Smarter Accounting

'Where Results Matter'

Budget 2026/27 - Tax Highlights

Summary for clients (South Africa)

The main tax rates are unchanged, but several thresholds and rebates increased. Below are the key numbers most relevant to individuals, small businesses and property transactions for the 2026/27 tax year (effective dates noted).

At a glance

- No change: headline tax rates, dividends tax (20%), VAT rate (15%), trusts (45%), estate duty rates.
- Moved up: individual brackets and rebates; donations exemption; CGT exclusions; medical credits; VAT registration threshold; Turnover Tax thresholds.

1) Individuals - rates unchanged, relief via thresholds

- Maximum marginal rate remains 45% (applies from taxable income above R1,878,601).
- Minimum rate remains 18% (applies on taxable income up to R245,100).
- Primary rebate increased to R17,820; age 65+ rebate to R9,765; age 75+ additional rebate to R3,249.
- Tax thresholds (no tax payable): Under 65: R99,000 | Age 65-74: R153,250 | Age 75+: R171,300.

Individual tax table (2026/27)

Taxable income (R)	Rates of tax
0 - 245,100	18% of taxable income
245,101 - 383,100	R44,118 + 26% of taxable income above R245,100
383,101 - 530,200	R79,998 + 31% of taxable income above R383,101
530,201 - 695,800	R125,599 + 36% of taxable income above R530,201
695,801 - 887,000	R185,215 + 39% of taxable income above R695,801
887,001 - 1,878,600	R259,783 + 41% of taxable income above R887,001
1,878,601 and above	R666,339 + 45% of taxable income above R1,878,601

Interest and savings

- Interest exemption unchanged: R23,800 (under 65) and R34,500 (65+).
- Tax-free savings / approved investments dispensation increased to R46,000 per tax year.

2) Estates, donations, CGT and property taxes

- Estate duty and donations tax rates unchanged: 20% up to R30m; 25% above R30m.
- Estate duty abatement unchanged at R3.5m per person (up to R7m combined for surviving spouse).
- Donations exemption increased to R150,000 per tax year (natural persons). Donations between spouses remain exempt.

Capital Gains Tax (CGT)

- Annual capital gain exclusion increased to R50,000.
- Primary residence CGT exclusion increased to R3.0m.
- Capital gain exclusion at death increased to R440,000.

Transfer duty (property purchases)

Rates and thresholds remain the same:

- 0%: property value up to R1,210,000.
- 3%: R1,210,001 to R1,663,800.
- 6%: R1,663,801 to R2,329,300.
- 8%: R2,329,301 to R2,994,800.
- 11%: R2,994,801 to R13.31m.
- 13%: above R13.31m.

3) Retirement, medical and small business highlights

Retirement funds

- Retirement fund contributions: deductible up to 27.5% per annum, capped at R430,000.
- Commutation threshold (full lump sum allowed) increased to R360,000.
- Two-Pot retirement system implemented 1 September 2024 (limited access to savings pot subject to rules).

Retirement lump-sum tax tables (updated)

Taxable income (R)	Rates of tax
0 - 27,500	0% of taxable income
27,501 - 726,000	18% of taxable income above R27,500
726,001 - 1,089,000	R125,730 + 27% of taxable income above R726,000
1,089,001 and above	R223,740 + 36% of taxable income above R1,089,000

Taxable income (R)	Rates of tax
0 - 550,000	0% of taxable income
550,001 - 770,000	18% of taxable income above R550,000
770,001 - 1,155,000	R39,600 + 27% of taxable income above R770,000
1,155,001 and above	R143,550 + 36% of taxable income above R1,155,000

Medical scheme fees tax credit (monthly)

- R376 for the taxpayer and first dependant.
- R254 for each additional dependant.

VAT

- VAT rate remains 15%.
- Compulsory VAT registration threshold increased to R2.3m turnover over any 12-month period (effective 1 April 2026).

Turnover Tax (micro businesses) ***Applies to individuals & companies with annual turnover up to R2.3m (excludes most professional services).***

Threshold (R) - 2026/27	Rates of tax
0 - 600,000	0%
600,001 - 950,000	1% of amount above R600,000
950,001 - 1,400,000	R3,500 + 2% of amount above R950,000
1,400,001 and above	R12,500 + 3% of amount above R1,400,000

Foreign exchange allowances

- Offshore investment allowance remains R10m per adult per calendar year.
- Single discretionary allowance increased to R2m.

Voluntary Disclosure Programme (VDP)

If you have undisclosed income (local or foreign), SARS's permanent VDP may reduce penalties. Please speak to us before acting.

Quick action checklist

- If you are near R2.3m turnover, plan for compulsory VAT registration from 1 April 2026.
- If turnover is below R2.3m (and you qualify), re-check whether Turnover Tax is now more attractive.
- Update payroll / medical scheme data so the higher medical credits are applied correctly.
- Review retirement contributions and any planned lump sums against the updated tables.
- If you are buying or selling property, factor in transfer duty and CGT exclusions early - before you sign.
- If you have historic non-compliance or undisclosed income, get advice before approaching SARS.

How Smarter Accounting can help

- VAT registration planning, submissions and ongoing compliance.
- Turnover Tax vs normal tax review (and migrations if needed).
- SARS catch-up and compliance rescue (returns, penalties, queries).
- Payroll setup, EMP201/501 support, and correct medical credit treatment.
- Provisional tax planning for sole proprietors and companies.
- Property tax planning: CGT, transfer duty, and record-keeping support.

Need help applying this to your numbers?

Contact us: Tel: [PHONE] | Email: david@smarteraccounting.co.za | www.smarteraccounting.co.za

Note: This is a general summary. Please obtain advice for your specific circumstances.