



Budget 2019: How it may affect you

Your everyday finances and investments

Your everyday finances

Tax on what you earn

Personal income tax (unchanged)
Maximum personal income tax rate: 45%

Rebates

Primary	Secondary	Tertiary
R14 220	R7 794	R2 601
▲ R153	▲ R81	▲ R27

Tax thresholds

< 65 years	65+ years	75+ years
R79 000	R122 300	R136 750
▲ R850	▲ R1 300	▲ R1 450

What you spend

VAT (unchanged)
15%

Luxury goods duties (unchanged)

- Motor vehicles: 30%
- Luxury goods (eg electronic goods, cosmetics, perfumes, cell phones): 7% and 9%; the percentage depends on the type of luxury asset

Fuel taxes
(effective 3 April 2019)

General fuel levy	RAF levy
▲ 15c/litre	▲ 5c/litre

Carbon tax
(effective 5 June 2019)

Petrol	Diesel
▲ 9c/litre	▲ 10c/litre

Medical tax credits (unchanged)

Your investments

Exemptions and allowances

Interest exemption (unchanged)
(Applicable to South African sourced income only)

For individuals:

< 65 years	65+ years
R23 800 per year	R34 500 per year

Tax-free savings (unchanged)
Annual contribution limit: R33 000

Annual donations relief (unchanged)
Exemption of R100 000

Exchange control (unchanged)

Individual foreign investment allowance

- R10 million foreign investment allowance
- R1 million annual discretionary allowance

Institutional foreign investment allowances (asset swap investments)

Offshore limits for funds under management by institutional investors:

- Retirement funds: 30%
- Collective investment schemes and investment managers: 40%
- Institutional investors may invest up to 10% in Africa

Loop structures

Loop structures are when a South African resident holds a South African asset indirectly through a non-resident entity

- Loop structure provision is 40% for bona fide business investment, growth and expansion transactions

Tax on your investments

Capital gains tax (unchanged)

Taxpayer	Inclusion rate	Maximum effective rate
Individuals	40.0%	18.0%
Special trusts	40.0%	18.0%
Companies	80.0%	22.4%
Trusts	80.0%	36.0%

Dividends tax (SA) (unchanged)
20%

Foreign dividends tax (unchanged)

Withholding tax (unchanged)

Your business

Corporate tax (unchanged)
28%

Highlights



VAT **15%**
(unchanged)



Personal income tax Unchanged



Corporate tax **28%**
(unchanged)



Estate duty rate

- **20%** on dutiable estates below R30 million (unchanged)
- **25%** on dutiable estates greater than R30 million (unchanged)



Donations tax rate

- **20%** on donations less than R30 million in one tax year (unchanged)
- **25%** on donations exceeding R30 million in one tax year (unchanged)



Fuel taxes

- 15c/litre: general fuel levy
- 5c/litre: Road Accident Fund levy (effective 3 April 2019)



Carbon tax **NEW**

- 9c/litre on petrol
- 10c/litre on diesel (effective 5 June 2019)

Proposals in the pipeline

Collective Investment Schemes (CIS)

Clarification of the rules for the tax treatment of trading activities within a CIS is back on the table. After receiving industry and public comments, it has been decided that further investigation into the proposal is needed, which will take place in the 2019 legislative cycle.

Refining the foreign employment income tax exemption for South African residents

- From 1 March 2020, South African residents who spend more than 183 days in employment outside of the country will be subject to South African income tax on any foreign employment income that exceeds R1 million
- If working for a South African employer, the employer will be able to reduce the employee's monthly local pay-as-you-earn (PAYE) withholding tax by the amount of foreign taxes withheld on the employment income

Your future planning

Your legacy

Donations tax (unchanged)

- Tax rate on donations exceeding R30 million in one tax year: 25%
- Tax rate on donations less than R30 million in one tax year: 20%
- Annual donations tax exemption: R100 000

Property transfer duty
(unchanged)

Trusts tax rate (unchanged)
45%

Estate duty (unchanged)

- Dutiable estates below R30 million: 20%
- Dutiable estates greater than R30 million: 25%

Your retirement

Limits (unchanged)

- Withdrawal benefit limits from retirement funds
- Limits on retirement fund lump sum benefits and severance benefits

Retirement-related reforms

- To encourage savings, capital preservation and annuitisation in retirement (regular income in retirement), it is proposed that retirement fund contributions that did not qualify for tax exemption at the time of contribution, will enjoy tax exemptions after retirement.
- Spousal pension payments received by a surviving spouse are currently subject to employees' tax by the retirement fund – it is proposed that this monthly spousal pension be subject to employees' tax being withheld at a specified flat rate
- It is proposed that payments currently held by fund administrators on behalf of deregistered retirement funds qualify as tax-free payments, provided they meet certain criteria