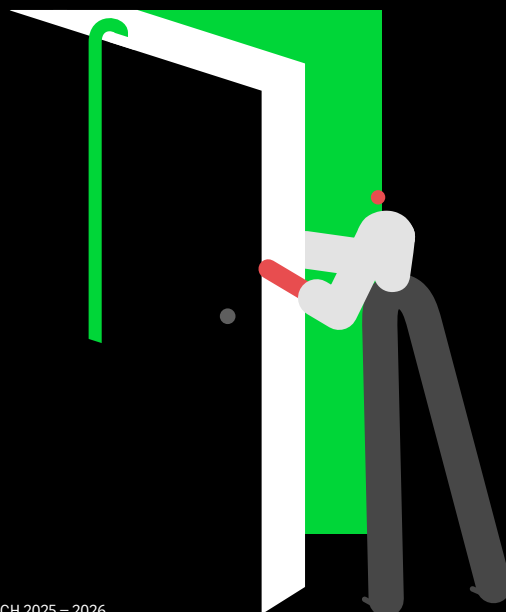
A labour broker who has been issued an exemption certificate is specifically included in the definition of a provisional taxpayer.

## New payroll tax deduction - Refunds/repayments to employers

Previously, the legislation provided for a tax deduction when an employee repaid an amount to the employer that had been included in the employee's taxable income. For example, if an employee was paid during maternity leave and had an agreement to repay the salary should they not work for a certain period after returning, the employer could issue a letter stating that the employee had repaid the salary, which was earned and taxed in the prior assessment year. The employee could then claim a tax deduction upon assessment.

In the past, the South African Revenue Service (SARS) has also informally allowed payroll administrators to make corrections within the same year of assessment to avoid prejudicing taxpayers. However, with the introduction of monthly payroll reporting in the future, it was necessary to amend the legislation to explicitly allow refunds made within the same year of assessment to be allowed as a tax deduction too.

Effective March 2025, an employee will be entitled to a tax deduction on the payroll if they repay the employer any amount in respect of services rendered which was included in remuneration in the current or prior year of assessment. The tax deduction will be limited to the remuneration for the month during which the refund is deducted, and any excess may be carried forward to the following month if it falls within the same year of assessment in which the refund is paid. The deduction must be reflected against IRP5 code 4042.



## Other important amendments

### **OID Maximum Earnings**

The OID limit for the 2024 assessment period (March 2024 – February 2025) is R597 328. The limit for the 2025 assessment period has not been published yet.

### **National Minimum Wage increase**

From March 2025, the National Minimum Wage rates will increase –

- from R27.58 to R28.79 per hour,
- from R27.58 to R28.79 per hour for farm workers,
- from R27.58 to R28.79 per hour for domestic workers,
- from R15.16 to R15.83 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 500 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 2025, to ensure the correct 'minimum wage test for ETI' is applied by the system.



### **BCEA Earnings Threshold**

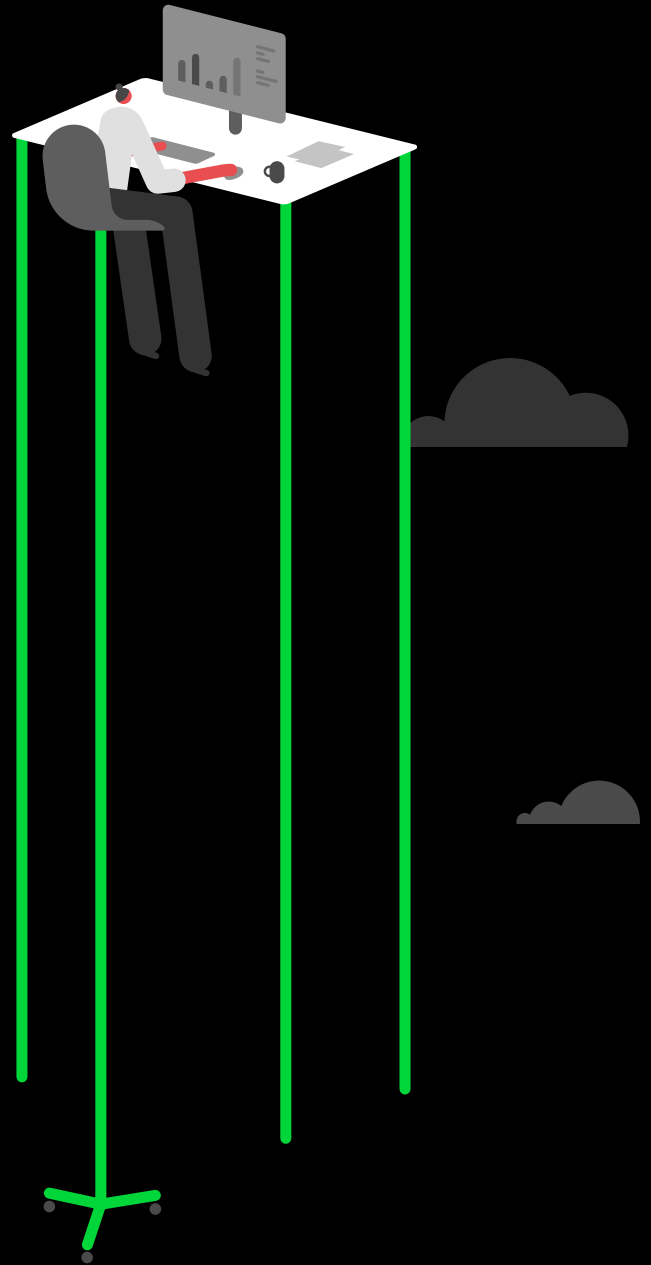
The BCEA earnings threshold will increase to R261 748,45 per annum, effective 1 April 2025. Therefore, effective 1 April 2025, employees earning in excess of R261 748,45 per annum are excluded from sections 9, 10, 11, 12, 14, 15, 16, 17(2) and 18(3) of the BCEA.

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# Sources

- Taxation Laws Amendment Act, 2024
- Tax Administration Laws Amendment Act, 2024
- Draft Explanatory Memorandum on the Draft Taxation Laws Amendment Bill, 2024
- Memorandum on the objects of the Tax Administration Laws Amendment Bill, 2024
- National Budget Speech 2025
- National Minimum Wage - Gazette No. 52053
- BCEA Earnings Threshold - Gazette No. 52232



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