



South African **TAX GUIDE** 2023/2024



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ASSURANCE | TAX | CONSULTING



INDIVIDUAL – TAX RATES

Year of assessment ending 29 February 2024:

Taxable Income	Rate of Tax
R	R
0 – 237 100	18%
237 101 – 370 500	42 678 + 26%
370 501 – 512 800	77 362 + 31%
512 801 – 673 000	121 475 + 36%
673 001 – 857 900	179 147 + 39%
857 901 – 1 817 000	251 258 + 41%
1 817 001 and above	644 489 + 45%

INDIVIDUAL – REBATES

Primary	R 17 235
Secondary (persons 65 and over)	R 9 444
Tertiary (persons 75 and over)	R 3 145

Rebates are reduced proportionally where the period of assessment is less than 12 months.

TAX THRESHOLD

Tax Threshold	Below age 65	R 95 750
	Age 65 to 74	R 148 217
	Age 75 and over	R 165 689

INDIVIDUAL – EXEMPTIONS

Interest Income

Below age 65	R 23 800
Age 65 and over	R 34 500

Interest received by or accrued to a non-resident may be exempt from tax.

Dividend Income

South African dividends received by a taxpayer are exempt from normal tax. Certain foreign dividends are exempt from normal tax. Taxable foreign dividends are subject to an exemption in the ratio of 25/45. No deductions are allowed for expenditure to produce foreign dividends. Dividends received by a South African resident individual from a REIT are subject to income tax. Non-residents receiving dividends from a REIT are only subject to dividends tax.

Employment outside of South Africa

With effect from 1 March 2020, R1,25 million p.a. of remuneration for employment outside South Africa will be exempt if the employee is outside of South Africa for >183 days during a 12 month period and for a continuous period >60 days during the 12 month period.

TAX FREE INVESTMENTS

Any amount received by or accrued to a natural person in respect of a tax free investment shall be exempt from normal tax.

Contributions are limited to an annual limit of R36 000 and a lifetime limit of R500 000.

MEDICAL SCHEME FEES TAX CREDIT

A natural person must deduct a credit from normal tax payable for contributions paid to a medical scheme of R364 each for the taxpayer and first dependant and R246 for each additional dependant per month.

ADDITIONAL MEDICAL EXPENSES TAX CREDIT

A natural person must deduct a credit from normal tax payable for additional medical expenses as follows:

Taxpayers over 65 or for persons with a disability

33,3% of [(fees paid to a medical scheme as exceeds three times the medical scheme fees tax credit) plus qualifying medical expenses].

Other taxpayers

25% of [({fees paid to a medical scheme as exceeds four times the medical scheme fees tax credit) plus qualifying medical expenses} as exceeds 7,5% of the person's taxable income].

INDIVIDUAL – DEDUCTIONS

Pension, Provident and Retirement Annuity Fund contributions

Total deduction limited to the lesser of:

R350 000; or

27,5% of the higher of

(a) remuneration excluding lump sum benefits, or

(b) taxable income excluding lump sum benefits before this deduction.

Any excess contributions are carried forward to the next year.

Donations

Donations to qualifying institutions are limited to 10% of taxable income before this deduction. Any excess shall be carried forward and be deemed to be a donation paid in the next year.

PROVISIONAL TAX

Due dates for payment of provisional tax:

Individuals and Trusts

First	31 August
Second	29 February
Third – taxable income > R50 000	30 September

Deceased Estates

Excluded from definition
of a provisional taxpayer

Companies

First	6 months from beginning of financial year
Second	Last day of the financial year
Third – taxable income > R20 000	6 months after end of financial year, or for February year end companies, 7 months after end of financial year

DONATIONS TAX

Rate of tax

Based on cumulative donations from 1 March 2018:

Donations up to R30 million	20%
Donations exceeding R30 million	25%

The principle exemptions are:

Casual donations by a natural person per annum	R 100 000
Casual donations by a juristic person per annum	R 10 000
Donations between spouses	
Donations to certain public benefit organisations	
Bona fide contribution by donor towards the maintenance of any person	

SARS – INTEREST RATES

Official rate of interest:

With effect from 1 February 2023	8.25%
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With effect from 1 March 2023, until change in the PFMA rate:

Late or underpayment of tax	10.5%
Refund of overpayment of provisional tax	6.5%
Refund of tax on successful appeal	10.5%
Refund of VAT after prescribed period	10.5%
Late payment of VAT	10.5%

Interest payable by SARS is deemed to accrue on the date of payment.

TRAVELLING ALLOWANCE

With effect from 1 March 2023:

Value of vehicle		Fixed Cost	Fuel Cost	Maintenance Cost
R	R	R	c	c
	0 – 100 000	33 760	141.5	43.8
	100 001 – 200 000	60 329	158.0	54.8
	200 001 – 300 000	86 958	171.7	60.4
	300 001 – 400 000	110 554	184.6	65.9
	400 001 – 500 000	134 150	197.6	77.5
	500 001 – 600 000	158 856	226.6	91.0
	600 001 – 700 000	183 611	230.5	102.1
	700 001 – 800 000	209 685	234.3	113.1
	800 001 and above	209 685	234.3	113.1

A deduction for business travelling expenses may only be claimed against the allowance if a log book is maintained.

No fuel cost may be claimed if the employee has not borne the full cost of fuel, and no maintenance cost may be claimed if the employee has not borne the full cost of maintaining the vehicle (eg. if vehicle is covered by a maintenance plan).

Actual costs may be used instead of the tables.

80% of the allowance is subject to PAYE. However, only 20% of the allowance is subject to PAYE if the employer is satisfied that at least 80% of the use of the vehicle for the year of assessment will be for business purposes.

No tax is payable on an allowance up to the rate of 464 cents per kilometre based on actual distance travelled by the employee for business purposes. This alternative is not available if any other allowance or reimbursement is received from the employer.

EMPLOYER CONTRIBUTIONS

Medical scheme

The taxable fringe benefit is the full medical scheme contributions paid by the employer to a medical scheme. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

Pension, Provident and Retirement Annuity Fund

The taxable fringe benefit is the full contributions paid by the employer to any pension fund, provident fund or retirement annuity fund. The taxable fringe benefit is deemed to be contributions paid by the employee for deduction purposes. The contributions are taken into consideration for PAYE purposes.

COMPANY CARS

Monthly taxable benefit:

- 3,5% of the determined value (incl. VAT)
- 3,25% if vehicle is subject to maintenance plan
- If acquired under operating lease, the cost incurred under the operating lease plus the cost of fuel

The value is reduced on assessment in the ratio of business travel to total travel.

Where employee bears full cost of licence or insurance or maintenance, then the value may be reduced on assessment by multiplying the cost by ratio of private travel to total travel, excluding vehicles acquired under an operating lease.

Where employee bears full cost of fuel for private use, then the value may be reduced on assessment by multiplying private kilometres travelled by fuel cost in travel allowance table, excluding vehicles acquired under an operating lease.

A log book must be maintained to qualify for a reduction of the value.

80% of the value is subject to PAYE. This may be reduced to 20% where at least 80% of use is for business purposes.

TRUST – TAX RATES

Year of assessment ending 29 February 2024

Rate of tax 45%

Special trusts and testamentary trusts established for the benefit of minor children will be taxed at the individual tax rates.

VALUE-ADDED TAX

Standard Rate 15%

Registration Levels – Annual income from taxable goods and services:

< R50 000	Deregistration compulsory
≤ R1000 000 > R50 000	Registration voluntary
> R1000 000	Registration compulsory
> R30 000 000	Monthly returns

ESTATE DUTY

Estate duty is levied on the worldwide property of residents and South African property in respect of non-residents, less allowable deductions.

Rate of tax

– value of estate up to R30 million	20%
– value of estate exceeding R30 million	25%

Principle deductions:

Basic deduction – R3 500 000 plus the unused basic deduction of the pre-deceased spouse.

All property accruing to a surviving spouse.

CORPORATE TAX RATES

Normal tax

Companies and Personal Service Providers

Year of assessment ending:
– on or after 1 April 2023 **27%**

South African Branches of Foreign Companies

Year of assessment ending
– on or after 1 April 2023 **27%**

Small Business Corporations

Year of assessment ending on or after 1 April 2023:

Taxable income	Rate of Tax
R	R
0 – 95 750	0%
95 751 – 365 000	7%
365 001 – 550 000	18 848 + 21%
550 001 and above	57 698 + 27%

ASSESSED LOSSES

With effect from years of assessment ending on or after 31 March 2023, there will be a limitation on the use of assessed tax losses carried forward from the preceding year of assessment. The set-off is limited to the higher of R1 million and 80% of taxable income.

RENEWABLE ENERGY

Expanded incentive for **businesses**, effective for investments brought into use from 1 March 2023 to 28 February 2025, to claim 125% in the first year for all renewable energy projects – with no threshold on generation capacity.

Individuals to receive a tax rebate of 25% of the cost of new solar panels from 1 March 2023 until 29 February 2024, limited to R15 000 per individual.

WITHHOLDING TAXES

Dividends **20%**

The withholding tax is levied on any dividend paid by a company, subject to certain exemptions, including a South African company as the beneficial owner.

Royalties **15%**

Final tax imposed on the gross amount of royalties from a South African source payable to foreign residents.

Interest **15%**

Final tax imposed on interest from a South African source payable to non-residents, subject to certain exemptions including interest paid by a bank.

Foreign entertainers and sportspersons **15%**

Disposal of immovable property by a non-resident

Non-resident individual	7.5%
Non-resident company	10%
Non-resident trust	15%

For all the withholding taxes above there may be exemptions that apply, and in certain circumstances the tax rate may be reduced in terms of a tax treaty in place with the country of residence of the non-resident.

Service Fees

There is no withholding tax on service fees, but qualifying fees may fall into the provisions related to reportable arrangements.

MICROBUSINESSES

Sole proprietors, partnerships and incorporated businesses may elect to be taxed on a turnover based system. Year of assessment ending on or after 1 March 2023 up until 29 February 2024:

Taxable turnover	Tax liability
R 0 – 335 000	R 0% 0%
335 001 – 500 000	1%
500 001 – 750 000	1 650 + 2%
750 001 – 1 000 000	6 650 + 3%

TRANSFER DUTY

The duty is payable on transactions which are not subject to VAT.

Rates applicable to all persons:

Property value	Rate of tax
R 0 – 1 100 000	R 0% 0%
1 100 001 – 1 512 500	3%
1 512 501 – 2 117 500	12 375 + 6%
2 117 501 – 2 722 500	48 675 + 8%
2 722 501 – 12 100 000	97 075 + 11%
12 100 001 and above	1 128 600 + 13%

RESIDENCE BASIS OF TAXATION

Residents of South Africa are taxed on their worldwide income. Non-residents may be taxed on South African source income.

Definition of Resident

Individuals

- Any person who is ordinarily resident in South Africa.
- Any person who was physically present in South Africa for greater than 91 days per tax year for 6 consecutive tax years and was physically present for 915 days in aggregate during the first 5 years.

Companies

- Incorporated or effectively managed in South Africa, subject to exclusions.

Excluded from the definition of a resident is any person that is exclusively a resident of another country by virtue of an agreement for the avoidance of double taxation.

CAPITAL GAINS TAX

- Residents are subject to the tax on the disposal of their assets held worldwide, while non-residents are taxed on certain assets in South Africa.
- Gains accruing after 1 October 2001 will be subject to the tax, which will be levied on a realisation basis. Realisation occurs on disposal of an asset. Death, emigration and donation of an asset are deemed to be disposals.
- The first R40 000 a year of capital gain or loss realised by individuals will be excluded except in the year of death where such exclusion will be R300 000.
- The first R2 000 000 of capital gain or loss on the disposal of a primary residence will be excluded.
- Certain exemptions apply to personal use assets, assurance and retirement benefits, assets of a small business disposed of for retirement, compensation for personal injury, lottery receipts, foreign currency converted for personal use, diplomats and diplomatic missions, gains arising on assets donated to certain public benefit organisations.
- Rollover relief is provided for assets in certain circumstances (e.g. certain transfers between spouses or involuntary disposals).
- Capital gains will be taxed with other income, with a portion of the net capital gain being included in taxable income, depending on the nature of the taxpayer.

The following rates apply for disposal of assets:

Taxpayer	Inclusion rate	Maximum effective rate of tax
Individual & special trust	40%	18%
Trust	80%	36%
Companies	80%	21,6%

LOANS TO A TRUST

A loan made by a natural person to a trust, subject to certain exclusions, that is interest free or bears interest at a rate that is less than the official rate of interest, may give rise to donations tax. The interest foregone will be treated as a donation made by the natural person.

Anti-avoidance provisions are in place to counter schemes whereby loans are made via companies and connected person relationships exist, as well as schemes related to preference shares acquired in a company owned by a trust and connected person relationships exist.

The information contained herein is a précis of current legislation and budget proposals, is subject to change and should not be used as a substitute for detailed professional advice.



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