REPUBLIC OF SOUTH AFRICA

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AUDIT SERVICE LEVY BILL

(As introduced in the National Assembly (proposed section 77))
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B – 2026]

DRAFT

BILL

To impose a levy on audit firms; to provide for exemption from the levy; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Definitions

1. In this Act, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in section 1 of the Auditing Profession Act, 2005 (Act No. 26 of 2005) must bear the meaning so assigned, and—

"audit service levy" means the audit service levy imposed by section 2;

"levy period" means the calendar year preceding the commencement of the levy year;

"levy year" means the period between 1 April and 31 March of the subsequent year; and

"value-added tax" means the value-added tax envisaged in section 7 of the Value-Added Tax Act, 1991 (Act No. 89 of 1991).

Imposition of audit service levy

2. (1) A levy, known as the audit service levy, must be charged and paid in accordance with subsection (2).

(2) A firm is liable to pay the audit service levy in an amount determined in terms of section 3.

Amount and payment of audit service levy

3. (1) The amount of the audit service levy payable must be an amount not exceeding one per cent of the total amount of audit fees charged by a firm during a levy period, excluding disbursement and value-added tax.

(2) The Regulatory Board must determine the percentage of the audit service levy payable by a firm to the Regulatory Board in a levy period.

(3) In order to determine the audit service levy, a firm must, at the commencement of a levy year, submit a return to the Regulatory Board, in the manner prescribed by the Regulatory Board, specifying all audit services rendered in the levy

period and the corresponding audit fees charged for such services, excluding disbursements and value-added tax.

(4) The Regulatory Board must, after determining the audit service levy payable by a firm in a levy year, issue that firm with a written statement confirming the amount which must be paid.

(5) Despite section 39 of the Auditing Profession Act, 2005, if a firm fails to timeously submit the return envisaged in subsection (4), the Regulatory Board must utilise that firm's last submitted return to determine the audit service levy payable by the firm.

(6) Despite the use of a firm's last submitted return as envisaged in subsection (5), the firm remains liable for the actual fees, arrears or interest imposed by the Regulatory Board.

(7) If a firm is registered after the commencement of a levy year, the firm will only be liable to pay the levy in the subsequent year, calculated on all audit fees generated from the date of registration.

Due date for payment and interest

4. (1) A firm must pay the amount of the audit service levy to the Regulatory Board within 30 days after receiving the written statement issued in terms of section 3(4) by the Regulatory Board.

(2) The interest rate determined in terms of section 80(1)*(b)* of the Public Finance Management Act, 1999 (Act No. 1 of 1999) applies to any late payment of the audit service levy.

Exemption from audit service levy

5. The Regulatory Board may exempt a firm from the payment of the audit service levy under the circumstances prescribed by the Regulatory Board.

Short title and commencement

6. This Act is called the Audit Service Levy Act, 2026, and takes effect on a date determined by the President by proclamation in the *Gazette*.

MEMORANDUM ON OBJECTS AUDIT SERVICE LEVY BILL, 2026

1. PURPOSE OF BILL

The Audit Service Levy Bill (the "Bill") proposes to impose a levy on audit firms; to provide for exemption from the levy.

2. CLAUSE BY CLAUSE SUMMARY

2.1 Clause 1 of the Bill provides for definition of key terms used in the Bill including "audit service levy", "levy period", "levy year" and "value-added tax". It also provides that terms defined in the Auditing Profession Act, 2005, bear the same meaning in this Bill.

2.2 Clause 2 imposes an audit service levy and provides that firms are liable to pay the levy in accordance with the Bill. The levy is payable by firms in an amount determined under clause 3.

2.3 Clause 3 sets out how the levy is calculated and administered. The levy may not exceed one per cent of the total audit fees charged by a firm during the relevant levy period, excluding disbursements and value-added tax. The Regulatory Board must determine the applicable percentage, require firms to submit returns, issue written statements confirming the amount payable, and may rely on a firm's last submitted return where a return is not submitted timeously. It also clarifies liability for actual fees, arrears or interest and deals with firms registered after the commencement of a levy year.

2.4 Clause 4 requires a firm to pay the audit service levy within 30 days after receiving the written statement from the Regulatory Board. It also provides that late payments will be charged with interest at the rate determined under the Public Finance Management Act, 1999(Act No.1 of 1999).

2.5 Clause 5 empowers the Regulatory Board to exempt a firm from paying the audit service levy under circumstances prescribed by the Regulatory Board.

2.6 Clause 6 provides for the short title and the commencement.

3. ORGANISATIONS AND INSTITUTIONS CONSULTED

The Independent Regulatory Board for Auditors.

4. FINANCIAL IMPLICATIONS FOR STATE

None.

5. PARLIAMENTARY PROCEDURE

5.1 Section 44 of the Constitution of the Republic of South Africa, 1996 (the "Constitution") deals with the national legislative authority. Section 44(1) of the Constitution provides that the national legislative authority is vested in Parliament. The National Assembly has the power to amend the Constitution, to pass legislation regarding any matter, including a matter listed in Schedule 4 to the Constitution, but excluding, subject to section 44(2) of the Constitution, a matter listed in Schedule 5 to the Constitution.

5.2. The National Council of Provinces has the power to participate in the amendment of the Constitution, to pass legislation in accordance with section 76 of the Constitution and to consider, in accordance with section 75 of the Constitution, any other legislation passed by the National Assembly.

5.3 The Constitution distinguishes between four categories of Bills, as follows:
(a) Bills amending the Constitution (section 74);
(b) ordinary Bills not affecting the provinces (section 75);
(c) ordinary Bills affecting the provinces (section 76); and
(d) money Bills (section 77).

5.4 Section 77 of the Constitution deals with the legislative process that relates to Money Bills. In terms of section 77(1) of the Constitution states that a Bill is a money Bill if it—
(a) appropriates money;
(b) imposes national taxes, levies, duties or surcharges;
(c) abolishes or reduces, or grants exemptions from, any national taxes, levies, duties or surcharges; or
(d) authorises direct charges against the National Revenue Fund.

5.5 In terms of section 77(1)(*a*), read with section 77(2)(*d*), of the Constitution, a Bill is a money Bill if it appropriates money and authorises direct charges against the National Revenue Fund. Consequently, we are of the view that the Bill is a money Bill as envisaged in section 77 of the Constitution. In this regard, section 77 of the Constitution that deals with money Bills provides as follows:

"**Money Bills**

77. (1) **A Bill is money Bill if it—**
(a) **appropriate money;**
(b) impose national taxes, levies, duties or surcharges;
(c) abolishes or reduces, or grants exemptions from, any national taxes, levies, duties or surcharges; or

(d) **authorises direct charges against the National Revenue Funds,** except a Bill envisaged in section 214 authorising direct charges.

(2) **A money Bill may not deal with any other matter except—**

(a) a subordinate matter incidental to the appropriation of money;

(b) the imposition, abolition or reduction of national taxes, levies duties or surcharges;

(c) the granting of exemption from national taxes, levies, duties or surcharges; or

(d) **the authorisation of direct charges against the National Revenue Fund.**

(3) **All money Bills must be considered in accordance with the procedure established by section 75.** An Act of Parliament must provide for a procedure to amend money Bills before Parliament." (Our emphasis.)

5.6. The Constitutional Court in the matter between the *South African Reserve Bank and Other v Mark Shuttleworth*[1] considered the meaning of the term "money Bill" and held as follows:

"[40] A Bill before the National Assembly is a Money Bill if it imposes "national taxes, levies, duties or surcharges". **However, the term "money Bill" covers more than just the raising of taxes, levies, duties or surcharges. It includes a Bill that appropriates money, or that abolishes, reduces or grants exemptions from taxes, or that authorizes direct charges against the National Revenue Fund. A money Bill must be passed by the National Assembly, and only on the manner required by section 75 of the Constitution.** The National Assembly may not initiate or prepare a money Bill. Only the Minister of Finance may. And a money Bill must not deal with any other matter except the prescribed subject matters of a money Bill." (Our emphasis.)

5.7 The National Treasury is of the opinion that the Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution, since it is a money Bill as contemplated in section 77 of the Constitution, processed in accordance with the procedure prescribed in section 75 of the Constitution. The provisions of the Bill seek to appropriate money from the National Revenue Fund for the requirements of Vote 34: Mineral and Petroleum Resources for the Equalisation Fund in the Central Energy Fund, authorised in terms of section 16 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) for the 2025/26 financial year, and to provide for matters connected thereto.[2]

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1 [2015] ZACC 17; 2015 (5) SA 146 (CC); 2015 (8) BCLR 959 (CC).

2 See long title of the Bill.

6. REFERRAL OF BILL TO NATIONAL HOUSE OF TRADITIONAL AND KHOI-SAN LEADERS

6.1 Section 39(1)*(a)* of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), provides for the referral of Bills to the National House of Traditional and Khoi-San Leaders ("National House"), and states as follows:

> "**Referral of Bills to National House**
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> **39.** (1) *(a)* Any Parliamentary Bill—
> (i) which directly affects traditional or Khoi-San communities or pertaining to customary law or customs of traditional or Khoi-San communities; or
> (ii) pertaining to any matter referred to in section 154(2) of the Constitution,
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> **must**, in the case of a Bill contemplated in subparagraph (i) and **may**, in the case of a Bill contemplated in subparagraph (ii), before it is passed by the house of Parliament where it was introduced, be referred by the Secretary to Parliament to the National House for its comments." (Our emphasis.)

6.2 It is our view that the Bill does not contain provisions pertaining to traditional or Khoi-San communities or to customary law or customs of traditional or Khoi-San communities, nor any matter referred to in section 154(2) of the Constitution and, therefore, the Bill does not need to be referred to the National House for comments.