

Sage Business Cloud Payroll

Release Notes

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Sage

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1.0 RSA: Tax Related Items Relevant to the System

The following amendments, according to the Budget Speech by the Minister of Finance on 25 February 2026 are effective from **1 March 2026** (Year of assessment ending 28 February 2027), unless stated otherwise.

1.1 Tax Table 2026/2027

Taxable Income (R)	Fixed Amount	Rate of Tax (R)
1 – 245 100.00	0	18% of taxable income
245 100.01 – 383 100.00	44 118 +	26% of taxable income above 245 100
383 100.01 – 530 200.00	79 998 +	31% of taxable income above 383 100
530 200.01 – 695 800.00	125 599 +	36% of taxable income above 530 200
695 800.01 – 887 000.00	185 215 +	39% of taxable income above 695 800
887 000.01 – 1 878 600.00	259 783 +	41% of taxable income above 887 000
1 878 600.01 and above	666 339 +	45% of taxable income above 1 878 600

Tax Rebates

Primary (Persons under 65) R17 820

Secondary (Persons 65 and Older) R9 765

Tertiary (Persons 75 and Older) R3 249

Age Tax Thresholds (The tax thresholds at which liability for normal tax commences)

Below age of 65 R99 000

Age 65 to below 75 R153 250

Age 75 and over R171 300

Medical Scheme Fees Tax Credit

Main Member R376

First Dependant R376

Additional Dependents R254

Personal Service Providers (Company): 27%

Personal Service Providers (Trusts) 45%

You can view the Statutory Rates of Tax by clicking on the <View Tax Calculation> button and then select the <View Tax Rates> button on any Employee's Payslip Screen.

1.2 Retirement Fund Lump Sum Withdrawal Benefits

These rates have remained **unchanged**.

Taxable Income (R)	Fixed Amount	Rate of Tax (R)
1 – 27 500	0	0% of taxable income
27 501 – 726 000	0	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 +	27% of taxable income above 726 000
1 089 001 and above	223 740 +	36% of taxable income above 1 089 000

1.3 Retirement Fund Lump Sum Benefits or Severance Benefits

These rates have remained **unchanged**.

Taxable Income (R)	Fixed Amount	Rate of Tax (R)
1 – 550 000	0	0% of taxable income
550 001 – 770 000	0	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 +	27% of taxable income above 770 000
1 155 001 and above	143 550 +	36% of taxable income above 1 155 000

1.4 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:

Subsistence Allowance (RSA)	
Meals and Incidentals	R595 per day/part of a day
Incidentals Only	R184 per day/part of a day

Foreign subsistence rates can be found on the SARS website.

1.5 Reimbursements/Advances for Business Travel on Day Trips

Reimbursement/Advance for Business Travel on Day Trips (RSA)	
Meals and Incidentals	R184 per day/part of a day

1.6 Vehicle Lookup for the Purpose of Calculating a Travel Allowance

Where the value of the vehicle -	Fixed Cost R	Fuel Cost c/km	Maintenance Cost c/km
does not exceed R115 000	38 344	132.9	49.1
exceeds R115 001 but does not exceed R230 000	68 487	148.4	61.4
exceeds R230 001 but does not exceed R345 000	98 689	161.2	67.8
exceeds R345 001 but does not exceed R460 000	125 393	173.4	74.0
exceeds R460 001 but does not exceed R575 000	152 097	185.5	86.9
exceeds R575 001 but does not exceed R690 000	180 078	212.8	102.0
exceeds R690 001 but does not exceed R805 000	208 106	216.5	114.5
exceeds R805 001 but does not exceed R920 000	237 679	220.1	126.9
exceeds R920 000	237 679	220.1	126.9

1.6.1 Prescribed Rate for Reimbursible Kilometres (Travel)

Prescribed Rate Per Kilometre

R4.95 per kilometre (**increased** from R4.76)

Please Note:

If you have entered travel transactions before the latest system update was applied, the rate per kilometre used to determine the excess for PAYE inclusion was calculated at R4.76. Delete these transactions and recapture them to apply the increased rate of R4.95/km.

1.7 Cumulative Exemption for Retirement Fund Benefits and Severance Benefits

This amount has remained **unchanged**.

Cumulative Exemption for Retirement Benefits and Severance Benefits

R550 000.00

1.8 Value of 'B' in the Residential Accommodation Fringe Benefit Calculation

The new tax threshold is R99 000 and is usually the value of "B" in the calculation.

Please Note:

The value of "B" has not yet been promulgated at time of printing. Please verify this value before doing the calculation.

1.9 Negative PAYE, UIF and SDL Values

In previous versions, our payroll system allowed negative Tax values in specific cases, giving users flexibility in handling exceptional payroll scenarios. To prevent unintended misuse and support consistent tax reporting, the system will set negative Tax amounts to zero from March 2026.

2.0 RSA: Changes Affecting the System

The following amendments are effective **01 March 2026** except where otherwise mentioned.

2.1 Retirement Fund Contribution Deduction Limit

An employee is allowed a deduction from remuneration for contributions made to a pension, provident and retirement annuity fund. The deductible amount is limited to the lower of:

- 27.5% of remuneration (excluding severance benefits and retirement fund lump sums), or
- R350 000 per annum.

Where an employee is employed for only part of a year of assessment, the R350 000 limit is pro-rated based on the ratio of the period of employment during the tax year to the total period of the tax year.

The R350 000 limit has remained unchanged since 2016 and has not kept pace with inflation. As a result, an increase in the limit is proposed to restore its real value and encourage an increase in the saving rates for South Africans.

It is proposed that the annual limit will increase to the lower of:

- 27.5% of remuneration (excluding severance benefits and retirement fund lump sums), or
- **R430 000** per annum.

Please Note:

Although the relevant legislation change has not been formally enacted, SARS confirmed that it applies from 1 March 2026.

2.1.1 System Modifications

The retirement fund contribution deduction limit has been increased in line with legislative changes. This update has already been applied within the payroll calculations, so all processed payrolls will automatically use the new limit.

2.2 National Minimum Wage Increase (ETI Codes)

The Minister of Employment and Labour published Government Gazette No. 54075, increasing the national minimum wage, with effect from **1 March 2026**, as follows:

- from R28.79 to R30.23 per hour,
- from R28.79 to R30.23 per hour for farm workers,
- from R28.79 to R30.23 per hour for domestic workers,
- from R15.83 to R16.62 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, 1998 (Act No. 97 of 1998), new rates are indicated in Schedule 2 of the Government Gazette.

Please Note:

For Employment Tax Incentive (ETI) purposes, you must confirm that the correct minimum wage rate per hour is processed for each employee from **1 March 2026**, to ensure the correct **'minimum wage test'** is applied by the system.

2.3 OID Annual Limit and Earnings Definition

2.3.1 Annual Limit

The OID limit for the 2025 assessment period (March 2025 - February 2026) is **R663 168**. The OID limit for the 2026 assessment period (March 2026 – February 2027) has **not be published yet**.

The OID Report can be accessed by navigating to:

- Reports > Compliance tab > Occupational injuries & diseases (OID)

The limit is automatically applied to the OID PDF Details and Summary Reports.

2.3.2 Earnings Definition

The Department of Employment and Labour has published Gazette No 52558 providing guidance on how earnings must be calculated and reported on the **Return of Earnings (ROE)**.

An employer shall include the following earning types with employees' earnings (salary/wages):

- 13th cheque
- Service bonus
- Holiday bonus/pay/Christmas bonus
- Housing allowance/subsidy allowance
- Acting allowance
- Attendance allowance
- Overtime allowance
- Commission
- Danger allowance
- Grazing allowance
- Production bonus
- Public holiday allowance
- Rural allowance
- Shift allowance
- Sunday allowance
- Night shift allowance
- Standby allowance
- Harvest allowance
- Scarce skills allowance
- Petrol/Car/Cell phone allowance
- Transport allowance

- Travel allowance
- Value of free food and quarters (accommodation)
- Any other non-pensionable allowance

The following list are examples of allowances that shall be excluded when calculating earnings:

- Reimbursements
- Ex-gratia payments (voluntary payments to employees without legal obligation)

It is our understanding that the list of inclusions provided above is not exhaustive and other earnings not specifically mentioned can be included in ROE earnings. We recommend erring on the side of caution and include all earnings unless they are explicitly mentioned in the exclusion.

2.4 Long Service/Bravery Award Limits

A qualifying long service award is an award granted to an employee in recognition of an initial unbroken period of 15 years' service with the same employer, or for each subsequent unbroken period of 10 years' service thereafter. Such awards may be provided in cash or in kind, for example gift vouchers, assets acquired at less than market value, or the right of use of an asset.

Currently, the total value of all qualifying long service awards is exempt from tax up to R5 000, with any amount more than this threshold being taxable.

This threshold has remained unchanged since 2003 and has not kept pace with inflation. As a result, an increase in the tax-exempt threshold is proposed from **R5 000** to **R16 000** to restore its real value. Where an employee is granted a qualifying long service award(s), the first R16 000 of such award(s) will not be subject to tax.

Please Note:

The system will not automatically calculate the taxability of the long service award that exceeds R16 000. It is the user's responsibility to define the additional lines with the applicable IRP5 code(s) and then to allocate the values accordingly.

Although the relevant legislation change has not been formally enacted, SARS confirmed that it applies from 1 March 2026.

2.5 Occupational Death Lump Sum Benefits

A qualifying occupational death lump-sum benefit is paid by an employer in respect of an employee who dies because of an occupational accident.

Currently, the first R300 000 of an occupational death lump-sum benefit is exempt from tax. This threshold was last reviewed in 2007 and has not kept pace with inflation. An increase in the tax-exempt amount is therefore proposed from **R300 000** to **R800 000** to restore its real value.

Where an employer pays an occupational death lump-sum benefit, the first R800 000 of the benefit will not be subject to tax. The employer will, however, still be required to apply for a **tax directive** prior to paying the death benefit.

Please Note:

Although the relevant legislation change has not been formally enacted, SARS confirmed that it applies from 1 March 2026.

2.6 Income Tax Reference Number Validation

SARS has updated e@syFile (version 8.0.1_336) to allow employers to import IRP5 files even if an employee's Income Tax Reference Number is missing. In this version, missing numbers will trigger a warning, but will not block the import.

Our system has not made any changes in this regard, as SARS may still enforce stricter validations in future updates.

We recommend that you continue to collect any outstanding Income Tax Reference Numbers from employees to ensure compliance if SARS reinstates or strengthens this requirement in future releases of e@syFile.

3.0 RSA: Changes not Affecting the System

The following amendments are effective **01 March 2026** except where otherwise mentioned.

3.1 Exempt Bursary/Scholarships

A taxable benefit arises where an employer provides study assistance to a relative or family member of an employee in the form of a bursary or scholarship (i.e. closed bursaries/scholarships). However, the benefit may be exempt from tax where the employee's remuneration proxy falls below the prescribed threshold, and the value of the bursary or scholarship does not exceed the applicable exemption.

The remuneration proxy and tax-exemption thresholds applicable to bursaries and scholarships granted to relatives and family members of employees are increased as follows:

- **Remuneration proxy:**
Increased from R600 000 to R900 000
- **Bursaries and scholarships granted to relatives without a disability:**
 - NQF Levels 1–4 (Grade R–12): Increased from R20 000 to R30 000
 - NQF Levels 5–10: Increased from R60 000 to R90 000
- **Bursaries and scholarships granted to family members with a disability:**
 - NQF Levels 1–4 (Grade R–12): Increased from R30 000 to R45 000
 - NQF Levels 5–10: Increased from R90 000 to R130 000

Where the employee's remuneration proxy does not exceed R900 000 and the value of the bursary or scholarship falls within the applicable exemption thresholds, no taxable fringe benefit will arise. Any amount exceeding the relevant exemption threshold will be subject to tax.

Please Note:

Although the relevant legislation change has not been formally enacted, SARS confirmed that it applies from 1 March 2026.

3.2 Immovable Property Used for Residential Purposes

No taxable value is determined in respect of an immovable property acquired for residential purposes, provided that:

- the employee's remuneration proxy does not exceed R250 000, and
- the value of the property or loan does not exceed R450 000.

These thresholds are increased to:

- R360 000 in respect of the remuneration proxy, and
- R650 000 in respect of the property or loan value.

Please Note:

Although the relevant legislation change has not been formally enacted, SARS confirmed that it applies from 1 March 2026.

4.0 RSA: Other Proposed Changes (not yet enacted)

This section explains the most important proposed amendments according to the Taxation Laws Amendment Bill, 2025 and the Tax Administration Laws Amendment Bill, affecting employers and employees. Once enacted, we will inform users.

4.1 Remuneration Proxy

Remuneration proxy refers to an employee's remuneration from the previous year, annualised if the employee worked for less than the full tax year. If the employee was not employed in the prior year, the remuneration for their first month of employment is annualised after considering all allowable exemptions.

The remuneration proxy is used when calculating fringe benefits for scholarships or bursaries, employer-provided accommodation, and low-cost housing.

Proposed legislative change (not yet enacted)

It is proposed that the foreign income exemption will be excluded from the remuneration proxy calculation with effect from 1 March 2026.

Please Note:

The proposed legislation change has not been formally enacted, and no implementation directive or confirmation has been issued by SARS.

We will notify users once the amendment is enacted.

4.2 Gains Derived by Directors or Employees from Rights to Acquire Marketable Securities Obtained prior to 26 October 2004

Gains made by directors or employees from rights to acquire marketable securities granted before 26 October 2004 were previously taxed when those rights were exercised. These rules were subsequently replaced by a regime that taxes such rights on vesting.

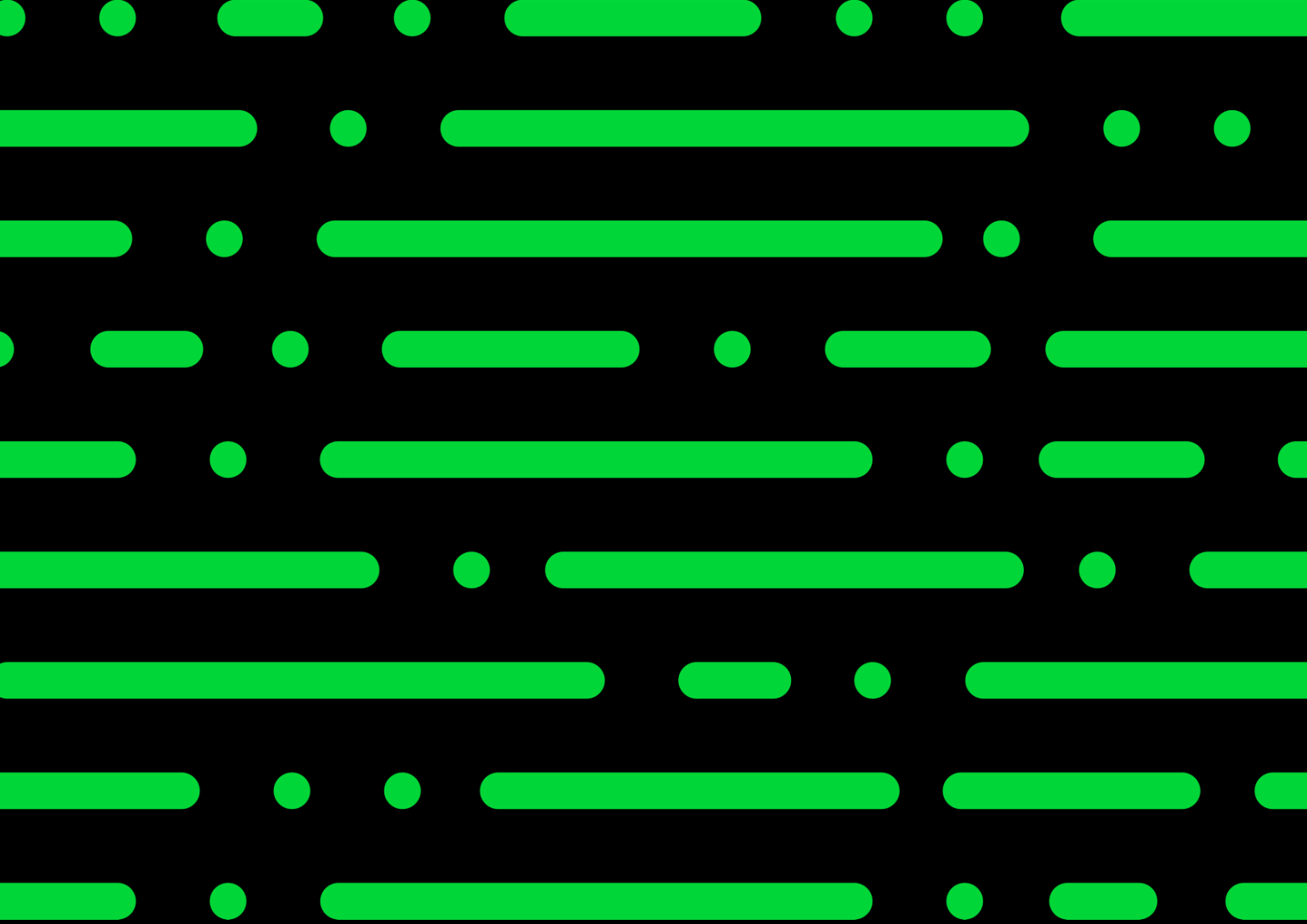
Proposed legislative change (not yet enacted)

It is proposed to repeal the earlier provision that taxed the rights on exercise.

Please Note:

The proposed legislation change has not been formally enacted, and no implementation directive or confirmation has been issued by SARS.

We will notify users once the amendment is enacted.



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