

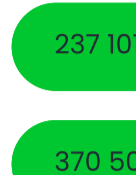
Annual Budget Speech 2024/2025

Highlights of the tax proposals by National Treasury

What is in the budget?

Finance Minister Enoch Godongwana presented the annual Budget Speech on 21 February under intense scrutiny, striving to balance spending priorities with limited resources. Emphasizing themes of debt stabilisation, tough budget decisions and fiscal constraints, particularly with elections looming.

But it's not just numbers. The Budget aims to uplift all South Africans, fighting poverty, inequality, and unemployment while driving economic growth. And at the heart of it all? A stable electricity supply is key. Dive in for more on the plans shaping our nation's future.

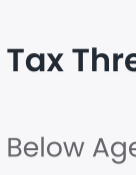


Tax rates

Income Tax: Individuals & Special Trusts

There is no change in tax rates for individuals and special trusts for the tax year ending between 1 March 2024 and 28 February 2025 compared to the previous tax year.

Taxable income (R)	Rate of tax (R)
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



Personal Income Tax

Tax Thresholds	2023/24	2024/25	Tax Rebate	2023/24	2024/25
Below Age 65	R95 750	R95 750	Primary	R17 235	R17 235
Age 65 – 74	R148 217	R148 217	Secondary	R9 444	R9 444
Age 75+	R165 689	R165 689	Tertiary	R3 145	R3 145



Medical scheme fees tax credits

Member Type	2023/24	2024/25
Main Member	R364	R364
First Dependant	R364	R364
Additional Dependents	R246	R246



Prescribed rate per kilometre for the reimbursement of business travel

2023/24: **R4.64** Per Kilometre → 2024/25: **R4.84** Per Kilometre



Subsistence allowance, reimbursements and advances

Category	2023/24	2024/25
Spend at least one night away from their usual place of residence	Meals & Incidentals: R522 Incidentals Only: R161	R548 R169
Spend a part of a day away from their usual place of work or employment	Meals & Incidentals: R161	R169



Tax rates

Income Tax: Companies (Including personal service provider companies)

27% for companies with years of assessment ending on any date between 1 April 2024 and 31 March 2025

Income Tax: Trusts (Other than special trusts including personal service provider trusts)

45%

Income Tax: Small Business Corporations

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



Sin taxes increased by

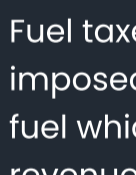
Cigarettes 97c per pack of 20	Sparkling Wine 89c per 750ml bottle	Malt Beer 14c per 340ml can
Cigarette Tobacco R1.09 per 50g	Unfortified Wine 28c per 750ml bottle	Ciders & Alcoholic Fruit Bev 14c per 340ml can
Pipe Tobacco 57c per 25g	Fortified Wine 47c per 750ml bottle	Heated tobacco product sticks 73c per pack of 20
Cigars R9.51 per 23g	Spirits R5.53 per 750ml bottle	



Social grants

Government increased the child support grant by **R25 per month**, the foster care grant by **R55 per month**, and the old age grant by **R100 per month** for the 2024/25 tax year.

	2023/24	2024/25
State Old Age Grant	R2 085	R2 185
State Old Age Grant, Over 75	R2 105	R2 205
War Veterans Grant	R2 105	R2 205
Disability Grant	R2 085	R2 185
Foster Care Grant	R1 125	R1 180
Care Dependency Grant	R2 085	R2 185
Child Support Grant	R505	R530



Fuel taxes

Fuel Taxes	2023/24	2024/25
Carbon Tax Petrol	R0.10p/l	R0.11p/l
Carbon Tax Diesel	R0.11p/l	R0.14p/l
General Fuel Levy Petrol	R3.85p/l	R3.85p/l
General Fuel Levy Diesel	R3.70p/l	R3.70p/l
Road Accident Fund Petrol & Diesel	R2.18p/l	R2.18p/l

Fuel taxes are levies imposed on the sale of fuel which generate a revenue stream for the funding of transportation projects, public services, and a portion is allocated to the Road Accident Fund (RAF) for compensating victims of road accidents.

The Two-Pot Retirement Reform will be implemented on **1 September 2024** which will allow pre-retirement access to a portion of retirement assets

The plastic bag levy will increase to **32 cents** per bag from 1 April 2024



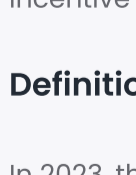
Where is the money coming from and how will it be spent in 2024/25

Government sources of income in 2024/25

Taxes	R1 863.0bn 83.3%
Borrowing	R332.4bn 14.8%
Non-tax revenue	R41.9bn 1.9%

Government spending in 2024/25

Social development: R387.3bn 16.3%
Debt-service costs: R382.2bn 16.1%
Basic education: R324.5bn 13.7%
Health: R271.9bn 11.5%
Community development: R265.3bn 11.2%
Economic development: R255.4bn 10.8%
Peace and security: R244.0bn 10.3%
Post-school education and training: R144.0bn 6.1%



Budget proposals affecting payroll

Misuse of the Employment Tax Incentive (ETI)

Amendments were introduced to the Employment Tax Incentive Act in 2021 and 2023 to combat the exploitation of ETI through aggressive tax strategies, including the exploitation of training institutions to claim ETI for students. It is recommended that punitive actions supporting these amendments be further detailed in the legislation to tackle the abusive practices of specific taxpayers towards the incentive program.

Definition of 'remuneration proxy'

In 2023, the definition of 'remuneration factor' in the Seventh Schedule to the Income Tax Act underwent a change, replacing it with a new definition of remuneration proxy in section 1. However, the new definition of 'remuneration proxy' mentions an 'associated institution' concerning the employer without citing paragraph 1 of the Seventh Schedule, where this term is defined. It is suggested that the definition of 'remuneration proxy' be revised to incorporate a reference to an 'associated institution' as defined in paragraph 1 of the Seventh Schedule.

PAYE refunds

As SARS shifts towards monthly reporting instead of bi-annual and annual reporting, the Government suggests modifying section 11(nA) of the Income Tax Act to accommodate taxpayers who wish to claim refunds for amounts received or accrued within the same assessment year.

Retirement fund transfers for members aged 55 and above

In 2023, legislative adjustments were implemented to enable tax-neutral transfers between retirement funds. This provision applies to members of pension or provident funds who have reached the normal retirement age specified in the fund's rules but have not yet opted to retire. In such cases, tax-free transfers of their retirement interest are permitted if the transfer is involuntary. However, for the transfer to be tax-free, it must be made to a fund with comparable or stricter restrictions. The government has noted that while certain involuntary transfers are tax-exempt under the current law, transfers between retirement annuity funds are excluded. As a solution, it is proposed to amend the law to permit involuntary transfers of this nature.