

This SARS tax pocket guide provides a summary of the most important information relating to taxes, duties and levies for 2023/24.

## INCOME TAX: INDIVIDUALS AND TRUSTS

Tax rates from 1 March 2023 to 29 February 2024:

Individuals and special trusts

| Taxable Income (R)  | Rate of Tax                                     |
|---------------------|---|
| 1 - 237 100         | 18% of taxable income                           |
| 237 101 - 370 500   | 42 678 + 26% of taxable income above 237 100    |
| 370 501 - 512 800   | 77 362 + 31% of taxable income above 370 500    |
| 512 801 - 673 000   | 121 475 + 36% of taxable income above 512 800   |
| 673 001 - 857 900   | 179 147 + 39% of taxable income above 673 000   |
| 857 901 - 1 817 000 | 251 258 + 41% of taxable income above 857 900   |
| 1 817 001 and above | 644 489 + 45% of taxable income above 1 817 000 |

### Trusts other than special trusts: rate of tax 45%

#### Rebates

|                                  |         |
|----------------------------------|---------|
| Primary                          | R17 235 |
| Secondary (Persons 65 and older) | R9 444  |
| Tertiary (Persons 75 and older)  | R3 145  |

#### Age Tax Threshold

|                    |          |
|--------------------|----------|
| Below age 65       | R95 750  |
| Age 65 to below 75 | R148 217 |
| Age 75 and over    | R165 689 |

#### Provisional Tax

A provisional taxpayer is any person who earns income by way of remuneration from an unregistered employer, or income that is not remuneration, or an allowance or advance payable by the person's principal. An individual is not required to pay provisional tax if he or she does not carry on any business, and the individual's taxable income:

- Will not exceed the tax threshold for the tax year; or
- From interest, dividends, foreign dividends, rental from the letting of fixed property, and remuneration from an unregistered employer, will be R30 000 or less for the tax year.

Provisional tax returns showing an estimation of total taxable income for the year of assessment are required from provisional taxpayers.

Deceased estates are not provisional taxpayers.

### Retirement fund lump sum withdrawal benefits

| Taxable income (R)  | Rate of tax                                     |
|---------------------|---|
| 1 - 27 500          | 0% of taxable income                            |
| 27 501 - 726 000    | 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 |

Retirement fund lump sum withdrawal benefits consist of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on withdrawal (including assignment in terms of a divorce order).

Tax on a specific retirement fund lump sum withdrawal benefit (lump sum X) is equal to:

- The tax determined by the application of the tax table to the aggregate of lump sum X, plus all other retirement fund lump sum withdrawal benefits accruing from March 2009, all retirement fund lump sum benefits accruing from October 2007, and all severance benefits accruing from March 2011; less
- The tax determined by the application of the tax table to the aggregate of all retirement fund lump sum withdrawal benefits accruing before lump sum X from March 2009, all retirement fund lump sum benefits accruing from October 2007, and all severance benefits accruing from March 2011.

### Retirement fund lump sum benefits or severance benefits

| Taxable income (R)  | Rate of tax                                     |
|---------------------|---|
| 1 - 550 000         | 0% of taxable income                            |
| 550 001 - 770 000   | 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 |

Retirement fund lump sum benefits consist of lump sums from a pension, pension preservation, provident, provident preservation or retirement annuity fund on death, retirement, or termination of employment due to attaining the age of 55 years, sickness, accident, injury, incapacity, redundancy or termination of the employer's trade.

Severance benefits consist of lump sums from or by arrangement with an employer due to relinquishment, termination, loss, repudiation, cancellation or variation of a person's office or employment.

Tax on a specific retirement fund lump sum benefit or a severance benefit (lump sum or severance benefit Y) is equal to:

- The tax determined by the application of the tax table to the aggregate of amount Y, plus all other retirement fund lump sum benefits accruing from October 2007, all retirement fund lump sum withdrawal benefits accruing from March 2009, and all other severance benefits accruing from March 2011; less
- The tax determined by the application of the tax table to the aggregate of all retirement fund lump sum benefits accruing before lump sum Y from October 2007, all retirement fund lump sum withdrawal benefits accruing from March 2009, and all severance benefits accruing before severance benefit Y from March 2011.

### Dividends

Dividends received by individuals from South African companies are generally exempt from income tax, but dividends tax, at a rate of 20%, is withheld by the entities paying the dividends to the individuals. Dividends received by South African resident individuals from REITs (listed and regulated property owning companies) are subject to income tax, and non-residents in receipt of those dividends are only subject to dividends tax.

### Foreign Dividends

Most foreign dividends received by individuals from foreign companies (shareholding of less than 10% in the foreign company) are taxable at a maximum effective rate of 20%. No deductions are allowed for expenditure to produce foreign dividends.

### Interest exemptions

Interest from a South African source, earned by any natural person under 65 years of age, up to R23 800 per annum, and persons 65 and older, up to R34 500 per annum, is exempt from income tax.

Interest earned by non-residents, who are physically absent from South Africa for at least 182 days during the 12 month period before the interest accrues, if the interest bearing debt is not effectively connected to a permanent establishment (such as a fixed place of business) in South Africa, is exempt from income tax.

### Deductions

#### Retirement fund contributions

Amounts contributed to pension, provident and retirement annuity funds during a year of assessment are deductible by members of those funds. Amounts contributed by employers and taxed as fringe benefits are treated as contributions by the individual employees. The deduction is limited to 27.5% of the greater of the amount of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sums and severance benefits). The deduction is further limited to the lower of R350 000 or 27.5% of taxable income, before the inclusion of a taxable capital gain. Any contributions exceeding the limitations are carried forward to the immediately following year of assessment, and are deemed to be contributed in that following year. The amounts carried forward are reduced by contributions set off against retirement fund lump sums and retirement annuities.

#### Medical and disability expenses

In determining tax payable, individuals are allowed to deduct a rebate based on:

- Monthly contributions to medical schemes by the individual who paid the contributions up to R364 for each of the first two persons covered by those medical schemes, and R246 for each additional dependant. This rebate is referred to as a medical scheme fees tax credit; and
- in the case of:
  - » An individual who is 65 years and older, or if an individual, his or her spouse, or his or her child is a person with a disability, 33.3% of the sum of qualifying medical expenses paid and borne by the individual, and an amount by which medical scheme contributions paid by the individual exceed three times the medical scheme fees tax credits for the tax year; or
  - » Any other individual, 25% of an amount equal to the sum of the qualifying medical expenses paid and borne by the individual, and an amount by which medical scheme contributions paid by the individual exceed four times the medical scheme fees tax credits for the tax year, limited to the amount which exceeds 7.5% of taxable income (excluding retirement fund lump sums and severance benefits).

This rebate is referred to as an additional medical expenses tax credit.

### Donations

- Deductions in respect of donations to certain public benefit organisations are limited to 10% of taxable income (excluding retirement fund lump sums and severance benefits). The amount of donations exceeding 10% of the taxable income is treated as a donation to qualifying public benefit organisations in the following tax year.

### Allowances

#### Subsistence allowances and advances

Where the recipient is obliged to spend at least one night away from his or her usual place of residence on business, and the accommodation to which that allowance or advance relates is in the Republic of South Africa, and the allowance or advance is granted to pay for:

- Meals and incidental costs, an amount of R522 is deemed to have been expended per day; or
- Incidental costs only, an amount of R161 is deemed to have been expended per day.

Where the accommodation to which that allowance or advance relates is outside the Republic of South Africa, a specific amount per country is deemed to have been expended. Details of these amounts are published on the SARS website [www.sars.gov.za](http://www.sars.gov.za), under Legal Counsel / Secondary Legislation / Income Tax Notices / 2019 / Determination of the daily amount in respect of meals and incidental costs.

Where the recipient is, by reason of the duties of his or her office or employment, obliged to spend a part of a day away from his or her usual place of work or employment, a reimbursement or advance for expenditure actually incurred by the recipient is exempt if the recipient is allowed by his or her principal to incur expenditure on meals and other incidental costs for that part of a day, and the amount of the reimbursement does not exceed R161.

#### Travelling allowance

Rates per kilometre, which may be used in determining the allowable deduction for business travel against an allowance or advance where actual costs are not claimed, are determined using the table published on the SARS website [www.sars.gov.za](http://www.sars.gov.za), under Legal Counsel / Secondary Legislation / Income Tax Notices / 2023 / Fixing of rate per kilometre in respect of motor vehicles.

#### Note:

- 80% of the travelling allowance must be included in the employee's remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.
- No fuel cost may be claimed if the employee has not borne the full cost of fuel used in the vehicle, and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (e.g. if the vehicle is covered by a maintenance plan).
- The fixed cost must be reduced on a pro-rata basis if the vehicle is used for business purposes for less than a full year.
- The actual distance travelled during a tax year, and the distance travelled for business purposes, substantiated by a log book, are used to determine the costs which may be claimed against a travelling allowance.

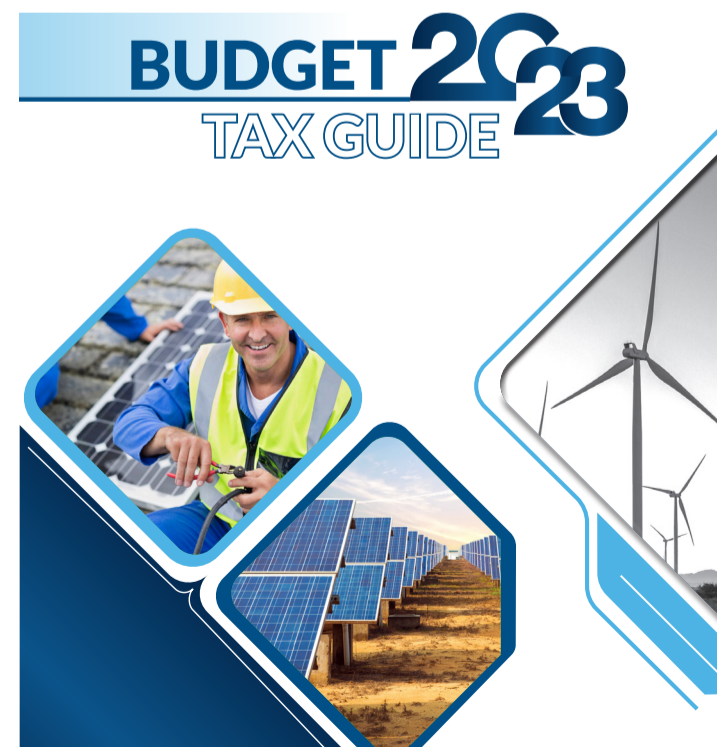
#### Alternatively:

Where an allowance or advance is based on the actual distance travelled by the employee for business purposes, no tax is payable on an allowance paid by an employer to an employee, up to the rate published on the SARS website [www.sars.gov.za](http://www.sars.gov.za), under Legal Counsel / Secondary Legislation / Income Tax Notices / 2023 / Fixing of rate per kilometre in respect of motor vehicles, regardless of the value of the vehicle.

However, this alternative is not available if other compensation in the form of an allowance or reimbursement (other than for parking or toll fees) is received from the employer in respect of the vehicle.

#### Other deductions

Other than the deductions set out above, an individual may only claim deductions against employment income or allowances in limited specified situations, e.g. bad debt in respect of salary.



## Fringe Benefits

### Employer-owned vehicles

- The taxable value is 3.5% of the determined value (the cash cost including VAT) of each vehicle per month. Where the vehicle is:
  - » The subject of a maintenance plan when the employer acquired the vehicle, the taxable value is 3,25% of the determined value; or
  - » Acquired by the employer under an operating lease, the taxable value is the cost incurred by the employer under the operating lease plus the cost of fuel.
- 80% of the fringe benefit must be included in the employee's remuneration for the purposes of calculating PAYE. The percentage is reduced to 20% if the employer is satisfied that at least 80% of the use of the motor vehicle for the tax year will be for business purposes.
- On assessment, the fringe benefit for the tax year is reduced by the ratio of the distance travelled for business purposes, substantiated by a log book, divided by the actual distance travelled during the tax year.
- On assessment, further relief is available for the cost of licence, insurance, maintenance and fuel for private travel, if the full cost thereof has been borne by the employee and if the distance travelled for private purposes is substantiated by a log book.

### Interest-free or low-interest loans

- The difference between interest charged at the official rate, and the actual amount of interest charged, is to be included in gross income.

### Residential accommodation

- The value of the fringe benefit to be included in gross income is the lower of the benefit calculated by applying a prescribed formula, or the cost to the employer if the employer does not have full ownership of the accommodation.
- The formula will apply if the accommodation is owned by the employee, but it does not apply to holiday accommodation hired by the employer from non-associated institutions.

## INCOME TAX: COMPANIES

Years of assessment ending any date between 1 April 2023 and 31 March 2024

| Type      | Rate of Tax (R)       |
|-----------|-----------------------|
| Companies | 27% of taxable income |

## INCOME TAX: SMALL BUSINESS CORPORATIONS

Years of assessment ending any date between 1 April 2023 and 31 March 2024

| Taxable Income (R) | Rate of Tax (R)                              |
|--------------------|--|
| 1 - 95 750         | 0% of taxable income                         |
| 95 751 - 365 000   | 7% of taxable income above 95 750            |
| 365 001 - 550 000  | 18 848 + 21% of taxable income above 365 000 |
| 550 001 and above  | 57 698 + 27% of the amount above 550 000     |

## TURNOVER TAX FOR MICRO BUSINESSES

Years of assessment ending any date between 1 March 2023 and 29 February 2024

| Taxable turnover (R) | Rate of tax (R)                              |
|----------------------|--|
| 1 - 335 000          | 0% of taxable turnover                       |
| 335 001 - 500 000    | 1% of taxable turnover above 335 000         |
| 500 001 - 750 000    | 1 650 + 2% of taxable turnover above 500 000 |
| 750 001 and above    | 6 650 + 3% of taxable turnover above 750 000 |

## RESIDENCE BASIS OF TAXATION

Residents are taxed on their worldwide income, subject to certain exclusions. The general principle is that foreign taxes on foreign sourced income are allowed as a credit against South African tax payable. This is applicable to individuals, companies, close corporations, trusts and estates.

## TAXATION OF CAPITAL GAINS

Capital gains on the disposal of assets are included in taxable income.

### Maximum effective rate of tax:

|                                |       |
|--------------------------------|-------|
| Individuals and special trusts | 18%   |
| Companies                      | 21.6% |
| Other trusts                   | 36%   |

Events that trigger a disposal include a sale, donation, exchange, loss, death and emigration. The following are some of the specific exclusions:

- R2 million gain or loss on the disposal of a primary residence
- Most personal use assets

- Retirement benefits
- Payments in respect of original long-term insurance policies
- Annual exclusion of R40 000 capital gain, or capital loss is granted to individuals and special trusts
- Small business exclusion of capital gains of R1.8 million for individuals (at least 55 years of age), when a small business with a market value not exceeding R10 million is disposed of
- The annual exclusion for individuals is increased to R300 000 in the year of death.

## DIVIDENDS TAX

Dividends tax is a final tax at a rate of 20%, in respect of dividends paid by resident companies, and non-resident companies on shares listed on the JSE or other South African licensed exchanges. Dividends are tax exempt if the beneficial owner of the dividend is a South African company, retirement fund, or other exempt person. Non-resident beneficial owners of dividends may benefit from reduced tax rates in limited circumstances. The tax is to be withheld by companies paying the taxable dividends, or by regulated intermediaries in the case of dividends on listed shares. The tax on dividends in kind (other than in cash) is payable, and is borne by the company that declares and pays the dividend.

## OTHER WITHHOLDING TAXES

In limited circumstances, the applicable tax rate may be reduced in terms of a tax treaty with the country of residence of a non-resident.

### Royalties

A final tax at a rate of 15%, is imposed on the gross amount of royalties from a South African source payable to non-residents.

### Interest

A final tax at a rate of 15%, is imposed on interest from a South African source, payable to non-residents. Interest is exempt if payable by any sphere of the South African government, a bank, or if the debt is listed on a recognised exchange.

### Foreign entertainers and sportspersons

A final tax at the rate of 15%, is imposed on gross amounts payable to non-residents, for activities exercised by them in South Africa as entertainers or sportspersons.

### Disposal of immovable property

A provisional tax is withheld on behalf of non-resident sellers of immovable property in South Africa, to be set off against the normal tax liability of the non-residents. The tax to be withheld from payments to the non-residents is at a rate of 7.5% for a non-resident individual, 10% for a non-resident company, and 15% for a non-resident trust that is selling the immovable property.

## OTHER TAXES, DUTIES AND LEVIES

### Value-added Tax (VAT)

VAT is levied at the standard rate of 15% on the supply of goods and services by registered vendors.

A vendor making taxable supplies of more than R1 million per annum must register for VAT. A vendor making taxable supplies of more than R50 000, but not more than R1 million per annum, may apply for voluntary registration. Certain supplies are subject to a zero rate, or are exempt from VAT.

### Transfer Duty

Transfer duty is payable at the following rates on transactions that are not subject to VAT:

Acquisition of property by all persons:

| Value of property (R)  | Rate  |
|------------------------|---|
| 1 - 1 100 000          | 0%  |
| 1 100 001 - 1 512 500  | 3% of the value above R1 100 000                    |
| 1 512 501 - 2 117 500  | R12 375 + 6% of the value above R 1 512 500         |
| 2 117 501 - 2 722 500  | R48 675 + 8% of the value above R 2 117 500         |
| 2 722 501 - 12 100 000 | R97 075 + 11% of the value above R2 722 500         |
| 12 100 001 and above   | R1 128 600 + 13% of the value exceeding R12 100 000 |

### Estate Duty

Estate duty is levied on the property of residents and the South African property of non-residents, less allowable deductions. The duty is levied on the dutiable value of an estate, at a rate of 20%, on the first R30 million, and at a rate of 25% above R30 million.

A basic deduction of R3.5 million is allowed in the determination of an estate's liability for estate duty, as well as deductions for liabilities, bequests to public benefit organisations, and property accruing to surviving spouses.

### Donations Tax

- Donations tax is levied at a flat rate of 20% on the cumulative value of property donated since 1 March 2018, not exceeding R30 million, and at a rate of 25% on the cumulative value of property donated since 1 March 2018 exceeding R30 million.
- The first R100 000 of property donated in each year by a natural person is exempt from donations tax.

- In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 per annum in total.

- Dispositions between spouses, South African group companies, and donations to certain public benefit organisations, are exempt from donations tax.

## Securities Transfer Tax

The tax is imposed at a rate of 0.25 % on the transfer of listed or unlisted securities. Securities consist of shares in companies or member's interests in close corporations.

## Tax on International Air Travel

R190 per passenger departing on international flights, excluding flights to Botswana, eSwatini, Lesotho and Namibia, in which case the tax is R100.

## Skills Development Levy

A skills development levy is payable by employers at a rate of 1% of the total remuneration paid to employees. Employers paying an annual remuneration of less than R500 000 are exempt from paying skills development levies.

## Unemployment Insurance Contributions

Unemployment insurance contributions are payable monthly by employers, on the basis of a contribution of 1% by employers and 1% by employees, based on the employees' remuneration below a certain amount.

Employers not registered for PAYE or SDL must pay the contributions to the Unemployment Insurance Commissioner.

## SARS INTEREST RATES

| Rate of interest (from 1 February 2023)                                      | Rate        |
|--|-------------|
| Fringe benefits - interest-free or low-interest loan in Rand (official rate) | 8.25% p.a.  |
| Rates of interest (from 1 March 2023)  | Rate        |
| Late or underpayment of tax  | 10.50% p.a. |
| Refund of overpayment of provisional tax                                     | 6.50% p.a.  |
| Refund of tax on successful appeal or where the appeal was conceded by SARS  | 10.50% p.a. |
| Refund of VAT after prescribed period  | 10.50% p.a. |
| Late payment of VAT  | 10.50% p.a. |
| Customs and Excise   | 10.50% p.a. |

# BUDGET Highlights

Granting tax relief by adjusting personal income tax brackets and rebates for the effect of inflation.



An expanded tax incentive for businesses of 125% of the cost of renewable energy assets used for electricity generation, brought into use during a period of 2 years from 1 March 2023.



A tax rebate to individuals for solar PV panels of 25% of the cost for a limited period, subject to certain conditions, and capped at R15 000 per individual.



Adjustments to tax tables for transfer duty, retirement fund lump sum benefits and retirement fund lump sum withdrawal benefits, to take account for the effect of inflation.



Increases of 4.9% in excise duties on alcohol and tobacco.



No changes to the general fuel levy and road accident fund levy.



The increase of the health promotion levy on beverages to 2.3 cents per gram of sugar is delayed until 1 April 2025.

