

Tax table

Taxpayers earning more than R423 300 per annum do not receive any tax relief.

Individuals and special trusts	
Taxable income (R)	Rate of tax
0 - R195 850	18% of taxable income
R195 851 - R305 850	R35 253 + 26% of taxable income above R195 850
R305 851 - R423 300	R63 853 + 31% of taxable income above R305 850
R423 301 - R555 600	R100 263 + 36% of taxable income above R423 300
R555 601 - R708 310	R147 891 + 39% of taxable income above R555 600
R708 311 - R1 500 000	R207 448 + 41% of taxable income above R708 310
R1 500 001 and above	R532 041 + 45% of taxable income above R1 500 000

All rebates increase slightly. The primary rebate is R14 067, the secondary rebate for taxpayers older than 65 is R7 713 and the tertiary rebate for taxpayers older than 75 is an additional R2 574. This means that the tax threshold has increased to R78 150 for people younger than 65, R121 000 for those older than 65 and R135 300 for taxpayers older than 75.

Dividend tax and interest exemption

Dividend tax remains at 20%. The interest exemption remains R23 800 for taxpayers younger than 65, and R34 500 for taxpayers aged 65 and older.

Capital gains tax (CGT)

Capital gains inclusion rates remain at 40% for natural persons and 80% for companies and trusts. This means the maximum CGT rates are:

Natural persons and special trusts:	18%
Companies:	22.4%
Other trusts:	36%

The annual exclusion remains R40 000 and the exclusion at death R300 000.

“New VAT rate of 15%”

Exemption of foreign remuneration

If a South African resident works in a foreign country for more than 183 days a year, the first R1 000 000 of their foreign remuneration will be exempt from tax.

Company taxes

Small changes were made to the tax brackets of small business corporations, while the tax rates of other companies remained the same.

Transfer duty

No changes were made to transfer duty rates on property acquired by any person (including companies, close corporations or trusts) and these remain as follows:

Transfer duty rates	
Value of property (R)	Rate of tax
0 - R900 000	0%
R900 001 - R1 250 000	3% on the value above R900 000 but not exceeding R1 250 000
R1 250 001 - R1 750 000	R10 500 plus 6% on the value above R1 250 000 but not exceeding R1 750 000
R1 750 001 - R2 250 000	R40 500 plus 8% on the value above R1 750 000 but not exceeding R2 250 000
R2 250 001 - R10 000 000	R80 500 plus 11% on the value above R2 250 000 but not exceeding R10 000 000
R10 000 001 and above	R933 000 plus 13% on the value exceeding R10 000 000

Motor vehicle expenses

While the fixed cost claims for vehicles are slightly reduced the fuel and maintenance cost claims have been increased in line with higher fuel and maintenance costs.

Trusts

Trusts, other than special trusts, will be taxed at a flat rate of 45%. No other changes to the taxation of trusts were announced. The expected change in the official interest rate could, however, have a significant increase in the taxation of low interest loans to trusts.

Medical tax credits

The tax credit for the first two dependants increases to R310, and for additional dependants it increases to R209. When the National Health Insurance plan is rolled out, these tax credits will be cancelled.

Retirement fund changes

No changes were made to the lump sum rates upon withdrawal or retirement.

Taxpayers will be able to deduct contributions to any retirement fund up to a maximum of 27.5% of the greater of remuneration for PAYE purposes or taxable income (both excluding retirement fund lump sums and severance benefits). The deduction is capped at R350 000.

Upon emigration taxpayers could withdraw the full value from their retirement annuities. This will in future be extended to preservation funds as well.

From 2017, upon retirement taxpayers could transfer their pension to a retirement annuity. In future, transfers will also be allowed to preservation funds.

Tax-free savings accounts

The maximum annual contribution to tax-free savings accounts remains at R33 000 p.a.

Subsistence allowance

The daily subsistence allowance increases to R416 per day for meals and incidental costs, and to R128 per day for incidental costs alone.

VAT rate

The VAT rate will increase from 14% to 15% on all transactions with effect from 1 April 2018. The zero rate on fuel was not removed.

“Maximum estate
duty increases to
25% on estates above
R30 million”

Duties and levies

Excise duties and levies are increased as follows from 1 March 2018:

- Whisky: increases by R4.80 per bottle
- Beer: increases by 15c per can
- Wine: increases by 23c per 750 ml
- Cigarettes: increases by 122c per packet of 20
- Fuel levy: increases by 22c per litre from 4 April
- Road Accident Fund levy: increases by 30c per litre
- Plastic bag levy: increases by 4c per bag
- Incandescent light bulbs levy: increases by R2 per bulb
- Maximum excise duties on motor vehicles: increase from 25% to 30%
- Excise duties on luxury items: increase from 5% and 7% to 7% and 9% respectively

Estate duty and donations

Estate duty remains at 20% on the first R30 million of an estate, but increases to 25% on the value above R30 million. In line with this, any donations in a tax year above R30 million will be taxed at 25%. The estate duty rebate and donations tax exemption remain the same. The difference between the official interest rate and the interest rate charged on loans to trusts will be subject to donations tax.

Collective investment schemes

Amounts (other than capital amounts) are taxable in the portfolio of a collective investment scheme unless they are distributed to participatory interest holders within 12 months of accrual. Clarity will be provided on the nature of trading profits of collective investment schemes that trade frequently.

Official rate of interest

The official rate of interest is currently the repo rate plus 1% (7.75%). This rate will in future be linked to the prime rate of interest and could therefore increase significantly. A rate of prime less 0.5% would, for example, see an increase of 2% in the current rate.

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