



TAX FACTS

TAX GUIDE 2022 / 2023

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▶ RATES OF TAXES

Individual, special trusts, insolvent and deceased estates

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

YEAR OF ASSESSMENT ENDING 28 FEBRUARY 2022

Taxable income (R)	Rate of tax
1 – 216 200	18% of taxable income
216 201 – 337 800	38 916 + 26% of the amt > 216 200
337 801 – 467 500	70 532 + 31% of the amt > 337 800
467 501 – 613 600	110 739 + 36% of the amt > 467 500
613 601 – 782 200	163 335 + 39% of the amt > 613 600
782 201 – 1 656 600	229 089 + 41% of the amt > 782 200
1 656 601 and above	587 593 + 45% of the amt > 1 656 600

Retirement fund lump sum withdrawal benefits

YEAR OF ASSESSMENT ENDING 28 FEBRUARY 2023

Taxable income (R)	Rate of tax
1 – 25 000	0% of taxable income
25 001 – 660 000	18% of the amt > 25 000
660 001 – 990 000	114 300 + 27% of the amt > 660 000
990 001 and above	203 400 + 36% of the amt > 990 000

Retirement fund lump sum benefits or severance benefits

YEAR OF ASSESSMENT ENDING 28 FEBRUARY 2023

Taxable income (R)	Rate of tax
1 – 500 000	0% of taxable income
500 001 – 700 000	18% of the amt > 500 000
700 001 – 1 050 000	36 000 + 27% of the amt > 700 000
1 050 001 and above	130 500 + 36% of the amt > 1 050 000

Trusts (other than special trusts)

YEARS OF ASSESSMENT ENDING ON 28 FEBRUARY 2023

	2023	2022
Trusts	45.0%	45.0%
Effective Capital Gains Tax Rate	36.0%	36.0%

▶ USEFUL INFORMATION AT A GLANCE

Rebates and thresholds	2023	2022
Primary rebate for individuals	R16 425	R15 714
Secondary rebate (65 years of age or older) <i>in addition to primary rebate</i>	R9 000	R8 613
Tertiary rebate (75 years of age or older) <i>in addition to primary and secondary rebate</i>	R2 997	R2 871
Tax threshold for individuals under 65 years of age	R91 250	R87 300
Tax threshold for individuals 65 years of age to below 75 years of age	R141 250	R135 150
Tax threshold for individuals 75 years of age or older	R157 900	R151 100
Interest exemption	2023	2022
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	2023	2022
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)	R3.5 m	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	2023	2022
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	2023	2022
Travel allowance subject to PAYE ^(N2)	80%	80%
Maximum vehicle value ^(N3)	R665 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 28 FEBRUARY 2023

Value of the vehicle (incl VAT) (R)	Fixed cost (R)	Fuel cost (c)	Maintenance cost (c)
0 – 95 000	31 332	105.8	37.4
95 001 – 190 000	55 894	118.1	46.8
190 001 – 285 000	80 539	128.3	51.6
285 001 – 380 000	102 211	138.0	56.4
380 001 – 475 000	123 955	147.7	66.2
475 001 – 570 000	146 753	169.4	77.8
570 001 – 665 000	169 552	175.1	96.6
> 665 000	169 552	175.1	96.6

Reimbursed travel

If an employee is reimbursed for business kilometres travelled at a rate not exceeding R3,98 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 R3,98 per kilometre must be included as remuneration to calculate the amount of employees' tax to be withheld.

► COMPANY CAR

Taxable value per month	2023	2022
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 5.0% with effect from 01 February 2022.

► 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 – 1 000 000	0%
1 000 001 – 1 375 000	3% of the value in excess of R1 000 000
1 375 001 – 1 925 000	R11 250 plus 6% of the value in excess of R1 375 000
1 925 001 – 2 475 000	R44 250 plus 8% of the value in excess of R1 925 000
2 475 001 – 11 000 000	R88 250 plus 11% of the value in excess of R2 475 000
11 000 001 and above	R1 026 000 plus 13% of the value in excess of R11 000 000

► MEDICAL EXPENSES

2022/2023 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:

- R347 if the contributions are in respect of the taxpayer only;
- R694 in respect of the taxpayer and one dependant;
- R234 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	2023	2022
Companies	28.0%	28.0%
Companies effective capital gains tax rate	22.4%	22.4%
Turnover based presumptive tax system (elective) for micro businesses (turnover not exceeding R1m)	0% – 3.0%	0% – 3.0%
Non-resident companies with a branch in the Republic on SA source income	28.0%	28.0%
Personal service providers	28.0%	28.0%
Public benefit organisations and recreational clubs (trading income only)	28.0%	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 2021 to 30 March 2023 ^(N1):

R1 – R91 250	0.0%
R91 251 – R365 000	7% of taxable income above R91 250
R365 001 – R550 000	R19 163 + 21% of taxable income above R365 000
R550 001 and above	R58 031 + 28% of the amount above R550 000 ^(N2)

▶ MICRO BUSINESSES TURNOVER

For the financial years ending between 1 March 2022 to 28 February 2023

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'.

(N2) The income tax rate on Small Business Corporations with years of assessment ending on or after 31 March 2023 will be lowered to R58 013 +27% of the amount above R550 000.

► 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

	1 Mar 2022	1 Nov 2020	1 Nov 2019
Late or underpayment of tax	7.25% p.a.	7% p.a.	10% p.a.
Refund of overpayment of provisional tax	3.25% p.a.	3% p.a.	6% p.a.
Refund of tax on successful appeal or where the appeal was conceded by SARS	7.25% p.a.	7% p.a.	10% p.a.
Refund of VAT after prescribed period	7.25% p.a.	7% p.a.	10% p.a.
Late payment of VAT	7.25% p.a.	7% p.a.	10% p.a.
Customs and Excise	7.25% p.a.	7% p.a.	10% p.a.

▶ 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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