INCOME TAX: INDIVIDUALS AND TRUSTS

Tax rates from 1 March 2024 to 28 February 2025:

Individuals and special trusts

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 237 100</td>
<td>18% of taxable income</td>
</tr>
<tr>
<td>237 101 – 370 500</td>
<td>42 678 + 26% of taxable income above 237 100</td>
</tr>
<tr>
<td>370 501 – 521 800</td>
<td>77 362 + 33% of taxable income above 370 500</td>
</tr>
<tr>
<td>521 801 – 673 000</td>
<td>121 475 + 36% of taxable income above 521 800</td>
</tr>
<tr>
<td>673 001 – 837 900</td>
<td>179 547 + 39% of taxable income above 673 000</td>
</tr>
<tr>
<td>837 901 – 1 187 100</td>
<td>251 288 + 41% of taxable income above 837 900</td>
</tr>
<tr>
<td>1 187 101 and above</td>
<td>444 869 + 45% of taxable income above 1 187 100</td>
</tr>
</tbody>
</table>

Retirees

Primary

R173 235

Secondary (Persons 65 years and older)

R9 444

Tertiary (Persons 75 years and older)

R3 145

Age

Tax threshold

Below age 65

R95 750

Age 65 to below 75

R148 217

Age 75 and above

R165 689

Trusts other than special trusts: rate of tax 45%

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 that show 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 – 72 600 | 18% of taxable income above 27 500
72 601 – 1 089 000 | 25% of taxable income above 72 600
1 089 001 and above | 31% of taxable income above 1 089 000

Retirement fund lump sum withdrawal benefits consist of lump sums from a 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, preservation, provident, provident preservation or retirement annuity fund on death, retirement, or termination of employment due to reaching the age of 65, 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.
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 [Value-added Tax] VAT) of each vehicle per month. Where the vehicle is:
  - The subject of a maintenance plan when the employer acquired it; then 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, net of the cost of fuel.
- Eighty per cent 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 logbook, divided by the actual distance travelled during the tax year.
- On assessment, there is further relief for the cost of the 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 logbook.

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 that end on any date between 1 April 2024 and 31 March 2025

<table>
<thead>
<tr>
<th>Type</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>27% of taxable income</td>
</tr>
</tbody>
</table>

INCOME TAX: SMALL BUSINESS CORPORATIONS
Years of assessment that end on any date between 1 April 2024 and 31 March 2025

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rate of Tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 95 750</td>
<td>0% of taxable income</td>
</tr>
<tr>
<td>95 751 - 365 000</td>
<td>7% of taxable income above 95 750</td>
</tr>
<tr>
<td>365 001 - 550 000</td>
<td>18 848 + 21% of taxable income above 365 000</td>
</tr>
<tr>
<td>550 001 and above</td>
<td>57 697 + 27% of the amount above 550 000</td>
</tr>
</tbody>
</table>

TURNOVER TAX FOR MICRO BUSINESSES
Years of assessment that end on any date between 1 March 2024 and 28 February 2025

<table>
<thead>
<tr>
<th>Taxable turnover (R)</th>
<th>Rate of tax (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 335 000</td>
<td>0% of taxable turnover</td>
</tr>
<tr>
<td>335 001 - 500 000</td>
<td>1% of taxable turnover above 335 000</td>
</tr>
<tr>
<td>500 001 - 750 000</td>
<td>1 450 + 2% of taxable turnover above 500 000</td>
</tr>
<tr>
<td>750 001 and above</td>
<td>6 450 + 3% of taxable turnover above 750 000</td>
</tr>
</tbody>
</table>

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:
  - Two million rand 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 – granted to individuals and special trusts;
  - Small business exclusion of capital gains of R18.1 million for individuals (at least 55 years old), 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 Johannesburg Stock Exchange or other South African-licensed exchanges. Dividends tax are exempt tax 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 that pay 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 that they exercise 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-resident. 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 that makes taxable supplies of more than R1 million per annum must register for VAT. A vendor that makes taxable supplies of more than R500 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:
  
<table>
<thead>
<tr>
<th>Value of property (R)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 100 000</td>
<td>0%</td>
</tr>
<tr>
<td>100 001 – 1 512 500</td>
<td>3% of the value above R1 000 000</td>
</tr>
<tr>
<td>1 512 501 – 2 117 500</td>
<td>8.1275% + 1% of the value above R1 512 500</td>
</tr>
<tr>
<td>2 117 501 – 2 722 500</td>
<td>8.467% + 1% of the value above R2 117 500</td>
</tr>
<tr>
<td>2 722 501 – 10 000 000</td>
<td>8.1275% + 1% of the value above R2 722 500</td>
</tr>
<tr>
<td>10 001 and above</td>
<td>11.75% of the value exceeding R10 000 000</td>
</tr>
</tbody>
</table>

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.

Gifts Tax
Gifts tax is levied at a flat rate of 20% on the cumulative value of property donated since 1 March 2018, not exceeding R100 million, and at a rate of 25% on the cumulative value of property donated since 1 March 2018, exceeding R100 million.

- The first R100 000 of property donated in each year by a natural person is exempt from donations tax.

No change to personal income tax brackets, rebates and medical tax credits.

Increase of between 6.7 and 7.2% in excise duties on alcoholic beverages.

No change to the general fuel levy and road accident levy.

Plastic bag levy to increase to 32 cents per bag from 1 April 2024.

Global minimum tax at 15% applies to large multinational groups of companies from 1 January 2024.

Two-pot retirement reform to be implemented on 1 September 2024.

Electrical and hydrogen-powered vehicle tax incentive to be introduced for manufacturers in 2026.