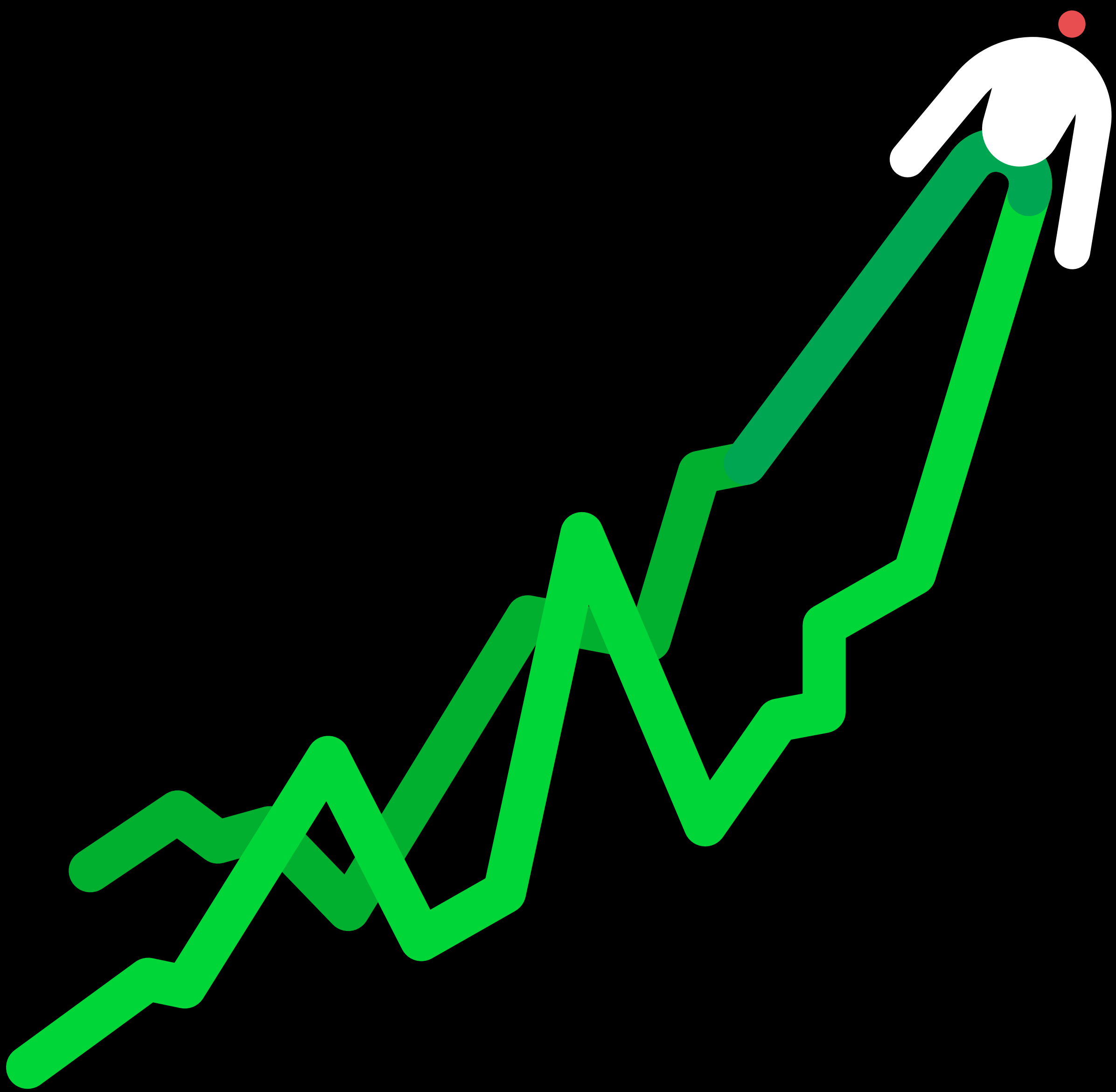
Summary

Budget Speech: 2026/2027 All you need to know

Sage

Table of Contents



Tax tables and rates for 2026/2027

(Year of assessment ending 28 February 2027)

Income tax table: Individuals and special trusts

Taxable income	Rates of tax
R1 – R245 100	18% of taxable income
R245 101 – R383 100	R44 118 + 26% of taxable income above R245 100
R383 101 – R530 200	R79 998 + 31% of taxable income above R383 100
R530 201 – R695 800	R125 599 + 36% of taxable income above R530 200
R695 801 – R887 000	R185 215 + 39% of taxable income above R695 800
R887 001 – R1 878 600	R259 783 + 41% of taxable income above R887 000
R1 878 601 and above	R666 339 + 45% of taxable income above R1 878 600

Rebates

Primary rebate (persons under 65)	R17 820
Secondary rebate (persons of 65 – 74 years)	R9 765
Tertiary rebate (persons 75 and older)	R3 249

Tax thresholds

The tax thresholds at which liability for normal tax commences, are:	
Persons under 65	R99 000
Persons of 65 – 74 years	R153 250
Persons 75 and older	R171 300

Medical scheme fees tax credits

Main member	R376
First dependant	R376
Each additional dependant	R254

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, R595 per day/part of a day;
- incidental costs only, R184 per day/part of a day.

The rates for foreign travel (travel outside South Africa) can be found on **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 R184 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 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
exceeding R920 000	237 679	220.1	126.9

Prescribed rate for reimbursive kilometres

The rate has increased from R4.76 to R4.95 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 (no change)

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 x (monthly remuneration – R5 500))	Formula: R750 – (0.375 x (monthly remuneration – R5 500))

Payroll tax and other important amendments

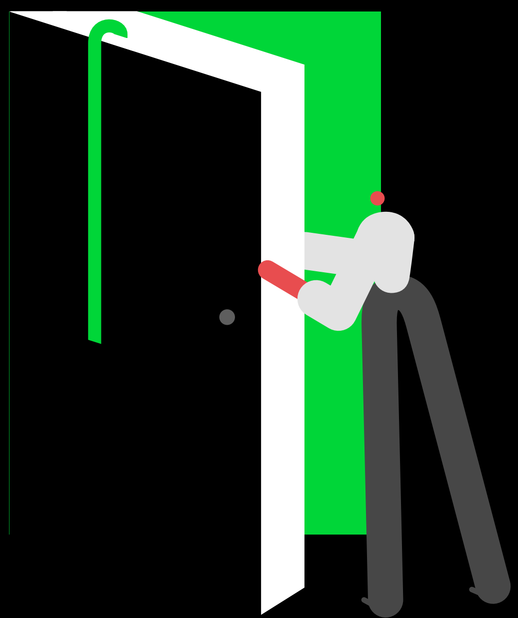
This section explains the most important proposed amendments introduced by the Taxation Laws Amendment Bill, 2025 and the Tax Administration Laws Amendment Bill, 2025 affecting employers and employees. It also contains the changes to the National Minimum Wage rates.

Remuneration proxy

A 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 taking into account all allowable exemptions. The remuneration proxy is used when calculating fringe benefits for scholarships or bursaries, employer-provided accommodation, and low-cost housing. In terms of the amended legislation, the foreign income exemption will be excluded from the remuneration proxy calculation.

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. The legislation will be amended to repeal the earlier provision that taxed the rights on exercise.



Other important amendments

OID Maximum Earnings
The OID limit for the 2025 assessment period (March 2025 - February 2026) is R633 168. The limit for the 2026 assessment period has not been published yet.

National Minimum Wage increase
From March 2026, the National Minimum Wage rates will increase –

- 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, 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 2026, to ensure the correct 'minimum wage test for ETI' is applied by the system.

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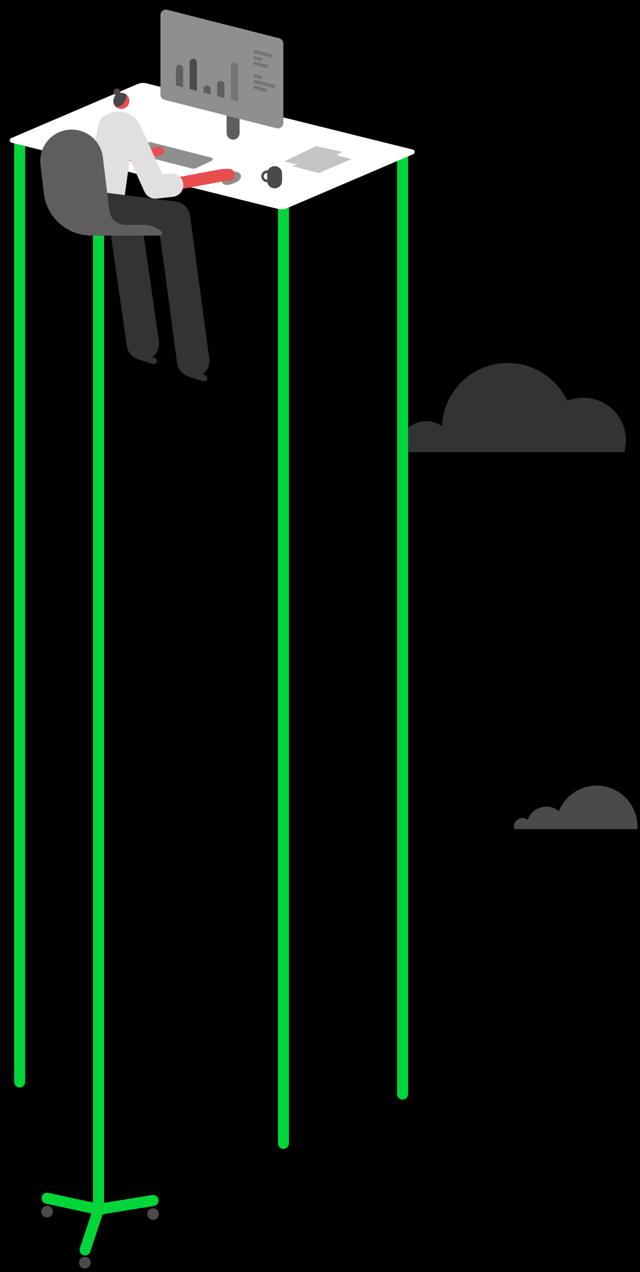
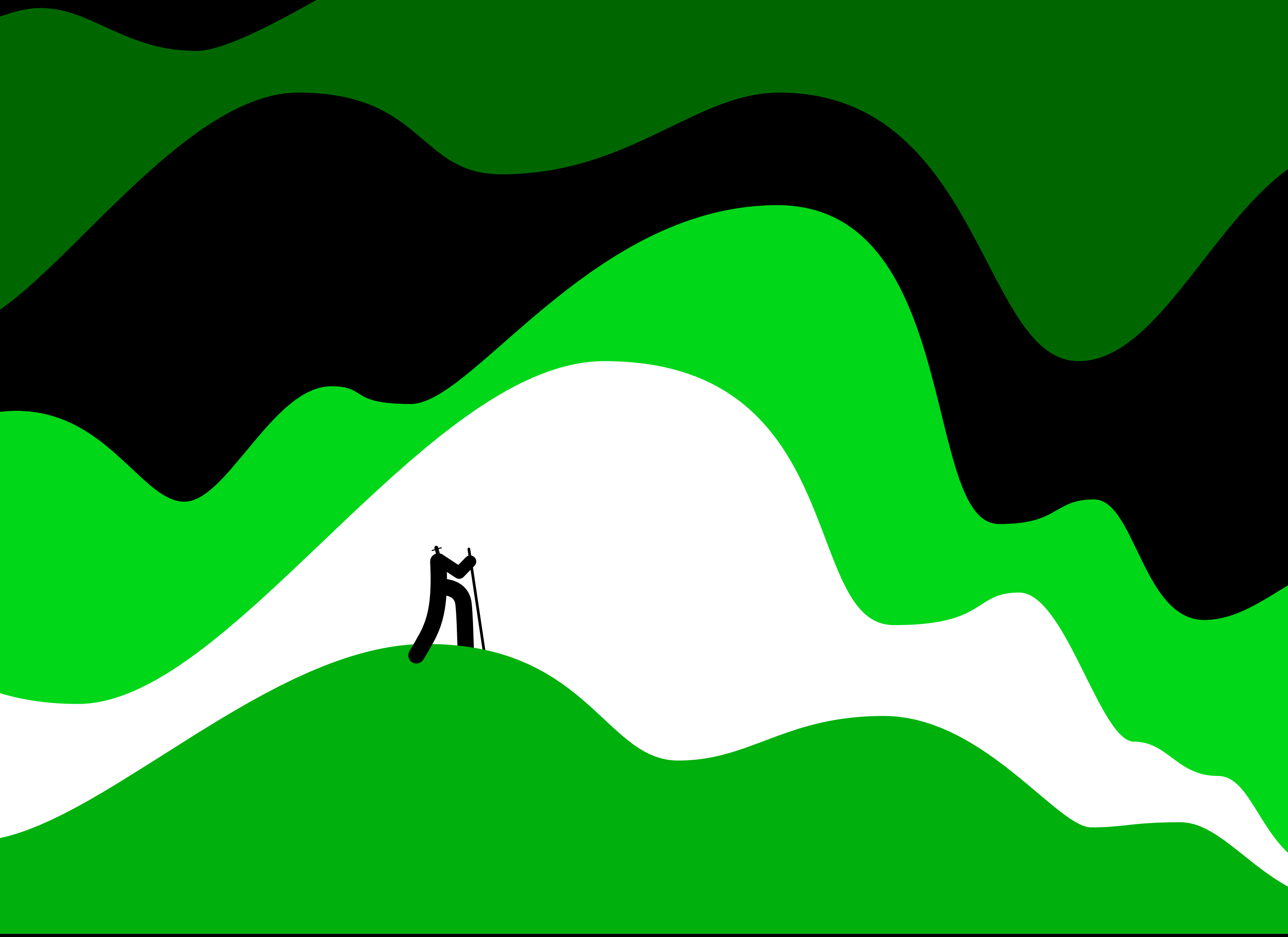
The following increases in thresholds were proposed in the 2026 Budget Speech

	Current Threshold	Proposed Threshold
Bursaries / Scholarships:		
Remuneration proxy	R600 000	R900 000
Relative without a disability		
• NQF Level 1 - 4/Grade R - 12	R20 000	R30 000
• NQF Level 5 - 10	R60 000	R90 000
Family member with a disability		
• NQF Level 1 - 4/Grade R - 12	R30 000	R45 000
• NQF Level 5 - 10	R90 000	R130 000
Employee loans for immovable property:		
Remuneration proxy	R250 000	R360 000
Market Value	R450 000	R650 000
Exemptions:		
Occupational death lump sum	R300 000	R800 000
Awards for bravery and long service	R5 000	R16 000
Retirement fund allowable deduction	Lesser of R350 000 or 27.5% of remuneration	Lesser of R430 000 or 27.5% of remuneration

Sources

- Tax Administration Laws Amendment Bill, 2025
- Tax Administration Laws Amendment Bill, 2025
- Explanatory Memorandum on the Draft Taxation Laws Amendment Bill, 2025
- National Budget Speech 2026
- National Minimum Wage - Gazette No. 54075





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