Budget 2026 Frequently Asked Questions

The purpose of the Budget 2026 Frequently Asked Questions is to give taxpayers and traders a comprehensive overview of the changes and translating it into clear and practical guidance.

Value-Added Tax

Value-Added Tax (VAT) Registration Threshold Increases

These frequently asked questions are issued based on the Minister's Budget announcement on 25 February 2026 and subject to Parliament's legislative process.

— Have the VAT registration threshold changes announced in the 2026 Budget Speech been given effect to?

Yes. Although the amendments have not yet been promulgated, the Minister of Finance announced these amendments to be effective from 1 April 2026. SARS is therefore administering new VAT registration applications on the increased threshold with effect from 1 April 2026. Vendors falling below the new compulsory registration threshold may apply to deregister as a VAT vendor. Once the legislation is promulgated, SARS will notify vendors falling below the new voluntary registration threshold of the inte[illegible]ncel their VAT registration.

+ What is the new VAT registration threshold, and when does it apply?

+ Will my voluntary VAT registration be automatically cancelled?

+ What must I do if SARS notifies me of its intention to cancel my VAT registration?

+ Must I continue to account for VAT before my registration is cancelled?

+ I am currently registered for VAT, and my total value of taxable supplies is less than R2.3 million and more than R120 000. Does this mean that my VAT registration will be cancelled automatically?

+ How do I apply to cancel my VAT registration?

+ What are the VAT consequences when a person’s registration is cancelled?

+ What assets must be taken into account when determining my VAT liability upon deregistration?

+ How must I disclose the VAT on goods and rights on hand at the date of cancellation?

+ What is included in the “cost” of an enterprise asset?

+ Are all goods and rights on hand subject to the deemed supply upon deregistration?

+ What happens if I fail to declare, or if I understate, my liability in my final VAT 201 return upon deregistration?

+ How are goods or services treated if input tax was claimed, but the supplier was not paid?

+ May I claim VAT as input tax or other deductions not previously made when ceasing to be a vendor?

+ What happens if I previously exceeded the R1 million compulsory VAT-registration threshold, but failed to register?

+ How do I pay the VAT liability upon deregistration?

+ If I am registered for Turnover Tax, can I still register for VAT?

+ Accordion Title

Personal Income Tax

− What are the income tax brackets for 2026/27?

The 2026/27 tax brackets are adjusted 3.4% for inflation — the first inflationary relief since 2023/24:

- R0 – R245100: 18%
- R245101 – R383 100: R44 118 + 26% above R245 100
- R383101 – R530 200: R79 998 + 31% above R383 100
- R530201 – R695 800: R125 599 + 36% above R530 200
- R695801 – R887 000: R185 215 + 39% above R695 800
- R887001 – R1 878 600: R259 783 + 41% above R887 000
- R1878 601+: R666 339 + 45% above R1 878 600

Maximum marginal rate remains 45%. Trusts (other than special trusts): flat 45%.

+ **What are the rebates and tax-free thresholds for 2026/27?**

+ **What are the medical tax credits for 2026/27?**

+ **What is the interest exemption for individuals in 2026/27?**

+ **What is the retirement fund contribution deduction limit for 2026/27?**

+ **What is the travelling allowance reimbursement rate for 2026/27?**

+ **What are the subsistence allowance rates for 2026/27?**

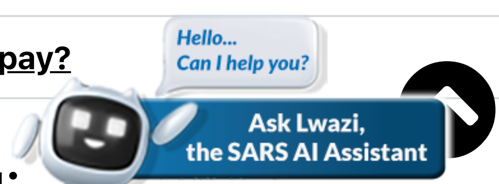
+ **What is the donations tax exemption for 2026/27?**

Filing Season 2026 & Auto Assessments

– **When does Filing Season 2026 open and what are the key deadlines?**

With respect to when the filing season opens and to auto assessments, provisional, non-provisional and/or trust income tax submission deadlines, these dates will only be made known once the Commissioner has published the Annual Notice to submit tax returns, which Annual Notice will be published in the first half of 2026.

+ **Who is a provisional taxpayer and when must I pay?**



Employment Tax & PAYE Obligations

— The EMP501 hard rejection — what exactly changed in February 2026?

From the **202602-reconciliation period** (year-end February 2026, annual EMP501 opens 1 April 2026), the inclusion of a valid **Income Tax Reference Number (ITRN)** on IRP5/IT3(a) certificates is **mandatory** for all employees required to register under Section 67 of the Income Tax Act. eFiling and e@syFile will **reject** the submission — no warning, no grace period — if any such employee lacks a valid ITRN. Employers must register employees immediately via **ITREG or BundleReg** on eFiling or e@syFile, or at a SARS branch by appointment. (https://tools.sars.gov.za/SARSeBooking)

+ What is the National Minimum Wage (NMW) from 2 March 2026?

+ What are the key 2026 EMP501 annual reconciliation dates?

+ What are the SDL and UIF rates for 2026/27?

+ What are the updated bursary/scholarship tax thresholds for 2026/27?

+ What is the updated employer-owned vehicle fringe-benefit rule?

Tax Debt Management and Enforcement

— What is the current state of SARS's tax-debt collection initiative?

On **31 January 2026**: total outstanding tax debt: **R646 billion**; undisputed portion: **R518.2 billion**. SARS collected **R79.4 billion** against a target of R95 billion — a R15 billion shortfall, due to delayed onboarding of additional personnel, growth in disputed debt, and increased deferred-payment arrangements. SARS has deployed **1 500 new debt collectors**, reducing overdue balances on payment plans from R14.6 billion to R6.8 billion. SARS is working more closely with banks and hiring additional legal professionals to pursue civil judgements. No additional revenue from debt collections is included in the 2026/27 fiscal framework.

+ What is a Third-Party Appointment (AA88) and can SARS take money from my bank without a court order?

+ What payment-arrangement and debt-relief opti

Tax-Free Savings & Retirement

— What is the TFSA annual limit for 2026/27?

From **1 March 2026**, the annual TFSA contribution limit increases to **R46 000** (up from R36 000 — the largest single-year increase since TFSAs were introduced in 2015). The lifetime limit remains **R500 000**. All growth, interest, and dividends inside the account are completely exempt from income tax. Withdrawals are also tax- free. **Warning:** SARS levies a **40% penalty tax on excess contributions** (contributions above the annual or lifetime limits). The limit applies in aggregate across all TFSAs held by the taxpayer.

+ How is a two-pot withdrawal taxed?

+ What are the retirement lump sum tax tables for 2026/27?

+ What is the living annuity commutation threshold?

Taxation of Crypto-Assets & Crypto-Asset Reporting Framework (CARF)

— What is CARF and when did it take effect in South Africa?

CARF took effect in South Africa on **2 March 2026**. SARS has published the final Business Requirement Specifications (BRS) for CARF. Crypto-Asset Service Providers will be required to collect user information and transaction data and report it to SARS in an internationally aligned format. CARF is integrated with the enhanced Automatic Exchange of Information (AEOI) regime, creating a coordinated international data architecture. CARF is expected to increase SARS's insight into crypto-asset activity over time. CARF is a reporting framework. It does not change how crypto-assets are taxed.

+ How must I declare crypto-assets on my tax return?

+ What is the Voluntary Disclosure Programme (VDP) and how does it apply to crypto?

Corporate Tax, Small Business Corporations & Turnover Tax

— What is the Corporate Income Tax rate for 2026/27?

The standard Corporate Income Tax (CIT) rate remains **27%** for years of assessment ending 1 April 2026 to 31 March 2027. Budget 2026 announced no change. The CIT rate was reduced from 28% to 27% in 2022/23. Companies in approved Special Economic Zones may qualify for a reduced rate of 15%, subject to the applicable requirements. Budget 2026 proposes reforming the anti-avoidance rules governing Special Economic Zone qualification to allow more legitimate supply chain integration.

+ What are the Small Business Corporation (SBC) tax rates for 2026/27?

+ What is the Turnover Tax regime for micro-businesses in 2026/27?

+ What is the SARS interest rate on late or underpaid tax from 2 March 2026?

+ What is Turnover Tax in simple terms?

+ Who qualifies for Turnover Tax?

+ Who does not qualify to be registered for Turnover Tax?

+ How do I register for Turnover Tax?

+ When can a business register for Turnover Tax?

+ How is Turnover Tax paid?

+ What has changed in the 2026 Budget?

+ When do these changes start?

+ Can my small business be registered for Turnover Tax and VAT?

+ What are the benefits of Turnover Tax?

Fuel Levies, Carbon Tax & Exci

− What are the 2026 fuel levy and carbon tax changes?

From 1 January 2026 (already in effect): Carbon tax increased from R236/tonne to **R308/tonne** of CO_2 equivalent.

From 1 April 2026:

- General fuel levy: Petrol **10/litre** (+9c) · Diesel **R3.93/litre** (+8c) — *below* inflation
- Carbon fuel levy: Petrol **19c/litre** Diesel **23c/litre** — above inflation (required by Carbon Tax Act)
- Road Accident Fund (RAF) levy: **25/litre** (+7c for both petrol and diesel)

The **combined** increase across fuel levy + carbon fuel levy + RAF levy is in line with expected inflation. Budget 2026 projects **R104 billion** in fuel levy revenue for 2026/27.

+ What happened to excise duties (“sin taxes”) in 2026?

+ Is there a new tax on online gambling?

International Tax, Offshore Allowances, & Expats

− What is the Single Discretionary Allowance per calendar year from 2026?

Following the conclusion of FinSurv’s consultation process, the Single Discretionary Allowance will double to **R2 million per year** (up from R1 million). Resident individuals will be able to transfer up to R2 million offshore per calendar year without requiring a Tax Compliance Status Pin – Approved International Transfer from SARS. Married couples will, therefore, collectively be able to transfer **R4 million per year** without a TCS Pin – AIT. This is widely considered one of the most significant exchange control relaxations in recent years. The Investment Allowance (requiring a TCS Pin – AIT) remains at R10 million per year.

+ What are the withholding tax rates for non-residents?

+ How does SARS know about my offshore income and accounts?

Capital Gains Tax

— What are the CGT rates and key exclusions for 2026/27?

Capital gains are included in taxable income at the **inclusion rate** (not the full gain). Maximum effective CGT rates: Individuals and special trusts: **18%** · Companies: **21.6%** · Other trusts: **36%**.

Updated exclusions from 2 March 2026:

- Annual exclusion: **R50000** gain or loss (up from R40 000 — first increase since 2017)
- Primary residence exclusion: **R3000 000** gain (up from R2 000 000 — first increase since 2012)
- Death exclusion: **R440000** (up from R300 000)
- Small business disposal (55+ years, market value ≤ R15million): **R2 700 000** exclusion (up from R1 800 000)

Small-business market-value ceiling: **R15 000 000** (up from R10 000 000)

+ When does a CGT disposal occur on property?

Global Minimum Tax (GMT) Pillar Two

— What is South Africa's GMT regime and who is affected?

South Africa enacted the **Global Minimum Tax Act, 2024** and the **Global Minimum Tax Administration Act, 2024**, both effective 1 January 2024 and applying to fiscal years beginning on or after that date. The regime applies to **Multinational Enterprise (MNE) Groups** with consolidated revenue of at least **€750 million** (~R15 billion). Key rules: **Income Inclusion Rule (IIR)** — SA parent entities pay a top-up tax on foreign operations taxed below 15%; **Domestic Minimum Top-up Tax (DMTT)** — ensures SA-sourced income of foreign MNE groups is taxed at minimum 15%. Budget 2026 revised the estimated revenue from R8 billion to **R2 billion** in 2026/27 following updated OECD rule analysis.

+ What are the GMT compliance deadlines?

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