



Financial & Taxation

DIRECTORY 2023/2024

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AUDIT • ADVISORY • TAX

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▶ RATES OF TAXES

Individual, special trusts, insolvent and deceased estates

YEAR OF ASSESSMENT ENDING 29 FEBRUARY 2024

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

YEAR OF ASSESSMENT ENDING 28 FEBRUARY 2023

Taxable income (R)	Rate of tax
1 – 226 000	18% of taxable income
226 001 – 353 100	40 680 + 26% of the amt > 226 000
353 101 – 488 700	73 726 + 31% of the amt > 353 100
488 701 – 641 400	115 762 + 36% of the amt > 488 700
641 401 – 817 600	170 734 + 39% of the amt > 641 400
817 601 – 1 731 600	239 452 + 41% of the amt > 817 600
1 731 601 and above	614 192 + 45% of the amt > 1 731 600

Retirement fund lump sum withdrawal benefits

YEAR OF ASSESSMENT ENDING 29 FEBRUARY 2024

Taxable income (R)	Rate of tax
1 – 27 500	0% of taxable income
27 501 – 726 000	18% of the amt > 27 500
726 001– 1 089 000	125 730 + 27% of the amt > 726 000
1 089 001 and above	223 740 + 36% of the amt > 1 089 000

Retirement fund lump sum benefits or severance benefits

YEAR OF ASSESSMENT ENDING 29 FEBRUARY 2024

Taxable income (R)	Rate of tax
1 – 550 000	0% of taxable income
550 001 – 770 000	18% of the amt > 550 000
770 001– 1 155 000	39 600 + 27% of the amt > 770 000
1 155 001 and above	143 550 + 36% of the amt > 1 155 000

Trusts (other than special trusts)

YEAR OF ASSESSMENT ENDING 29 FEBRUARY 2024

	2024	2023
Trusts	45.0%	45.0%
Effective Capital Gains Tax Rate	36.0%	36.0%

► USEFUL INFORMATION AT A GLANCE

Rebates and thresholds	2024	2023
Primary rebate for individuals	R17 235	R16 425
Secondary rebate (65 years of age or older) <i>in addition to primary rebate</i>	R9 444	R9 000
Tertiary rebate (75 years of age or older) <i>in addition to primary and secondary rebate</i>	R3 145	R2 997
Tax threshold for individuals under 65 years of age	R95 750	R91 250
Tax threshold for individuals 65 years of age to below 75 years of age	R148 217	R141 250
Tax threshold for individuals 75 years of age or older	R165 689	R157 900

Interest exemption	2024	2023
Interest exemption for individuals under 65 years of age	R23 800	R23 800
Interest exemption for individuals 65 years of age or older	R34 500	R34 500

Donations tax and estate duty	2024	2023
Donations tax rate – first R30 m	20%	20%
Donations tax rate – amount > R30 m	25%	25%
Donations tax – annual exemption <i>individuals only</i>	R100 000	R100 000
Estate duty rate – estate < R30 m	20%	20%
Estate duty rate – estate > R30 m	25%	25%
Estate duty abatement ^(N1)	R3.5m	R3.5 m

(N1) *If, at the time of death, the deceased was the spouse of a previously deceased person, the estate duty abatement is R7m less the abatement utilised in the estate of the previously deceased person.*

Capital Gains Tax Individuals	2024	2023
Annual capital gain/loss exclusion	R40 000	R40 000
Primary residence exclusion	R2 m	R2 m
Exclusion on death	R300 000	R300 000
Once-off relief for disposal of qualifying small business assets ^(N1)	R1.8 m	R1.8 m
Effective CGT rate – individuals and special trusts	0 – 18.00%	0 – 18.00%

Travel allowance	2024	2023
Travel allowance subject to PAYE ^(N2)	80%	80%
Maximum vehicle value ^(N3)	R800 000	R665 000

(N1) When a small business with a market value not exceeding R10 million is disposed of.

(N2) If the employer is satisfied that at least 80% of the use of the vehicle will be for business purposes, then PAYE may be based on 20% of the travel allowance.

(N3) In terms of both the deemed and actual cost reduction methods, the value of the vehicle is capped at this amount. In respect of the actual cost reduction method, the capping applies in respect of wear and tear or lease payments and finance charges. To claim against a travel allowance received, a log book needs to be maintained.

▶ TRAVEL ALLOWANCE – COST SCALES

YEAR ENDING 29 FEBRUARY 2024

Value of the vehicle (incl VAT) (R)	Fixed cost (R)	Fuel cost (c)	Maintenance cost (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
> 800 000	209 685	234.3	113.1

Reimbursed travel

If an employee is reimbursed for business kilometres travelled at a rate not exceeding R4,64 per kilometre, no tax will be payable provided:

- the reimbursement is based on actual business kilometres travelled; and
- no other compensation in the form of a further travel allowance or reimbursement is paid by the employer to the employee.

The reimbursement exceeding a rate of R4,64 per kilometre must be included as remuneration to calculate the amount of employees' tax to be withheld.

► COMPANY CAR

Taxable value per month	2024	2023
First company car:		
• If subject to maintenance plan	3.25%	3.25%
• If no maintenance plan	3.50%	3.50%
Second and subsequent company cars (not used primarily for business)		
• If subject to maintenance plan	3.25%	3.25%
• If no maintenance plan	3.50%	3.50%

NOTES:

1. The above monthly rates apply to the determined value of the vehicle.
From 1 March 2011, VAT is included in calculating the determined value.
2. From 1 March 2011, reductions to the fringe benefit value for private travel and / or costs borne by the employee for insurance, maintenance or fuel for private travel are only made on assessment. In order to claim a reduction, a logbook needs to be maintained.
3. 80% of the fringe benefit value, not reduced for private use or costs above, is subject to PAYE. Where the employer is satisfied that at least 80% of the use of the vehicle will be for business purposes, then PAYE may be based on 20% of the fringe benefit value.
4. Where the employer holds the vehicle under an operating lease, as defined in the Income Tax Act, the fringe benefit value is not calculated on the percentage method per the table above, but is the sum of the actual lease costs and the cost of fuel.

► OFFICIAL RATE OF INTEREST

The current official rate is set at 8.25% with effect from 01 February 2023

► DEDUCTIONS FROM INCOME – INDIVIDUALS

Retirement funds

The deductible amount for current contributions to pension, provident and retirement annuity funds in a year of assessment is limited to 27.5% of the greater of the person's remuneration for PAYE purposes or taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit). The deduction is further limited to the lesser of R350 000 or 27.5% of taxable income prior to 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.

Minor Children

Minor children (under the age of 18 years) may be taxpayers in their own right and are taxed on income received by or accrued to them. Where the income arises as a result of the child's parent having made a donation, settlement or other disposition to the child, the resultant income will be taxed in the parent's hands.

▶ TRANSFER DUTY

Transfer duty rates are as follows (acquisition is not subject to VAT):

Property value (R)	Rate of tax
1 – 1 100 000	0%
1 100 001 – 1 512 500	3% of the value in excess of R1 100 000
1 512 501 – 2 117 500	R12 375 plus 6% of the value in excess of R1 512 500
2 117 501 – 2 722 500	R48 675 plus 8% of the value in excess of R2 117 500
2 722 501– 12 100 000	R97 075 plus 11% of the value in excess of R2 722 500
12 100 001 and above	R 1 128 600 plus 13% of the value in excess of R12 100 000

▶ MEDICAL EXPENSES

2023/2024 year of assessment

Medical aid contributions or qualifying medical expenses are not claimable as deductions. A credit-only (tax rebate) system applies.

If the taxpayer is younger than 65 and is not disabled and has no disabled dependants:

In respect of medical aid contributions, the amount of the credit is limited to:

- R364 if the contributions are in respect of the taxpayer only;
- R728 in respect of the taxpayer and one dependant;
- R246 in the case of each additional dependant.

In determining the tax payable, individuals younger than 65 are allowed to deduct 25% of an amount equal to 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 4 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).

If the taxpayer is younger than 65 and is disabled or has a disabled dependant or, alternatively, is 65 and older:

An additional credit is allowed and is calculated as 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 3 times the medical scheme fees tax credits for the tax year.

Donations to certain Public Benefit Organisations (PBOs)

The deduction is limited to 10% of taxable income calculated excluding retirement fund lump sums and severance benefits. The deduction claimed must be supported by a Section 18A certificate issued by the PBO. 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.

► COMPANIES AND CLOSE CORPORATIONS

Normal tax on taxable income	2024	2023
Companies	27.0%	28.0%
Companies effective capital gains tax rate	21.6%	22.4%
Turnover based presumptive tax system (elective) for micro businesses (turnover not exceeding R1m)	0% – 3.0%	0% – 3%
Non-resident companies with a branch in the Republic on SA source income	27.0%	28.0%
Personal service providers	27.0%	28.0%
Public benefit organisations and recreational clubs (trading income only)	27.0%	28.0%

The corporate income tax rate will be lowered to 27% and the effective capital gains tax rate will be lowered to 21.6% for companies with years of assessment ending on any date on or after 31 March 2023.

▶ SMALL BUSINESS CORPORATIONS

Normal tax on taxable income

Income Tax on Small Business Corporations for financial years ending between 1 April 2023 to 30 March 2024^(N1):

R1 – R95 750	0.0%
R95 751 – R365 000	7% of taxable income above R95 750
R365 001 – R550 000	R18 848+ 21% of taxable income above R365 000
R550 001 and above	R57 698+ 28% of the amount above R550 000

▶ MICRO BUSINESSES TURNOVER

For the financial years ending between 1 March 2023 to 28 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

(N1) *Primary requirements to qualify as a small business corporation: all the shares are held by individuals, none of whom hold shares in any other company (other than listed shares, unit trusts and shares in certain tax exempt entities); the gross income of the corporation may not exceed R20m for the year of assessment; not more than 20% of the gross income of the company may comprise investment income and income from rendering a personal service and the company is not an 'employment company' or a 'personal service provider'.*

▶ WITHHOLDING TAXES

A withholding tax is levied in the Republic on the following amounts (subject to double tax treaty relief):

Dividends tax

Dividends tax is a tax on the beneficial owner of a dividend at the standard rate of 20%. The taxation of the dividend may be subject to numerous exemptions, including dividends paid to South African resident companies and Public Benefit Organisations as beneficial owners and where the dividend is taxed in the hands of the recipient. In the case of dividends in kind (other than in cash) the tax is borne by the company that declares and pays the dividend. REITs dividends remain fully taxable for South African residents and non-residents 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

A final withholding tax on interest paid to non-residents is levied at 15%. Numerous exemptions apply, including interest arising from banks, government debt and listed debt.

Royalties and similar payments to non-residents

A final withholding tax at the rate of 15% of the gross royalties payable in respect of royalties paid to non-residents for the use of patents, designs etc. in the Republic.

Disposal of immovable property

A withholding tax in advance of a non-resident's capital gains tax liability must be withheld by the purchaser in respect of the disposal by a non-resident of immovable property with a value in excess of R2m.

The rates are: 7.5% of the purchase price if the seller is a natural person, 10% if the seller is a non-resident company and 15% if the seller is a non-resident trust. A lower withholding rate than those set out above may be granted on application.

Foreign entertainers and sportspersons

A final withholding tax of 15% of the gross revenue is payable.

► INTEREST RATES PAYABLE / RECEIVABLE

EFFECTIVE DATE	RATE
Late or underpayments of Tax	
1 November 2022	9.00%
1 January 2023	9.75%
1 March 2023	10.50%
Fringe benefits – official rate of interest	
1 October 2022	7.25%
1 December 2022	8.00%
1 February 2023	8.25%
Overpayments of tax	
1 November 2022	5.00%
1 January 2023	5.75%
1 March 2023	6.50%

► VALUE-ADDED TAX (VAT)

VAT is levied on taxable supplies by registered VAT vendors at the standard rate of 15%. The compulsory VAT registration threshold is a turnover of R1 million per annum and for a voluntary registration, the threshold is a turnover of R50 000 per annum. A number of supplies are zero rated, for example exports from the Republic, and other supplies are classified as exempt, for example financial services and residential accommodation.

Non-resident suppliers of 'electronic services' as prescribed by the Minister by regulation, will be required to register for VAT at the end of any month where the total value of the taxable supplies exceeded R1 million in the previous 12-month period.

▶ **SECURITIES TRANSFER TAX (STT)**

STT is levied at a rate of 0.25% on the higher of the consideration paid and the market value in respect of the transfer or redemption of listed or unlisted securities, including that of members' interests in close corporations.

▶ **SKILLS DEVELOPMENT LEVY (SDL)**

Employers with a payroll of R500 000 or more per annum must account for SDL. SDL is calculated at 1% of the leviable amount of the monthly payroll including directors' fees.

▶ **UNEMPLOYMENT INSURANCE FUND (UIF)**

Unemployment insurance contributions are payable monthly by employers on the basis of a contribution of 1% by the employer and 1% by the employees, based on employees' remuneration below a certain amount. The employer and employee contributions are both calculated at a rate of 1% of the employee's gross remuneration up to a prescribed remuneration threshold (before the deduction of pension fund, retirement annuity fund and qualifying medical aid contributions), where applicable. The maximum remuneration on which UIF contributions are calculated is R17 712 per month or R212 544 per annum.

Foreign nationals employed on a temporary basis in South Africa are also liable to contribute towards UIF.

FOR A CLEAR PERSPECTIVE, PLEASE CONTACT US:

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