



CBS GROUP
SOUTH AFRICA



BUDGET SPEECH 2026

GOVERNMENT OF NATIONAL UNITY (GNU)

On 25 February 2026, Finance Minister Enoch Godongwana delivered South Africa's 2026/27 Budget Speech. The summary below highlights the key takeaways from the budget and will assist taxpayers to understand the potential impact for the coming fiscal year.

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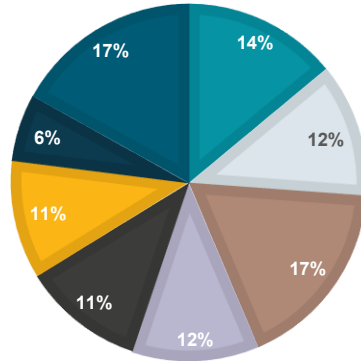


ECONOMY AND BUDGET HIGHLIGHTS

CONSOLIDATED GOVERNMENT REVENUE & EXPENDITURE 2026/27

EXPENDITURE

- Basic Education
- Social Development
- Economic Development
- Post Schooling Education & Training
- Health
- Community Development
- Safety & Security
- Debt Service Costs



Revenue	Expenditure	Deficit	Projected Economic Growth
R 2.6 T	R 2.893 T	R 280.7 B	1.6%

Government Revenue Collection is expected to increase from R 2.2 trillion in 2025/26 to R 2.6 trillion 2026/27.

Government Expenditure is expected to increase from R 2.6 trillion in 2025/26 to R 2.8 trillion in 2026/27.

The Budget Deficit forecasted to narrow from 4.8% of GDP in 2025/26 to 3.1% in 2026/27.

The National Debt, as at end February 2026, sits at a whopping R 4.7 trillion and interest costs of R 192 billion per annum.

Debt-servicing Cost is expected to increase from R 426.3 billion in 2025/26 to R 469.3 billion 2026/27.

Grey Listing: South Africa presented the final requirements during October 2025 to the Financial Action Task Force (FATF), and it was pleasing to note that FATF was satisfied with South Africa's presentation which led to South Africa being delisted from the grey listing in October 2025.

Local Government Priorities: Treasury has allocated R 86.9 billion for the provision of free basic services to 11.2 million households.

Crypto Assets: Draft regulations will be issued under the Currency and Exchanges Act to incorporate crypto assets into South Africa's capital flow management framework. As a result, cross-border transfers involving crypto assets will be subject to exchange control oversight, complementing existing measures aimed at preventing money-laundering and fraud.



TAX PROPOSAL HIGHLIGHTS

PERSONAL INCOME TAX

Category	Name	Division
Lowest	R 1 - R 245 100	18%
Middle	R 530 201 - R 695 800	36%
Top	R 1 878 601 and above	45%

REBATES

Age	Rebate
Below 65	R 17 820
65 - 75	R 9 765
Above 75	R 3 249

INTEREST EXEMPTION

Age	Rebate
Below 65	R 23 800
Above 65	R 34 500

AMENDMENTS MADE TO:

Fuel levies:

- Petrol 93 octane increased of 9 cents to R 21.38 a litre.
- Diesel increased by 8 cents to R 18.98 a litre.

Annual Contributions to Tax Free Investments:

- From R 36 000 2025/26 to R 46 000 per annum 2026/27.

Annual Deductions for Contributions to Retirement Funds:

- From R 350 000 2025/26 to R 430 000 per annum 2026/27.

Social Grant:

- From R 284.7 billion 2025/26 to R 292.8 billion 2026/27.
- Old Age and Disability Grant increased by R 80 to R 2 400.
- Child Support Grant increased by R 20 to R 580 per month.
- Foster Care Grant increased by R 45 to R 1295 per month.

Sin Tax:

- Alcoholic beverages will increase by 3.4% on excise duties.
- Cigars and pipe tobacco will increase by 3.4% on excise duties.
- Cigarettes and other tobacco products will increase by 3.4% on excise duties.

VAT Threshold:

- Increase of compulsory VAT registration from R 1 million in 2025/26 to R 2.3 million 2026/27 in a 12-month period.

Donation Tax Exemption :

- Increased from R 100 000 2025/26 to R 150 000 per annum 2026/27 for natural persons.

Withholding Taxes:

- Royalty 15%
- Interest 15%
- Foreign Entertainers and Sport Persons 15%

Capital Gains Tax (CGT):

- Annual exclusions for natural persons and special trusts for capital gains or losses from R 40 000 2025/26 to R 50 000 2026/27.
- Annual exclusions for natural persons in the year of death for capital gains or losses increased from R 300 000 2025/26 to R 440 000 2026/27.
- Annual exclusions for natural persons for capital gains or losses on disposal of primary residence from R 2 million 2025/26 to R 3 million 2026/27.

National Student Financial Aid Scheme (NSFAS):

- Treasury has allocated R 54.3 billion in 2026/27.

NO AMENDMENTS MADE TO:

Corporate Tax at 27%

Trust taxed at 45%

Dividends Tax at 20%

Capital Gains Tax (CGT):

Net Effective Rates:

- Individuals at 18%
- Businesses at 21.6%
- Trusts at 36%
- Special Trusts at 18%

Estate Duty:

- The first R 30 million of your estate is taxed at 20%.
- Anything above R 30 Million of your estate at 25%.

VAT at 15%.

Transfer Duty:

- Acquisition of property from R 1 – R 1 210 000 taxed at 0%.



OTHER INFORMATION TO TAKE NOTE OF:

The South African Reserve Bank (SARB):

During 2025 the South African Reserve Bank introduced amendments that shift cross-border payments away from formal exchange-control approval and toward verification by banks and SARS.

Circular 15/2025

requires banks to obtain SARS tax-compliance confirmation before remitting certain income to non-residents. This applies to payments such as dividends, trust distributions, rental income and certain fees. Depending on whether the recipient is registered with SARS, the bank must obtain either a Tax Compliance Status (AIT) PIN or a Manual Letter of Compliance. Previously, many of these payments could be transferred once the person was recorded as a non-resident. The change means outbound payments are now dependent on tax clearance rather than exchange-control endorsement.

Circular 14/2025

deals with inheritances and testamentary trusts. Capital distributions to non-resident beneficiaries may only be transferred once the bank has seen the trustee resolution confirming the distribution and the will confirming entitlement. If a beneficiary gives up their inheritance right, the matter must be referred to the Financial Surveillance Department. The amendment also highlights the tax-residency implications when a person emigrates for tax purposes.

Planned introduction of digital invoicing for VAT

Government and SARS have confirmed the planned introduction of mandatory digital invoicing (e-invoicing) as part of the VAT modernisation program. The system will require vendors to issue invoices in a structured electronic format that can be transmitted and validated through approved platforms, rather than relying only on traditional PDF or paper invoices. The objective is to allow SARS to verify transactions in near real time, improve reporting accuracy and reduce VAT fraud. Over time, the ability to claim input VAT is expected to depend increasingly on whether a compliant digital invoice has been issued. Implementation will be phased, likely starting with larger vendors before expanding more broadly. Although not yet mandatory, businesses should begin assessing whether their accounting systems can generate compliant structured invoices and integrate with reporting platforms, as VAT compliance will gradually move from periodic reporting to continuous transaction-level verification.

Introduction to Global Minimum Tax charge:

South Africa has already enacted the Global Minimum Tax Act, and it is effective for financial years starting on or after 1 January 2024.

- First GloBE information returns due: 2026
- First collection of top-up tax expected: from around 30 June 2026

Interaction of Controlled Foreign Company (CFC) rules in section 9D with section 9H Section 9H

National Treasury has strengthened its CFC rules to prevent profits and value from being shifted offshore without tax consequences.

High-Tax Exemption

Previously, a foreign company could escape South African tax if it appeared to pay sufficient tax overseas. The rules now look at the actual tax burden, if part of the tax is later refunded to shareholders, the exemption may no longer apply and the profits can be taxed in South Africa.

Exit Tax (Section 9H)

Some groups restructured ownership so that a foreign subsidiary acquired the South African parent, causing the company to fall out of the CFC rules without triggering tax. The law has been amended to ensure a capital gains "exit tax" still applies when the company leaves the South African tax net.



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CONTACT US

Johannesburg

Building 1 | 15 Forest Road | Waverley | 2090
T: +27 (0) 11 782 0001

Knysna

TH23 Long Street | Thesen Island | Knysna | 6570
T: +27 (0) 84 311 6161

Vereeniging

82 De Wet Street | Buyscelia AH | Meyerton South
Vereeniging | Gauteng | 1961
T: +27 (0) 16 422 0045

Cape Town

The Yacht Club | 2 Dockrail Road | Foreshore
Cape Town | 8001
T: +27 (0) 84 506 2640

hello@hlcbsgroup.com



www.hlb-cbsgroup.com

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