

REPUBLIC OF SOUTH AFRICA

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# **RATES AND MONETARY AMOUNTS AND AMENDMENT OF REVENUE LAWS BILL**

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*(As introduced in the National Assembly (proposed section 77); explanatory summary of  
Bill and prior notice of its introduction published in Government Gazette No. 52567 of  
24 April 2025)*  
*(The English text is the official text of the Bill)*

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(MINISTER OF FINANCE)

## GENERAL EXPLANATORY NOTE:

[                      ]      Words in bold type in square brackets indicate omissions from existing enactments.

\_\_\_\_\_      Words underlined with a solid line indicate insertions in existing enactments.

# BILL

To fix the rates of normal tax; to amend the Transfer Duty Act, 1949, so as to amend transfer duty monetary thresholds; to amend the Income Tax Act, 1962, so as to amend certain provisions; to amend the Customs and Excise Act, 1964, so as to amend rates of duty in Schedule 1 to that Act; to amend the Employment Tax Incentive Act, 2013, so as to amend certain provisions; to amend the Carbon Tax Act, 2019, so as to amend an amount; to pre-empt the increase of the rate in terms of section 7 of the Value-Added Tax Act, 1991, announced by the Minister of Finance in the national annual budget of 2025; and to provide for matters connected therewith.

**B**E IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 2 of Act 40 of 1949, as amended by section 1 of Act 59 of 1951, section 1 of Act 31 of 1953, section 1 of Act 32 of 1954, section 2 of Act 77 of 1964, section 1 of Act 56 of 1966, section 2 of Act 66 of 1973, section 3 of Act 88 of 1974, section 5 of Act 106 of 1980, section 3 of Act 87 of 1988, section 2 of Act 136 of 1992, section 3 of Act 97 of 1993, section 1 of Act 37 of 1995, section 9 of Act 37 of 1996, section 2 of Act 32 of 1999, section 2 of Act 30 of 2002, section 31 of Act 12 of 2003, section 1 of Act 16 of 2004, section 1 of Act 9 of 2005, section 1 of Act 31 of 2005, section 14 of Act 9 of 2006, section 2 of Act 18 of 2009, section 2 of Act 24 of 2011, section 2 of Act 13 of 2015, section 2 of Act 13 of 2016, section 2 of Act 14 of 2017, section 1 of Act 22 of 2020 and section 1 of Act No. 19 of 2023

1. (1) Section 2 of the Transfer Duty Act, 1949, is hereby amended by the substitution in subsection (1)(b) for subparagraphs (i) to (vi) of the following subparagraphs:

- “(i) 0 per cent of so much of the said value or the said amount, as the case may be, as does not exceed **[R1 100 000]** R1 210 000;
- (ii) 3 per cent of so much of the said value or the said amount, as the case may be, as exceeds **[R1 100 000]** R1 210 000 but does not exceed **[R1 512 500]** R1 663 800;
- (iii) 6 per cent of so much of the said value or the said amount, as the case may be, as exceeds **[R1 512 500]** R1 663 800 but does not exceed **[R2 117 500]** R2 329 300;
- (iv) 8 per cent of so much of the said value or the said amount, as the case may be, as exceeds **[R2 117 500]** R2 329 300 but does not exceed **[R2 722 500]** R2 994 800;
- (v) 11 per cent of so much of the said value or the said amount, as the case may be, as exceeds **[R2 722 500]** R2 994 800 but does not exceed **[R12 100 000]** R13 310 000; and
- (vi) 13 per cent of so much of the said value or the said amount, as the case may be, as exceeds **[R12 100 000]** R13 310 000.”.

(2) Subsection (1) is deemed to have come into operation on 1 April 2025 and applies in respect of property acquired or interest or restriction in any property renounced on or after that date.

#### **Fixing of rates of normal tax**

2. (1) The rates of tax fixed by Parliament in terms of section 5(2) of the Income Tax Act, 1962, are set out in paragraphs 1 to 7 and 9 of Schedule I. 5

(2) The rate of tax fixed by Parliament in terms of section 48B(1) of the Income Tax Act, 1962, is set out in paragraph 8 of Schedule I.

(3) Subject to subsection (4), the rates of tax referred to in subsection (1) apply in respect of— 10

(a) any person (other than a company or a trust other than a special trust) for any year of assessment commencing on or after 1 March 2025;

(b) any company for any year of assessment ending on or after 1 April 2025; and

(c) any trust (other than a special trust) for any year of assessment commencing on or after 1 March 2025. 15

(4) The rate of tax referred to in subsection (2) applies in respect of the taxable turnover of a person that is a registered micro business as defined in paragraph 1 of the Sixth Schedule to the Income Tax Act, 1962, in respect of any year of assessment commencing on or after 1 March 2025.

**Amendment of section 13<sup>quat</sup> of Act 58 of 1962, as inserted by section 33 of Act 45 of 2003 and amended by section 12 of Act 16 of 2004, section 19 of Act 32 of 2004, section 23 of Act 31 of 2005, section 16 of Act 8 of 2007, section 5 of Act 4 of 2008, section 29 of Act 60 of 2008, sections 29 and 106 of Act 17 of 2009, section 33 of Act 7 of 2010, section 41 of Act 24 of 2011, section 34 of Act 22 of 2012, section 48 of Act 31 of 2013, section 32 of Act 25 of 2015, section 38 of Act 15 of 2016, section 34 of Act 23 of 2018, section 20 of Act 23 of 2020, section 16 of Act 20 of 2021, section 21 of Act 17 of 2023 and section 15 of Act 42 of 2024** 20 25

3. (1) Section 13<sup>quat</sup> of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (5) for paragraph (c), of the following paragraph:

“(c) which is brought into use by the taxpayer after [31 March 2025] 31 March 2030;” 30

(2) Subsection (1) is deemed to have come into operation on 31 March 2025.

**Amendment of Schedule 1 to Act 91 of 1964, as amended by section 19 of Act 95 of 1965, section 15 of Act 57 of 1966, section 2 of Act 96 of 1967, section 22 of Act 85 of 1968, section 37 of Act 105 of 1969, section 9 of Act 98 of 1970, section 2 of Act 89 of 1971, section 12 of Act 103 of 1972, section 6 of Act 68 of 1973, section 3 of Act 64 of 1974, section 13 of Act 71 of 1975, section 13 of Act 105 of 1976, section 38 of Act 112 of 1977, section 3 of Act 114 of 1981, section 27 of Act 86 of 1982, section 10 of Act 89 of 1984, section 14 of Act 101 of 1985, section 11 of Act 69 of 1988, section 19 of Act 68 of 1989, section 40 of Act 59 of 1990, section 3 of Act 111 of 1991, section 15 of Act 105 of 1992, section 13 of Act 98 of 1993, section 12 of Act 19 of 1994, section 74 of Act 45 of 1995, section 8 of Act 44 of 1996, section 15 of Act 27 of 1997, section 75 of Act 30 of 1998, section 7 of Act 32 of 1999, section 64 of Act 30 of 2000, section 52 of Act 19 of 2001, section 53 of Act 30 of 2002, section 41 of Act 12 of 2003, section 155 of Act 45 of 2003, section 36 of Act 16 of 2004, section 14 of Act 9 of 2005, section 36 of Act 9 of 2006, section 76 of Act 8 of 2007, section 66 of Act 3 of 2008, section 88 of Act 17 of 2009, section 117 of Act 7 of 2010, section 127 of Act 24 of 2011, section 14 of Act 13 of 2012, section 9 of Act 23 of 2013, section 7 of Act 42 of 2014, section 8 of Act 13 of 2015, section 13 of Act 13 of 2016, section 18 of Act 14 of 2017, section 7 of Act 21 of 2018, section 4 of Act 32 of 2019, section 9 of Act 22 of 2020, section 5 of Act 19 of 2021, section 5 of Act 19 of 2022, section 7 of Act 19 of 2023 and section 41 of Act 45 of 2024** 35 40 45 50

4. (1) Schedule No. 1 to the Customs and Excise Act, 1964, is hereby amended as set out in Schedule II to this Act.

(2) Subject to section 58(1) of the Customs and Excise Act, 1964, the amendments set out in Schedule II to this Act are deemed to have come into operation on 12 March 2025. 55

**Amendment of section 4 of Act 26 of 2013, as amended by section 95 of Act 15 of 2016, section 5 of Act 32 of 2019 and section 5 of Act 13 of 2020**

5. (1) Section 4 of the Employment Tax Incentive Act, 2013, is hereby amended by the substitution in subsection (1) for subparagraphs (i) and (ii) of paragraph (b) of the following subparagraphs: 5

- “(i) where the employee is employed and paid remuneration for at least 160 hours in a month, the amount of [R2 000] R2 500 in respect of a month; or
  - (ii) where the employee is employed and paid remuneration for less than 160 hours in a month, an amount that bears to the amount of [R2 000] R2 500 the same ratio as 160 hours bears to the number of hours that the employee was employed for and paid remuneration by that employer in that month.”. 10
- (2) Subsection (1) is deemed to have come into operation on 1 April 2025. 15

**Amendment of section 6 of Act 26 of 2013, as amended by section 95 of Act 15 of 2016, section 5 of Act 32 of 2019, section 80 of Act 34 of 2019, section 4 of Act 13 of 2020 and section 59 of Act 20 of 2021**

6. (1) Section 6 of the Employment Tax Incentive Act, 2013, is hereby amended by the substitution for paragraph (g) of the following paragraph:  
 “(g) receives remuneration in an amount less than [R6 500] R7 500 in respect of a month.”. 20

(2) Subsection (1) is deemed to have come into operation on 1 April 2025. 20

**Amendment of section 7 of Act 26 of 2013, as amended by section 95 of Act 15 of 2016, section 5 of Act 32 of 2019, section 5 of Act 13 of 2020 and section 6 of Act 19 of 2022**

7. (1) Section 7 of the Employment Tax Incentive Act, 2013, is hereby amended by the substitution for subsections (2) and (3) of the following subsections: 25

“(2) During each month of the first 12 months in respect of which an employer employs a qualifying employee, the amount of the employment tax incentive in respect of that qualifying employee, if the monthly remuneration of the employee is—

- (a) less than [R2 000] R2 500, is an amount equal to [75] 60 per cent of the monthly remuneration of the employee; 30
- (b) [R2 000] R 2 500 or more but less than [R4 500] R5 500, is an amount of R1 500;
- (c) [R4 500] R 5 500 or more but less than [R6 500] R7 500, is an amount determined in accordance with the following formula: 35  

$$X = A - (B \times (C - D))$$
 in which formula—
  - (i) “X” represents the amount of the monthly employment tax incentive that must be determined;
  - (ii) “A” represents the amount of R1 500; 40
  - (iii) “B” represents the number 0,75;
  - (iv) “C” represents the amount of the monthly remuneration of the employee; and
  - (v) “D” represents the amount of [R4 500] R5 500; or
- (d) [R6 500] R7 500 or more, is an amount of nil. 45

(3) During each of the 12 months after the first 12 months that the same employer employs the qualifying employee, the amount of the employment tax incentive in respect of that qualifying employee, if the monthly remuneration of the employee is—

- (a) less than [R2 000] R2 500, is an amount equal to [37,5] 30 per cent of the monthly remuneration of the employee; 50
- (b) [R2 000] R2 500 or more but less than [R4 500] R5 500, is an amount of R750;
- (c) [R4 500] R5 500 or more but less than [R6 500] R7 500, is an amount determined in accordance with the following formula: 55  

$$X = A - (B \times (C - D))$$
 in which formula—

- (i) “X” represents the amount of the monthly employment tax incentive that must be determined;
  - (ii) “A” represents the amount of R750;
  - (iii) “B” represents the number 0,375;
  - (iv) “C” represents the amount of the monthly remuneration of the employee; and
  - (v) “D” represents the amount of ~~[R4 500]~~ R5 500; or
  - (d) ~~[R6 500]~~ R7 500 or more, is an amount of nil.”.
- (2) Subsection (1) is deemed to have come into operation on 1 April 2025.

**Amendment of section 6 of Act 15 of 2019, as amended by section 93 of Act 34 of 2019, section 77 of Act 23 of 2020, section 76 of Act 20 of 2021, section 8 of Act 19 of 2022, section 9 of Act 19 of 2023 and section 3 of Act 45 of 2024**

- 8.** (1) Section 6 of the Carbon Tax Act, 2019, is hereby amended by the substitution in subsection (3) for paragraph (c) of the following paragraph:
- “(c) ‘B’ represents an amount of ~~[0.69]~~ 0.99 cents per litre;”.
- (2) Subsection (1) is deemed to have come into operation on 1 January 2025.

**Amendment of section 5 of Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2022**

- 9.** (1) Section 5 of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, is hereby amended by the deletion of subsection (13).
- (2) Subsection (1) is deemed to have come into operation on 5 January 2023.

**Amendment of Schedule II to Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2022**

- 10.** (1) Part VI of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, is hereby deleted.
- (2) Subsection (1) is deemed to have come into operation on 5 January 2023.

**Amendment of section 7 of Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2023**

- 11.** (1) Section 7 of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023, is hereby amended by the deletion of subsection (6).
- (2) Subsection (1) is deemed to have come into operation on 22 December 2023.

**Amendment of Schedule II to Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2023**

- 12.** (1) Part IV of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023, is hereby deleted.
- (2) Subsection (1) is deemed to have come into operation on 22 December 2023.

**Pre-emption of increase of rate in terms of Value-Added Tax Act 89 of 1991, announced by Minister of Finance in national annual budget of 2025**

- 13.** (1) Despite—
- (a) section 7(4) of the Value-Added Tax Act, 1991; and
  - (b) the announcement by the Minister of Finance on 12 March 2025 in the national annual budget, contemplated in section 27(1) of the Public Finance Management, 1999 (Act No. 1 of 1999),
- the alteration of the VAT rate specified in section 7 of the Value-Added Tax Act, 1991, does not come into effect.
- (2) Subsection (1) is deemed to have come into effect on 1 May 2025.

**Short title**

- 14.** This Act is called the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2025.

## Schedule I

(Section 2)

### RATES OF NORMAL TAX

1. The rate of tax referred to in section 2(1) to be levied in respect of the taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit or severance benefit) of any natural person, deceased estate, insolvent estate or special trust, in respect of any year of assessment commencing on or after 1 March 2025, is set out in the table below:

<b>Taxable income</b>	<b>Rate of tax</b>
Not exceeding R237 100	18 per cent of taxable income
Exceeding R237 100 but not exceeding R370 500	R42 678 plus 26 per cent of amount by which taxable income exceeds R237 100
Exceeding R370 500 but not exceeding R512 800	R77 362 plus 31 per cent of amount by which taxable income exceeds R370 500
Exceeding R512 800 but not exceeding R673 000	R121 475 plus 36 per cent of amount by which taxable income exceeds R512 800
Exceeding R673 000 but not exceeding R857 900	R179 147 plus 39 per cent of amount by which taxable income exceeds R673 000
Exceeding R857 900 but not exceeding R1 817 000	R251 258 plus 41 per cent of amount by which taxable income exceeds R857 900
Exceeding R1 817 000	R644 489 plus 45 per cent of amount by which taxable income exceeds R1 817 000

2. The rate of tax referred to in section 2(1) to be levied in respect of the taxable income of a trust (other than a special trust or a public benefit organisation, recreational club or small business funding entity referred to in paragraph 4), in respect of any year of assessment commencing on or after 1 March 2025, is 45 per cent.

3. The rate of tax referred to in section 2(1) to be levied in respect of the taxable income of a company (other than a public benefit organization, recreational club or small business funding entity referred to in paragraph 4 or a small business corporation referred to in paragraph 5), in respect of any year of assessment ending on or after 1 April 2025 is, subject to the provisions of paragraph 12, as follows:

- (a) 27 per cent of the taxable income of any company (excluding taxable income referred to in subparagraphs (b), (c) and (d));
- (b) in respect of the taxable income derived by any company from mining for gold on any gold mine with the exclusion of so much of the taxable income as the Commissioner determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of “gross income” in section 1 of the Income Tax Act, 1962, but after the set-off of any assessed loss in terms of section 20(1) of that Act, a percentage determined in accordance with the formula:

$$y = 33 - \frac{165}{x}$$

in which formula  $y$  represents such percentage and  $x$  the ratio expressed as a percentage which the taxable income so derived (with the said exclusion, but before the set-off of any assessed loss or deduction which is not attributable to the mining for gold from the said mine) bears to the income so derived (with the said exclusion);

- (c) in respect of the taxable income of any company, the sole or principal business of which in the Republic is, or has been, mining for gold and the determination of the taxable income of which for the period assessed does not result in an assessed loss, which the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of “gross income” in section 1 of the Income Tax Act, 1962, a rate equal to the average rate of normal tax or 27 per cent, whichever is higher: Provided that for the purposes of this subparagraph, the average rate of normal

tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with this subparagraph for the period assessed) paid by the company in respect of its aggregate taxable income from mining for gold on any gold mine for the period from which that company commenced its gold mining operations on that gold mine to the end of the period assessed, by the number of rands contained in the said aggregate taxable income; and

- (d) in respect of the taxable income derived by any company from carrying on long-term insurance business in respect of its—
- (i) individual policyholder fund, 30 per cent; and
  - (ii) company policyholder fund, risk policy fund and corporate fund, 27 per cent.

4. The rate of tax referred to in section 2(1) to be levied in respect of the taxable income of any public benefit organisation that has been approved by the Commissioner in terms of section 30(3) of the Income Tax Act, 1962, or any recreational club that has been approved by the Commissioner in terms of section 30A(2) of that Act or any small business funding entity that has been approved by the Commissioner in terms of section 30C(1) is 27 per cent—

- (a) in the case of an organisation, club or small business funding entity that is a company, in respect of any year of assessment ending on or after 1 April 2025; or
- (b) in the case of an organisation or small business funding entity that is a trust, in respect of any year of assessment commencing on or after 1 March 2025.

5. The rate of tax referred to in section 2(1) to be levied in respect of the taxable income of any company, which qualifies as a small business corporation as defined in section 12E of the Income Tax Act, 1962, in respect of any year of assessment ending on or after 1 April 2025, subject to paragraph 10, is set out in the table below:

<b>Taxable income</b>	<b>Rate of tax</b>
Not exceeding R95 750	0 per cent of taxable income
Exceeding R95 750 but not exceeding R365 000	7 per cent of amount by which taxable income exceeds R95 750
Exceeding R365 000 but not exceeding R550 000	R18 848 plus 21 per cent of amount by which taxable income exceeds R365 000
Exceeding R550 000	R57 698 plus 27 per cent of amount by which taxable income exceeds R550 000

6. The rate of tax referred to in section 2(1) to be levied on taxable income attributable to income derived by a qualifying company within a special economic zone as contemplated in section 12R of the Income Tax Act, 1962, subject to paragraph 7, is 15 cents on each Rand of taxable income in respect of any year of assessment ending on or after 1 April 2025.

7. If a company is subject to both paragraphs 5 and 6 in respect of determining the rate of tax to be levied on an amount of taxable income of a company, the tax payable in respect of that amount of taxable income is the lesser of the tax determined under paragraph 5 and paragraph 6 in respect of that amount of taxable income.

8. The rate of tax referred to in section 2(2) to be levied in respect of the taxable turnover of a person that is a registered micro business as defined in paragraph 1 of the Sixth Schedule to the Income Tax Act, 1962, in respect of any year of assessment commencing on or after 1 March 2025, is set out in the table below:

<b>Taxable turnover</b>	<b>Rate of tax</b>
Not exceeding R335 000	0 per cent of taxable turnover
Exceeding R335 000 but not exceeding R500 000	1 per cent of amount by which taxable turnover exceeds R335 000
Exceeding R500 000 but not exceeding R750 000	R1 650 plus 2 per cent of amount by which taxable turnover exceeds R500 000
Exceeding R750 000	R6 650 plus 3 per cent of amount by which taxable turnover exceeds R750 000



9. (a)(i) If a retirement fund lump sum withdrawal benefit accrues to a person in any year of assessment commencing on or after 1 March 2025, the rate of tax referred to in section 2(1) to be levied on that person in respect of taxable income comprising the aggregate of—

- (aa) that retirement fund lump sum withdrawal benefit;
- (bb) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in subitem (aa);
- (cc) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in subitem (aa); and
- (dd) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in subitem (aa),

is set out in the table below:

<b>Taxable income from lump sum benefits</b>	<b>Rate of tax</b>
Not exceeding R27 500	0 per cent of taxable income
Exceeding R27 500 but not exceeding R726 000	18 per cent of amount by which taxable income exceeds R27 500
Exceeding R726 000 but not exceeding R1 089 000	R125 730 plus 27 per cent of amount by which taxable income exceeds R726 000
Exceeding R1 089 000	R223 740 plus 36 per cent of amount by which taxable income exceeds R1 089 000

(ii) The amount of tax levied in terms of item (i) must be reduced by an amount equal to the tax that would be leviable on the person in terms of that item in respect of taxable income comprising the aggregate of—

- (aa) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in item (i)(aa);
- (bb) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in item (i)(aa); and
- (cc) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the retirement fund lump sum withdrawal benefit contemplated in item (i)(aa).

(b)(i) If a retirement fund lump sum benefit accrues to a person in any year of assessment commencing on or after 1 March 2025, the rate of tax referred to in section 1(1) to be levied on that person in respect of taxable income comprising the aggregate of—

- (aa) that retirement fund lump sum benefit;
- (bb) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the retirement fund lump sum benefit contemplated in subitem (aa);
- (cc) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the retirement fund lump sum benefit contemplated in subitem (aa); and
- (dd) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the retirement fund lump sum benefit contemplated in subitem (aa),

is set out in the table below:

<b>Taxable income from lump sum benefits</b>	<b>Rate of tax</b>
Not exceeding R550 000	0 per cent of taxable income
Exceeding R550 000 but not exceeding R770 000	18 per cent of amount by which taxable income exceeds R550 000



<b>Taxable income from lump sum benefits</b>	<b>Rate of tax</b>
Exceeding R770 000 but not exceeding R1 155 000	R39 600 plus 27 per cent of amount by which taxable income exceeds R770 000
Exceeding R1 155 000	R143 550 plus 36 per cent of amount by which taxable income exceeds R1 155 000

(ii) The amount of tax levied in terms of item (i) must be reduced by an amount equal to the tax that would be leviable on the person in terms of that item in respect of taxable income comprising the aggregate of—

- (aa) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the retirement fund lump sum benefit contemplated in item (i)(aa);
- (bb) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the retirement fund lump sum benefit contemplated in item (i)(aa); and
- (cc) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the retirement fund lump sum benefit contemplated in item (i)(aa).

(c)(i) If a severance benefit accrues to a person in any year of assessment commencing on or after 1 March 2025, the rate of tax referred to in section 2(1) to be levied on that person in respect of taxable income comprising the aggregate of—

- (aa) that severance benefit;
- (bb) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the severance benefit contemplated in subitem (aa);
- (cc) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the severance benefit contemplated in subitem (aa); and
- (dd) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the severance benefit contemplated in subitem (aa),

is set out in the table below:

<b>Taxable income from lump sum benefits</b>	<b>Rate of tax</b>
Not exceeding R550 000	0 per cent of taxable income
Exceeding R550 000 but not exceeding R770 000	18 per cent of amount by which taxable income exceeds R550 000
Exceeding R770 000 but not exceeding R1 155 000	R39 600 plus 27 per cent of amount by which taxable income exceeds R770 000
Exceeding R1 155 000	R143 550 plus 36 per cent of amount by which taxable income exceeds R1 155 000

(ii) The amount of tax levied in terms of item (i) must be reduced by an amount equal to the tax that would be leviable on the person in terms of that item in respect of taxable income comprising the aggregate of—

- (aa) severance benefits received by or accrued to that person on or after 1 March 2011 and prior to the accrual of the severance benefit contemplated in item (i)(aa);
- (bb) retirement fund lump sum withdrawal benefits received by or accrued to that person on or after 1 March 2009 and prior to the accrual of the severance benefit contemplated in item (i)(aa); and
- (cc) retirement fund lump sum benefits received by or accrued to that person on or after 1 October 2007 and prior to the accrual of the severance benefit contemplated in item (i)(aa).

**10.** The rates of tax set out in paragraphs 1 to 7 and 9 are the rates required to be fixed by Parliament in accordance with the provisions of section 5(2) of the Income Tax Act, 1962.

**11.** The rate of tax set out in paragraph 8 is the rate required to be fixed by Parliament in accordance with the provisions of section 48B(1) of the Income Tax Act, 1962.

**12.** For the purposes of this Schedule, income derived from mining for gold includes any income derived from silver, osmiridium, uranium, pyrites or other minerals which may be won in the course of mining for gold and any other income which results directly from mining for gold.

## Schedule II

(Section 4)

### AMENDMENT OF PART 2A OF SCHEDULE NO. 1 TO CUSTOMS AND EXCISE ACT, 1964

Tariff Item	Tariff Subheading	Article Description	2025/2026 Rate of Excise Duty
<b>104.00</b>	<b>PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO</b>		
<b>104.01</b>	<b>19.01</b>	<b>Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40 per cent by mass of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5 per cent by mass of cocoa calculated on a totally defatted basis not elsewhere specified or included:</b>	
104.01.05	1901.90.13	Preparations for making alcoholic beverages (excluding those of subheading 1901.90.20) as defined in Additional Note 2 to Chapter 19	34,7c/kg
104.01.10	1901.90.20	Traditional African beer powder as defined in Additional Note 1 to Chapter 19	34,7c/kg
<b>104.05</b>	<b>21.06</b>	<b>Food preparations not elsewhere specified or included:</b>	
104.05.10	2106.90.13	Preparations for making alcoholic beverages as defined in Additional Note 1 to Chapter 21	34,7c/kg
<b>104.10</b>	<b>22.03</b>	<b>Beer made from malt:</b>	
104.10.10	2203.00.05	Traditional African beer as defined in Additional Note 1 to Chapter 22	7,82c/li
104.10.20	2203.00.90	Other	R145.07/li aa
<b>104.15</b>	<b>22.04</b>	<b>Wine of fresh grapes, including fortified wines; grape must (excluding that of heading 20.09):</b>	
104.15.01	2204.10	Sparkling wine	R19.03/li
<b>104.15</b>	<b>2204.21</b>	<b>In containers holding 2 li or less:</b>	
<b>104.15</b>	<b>2204.21.4</b>	<b>Unfortified wine:</b>	
104.15.03	2204.21.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li
104.15.04	2204.21.42	Other	R292.91/li aa
<b>104.15</b>	<b>2204.21.5</b>	<b>Fortified wine:</b>	
104.15.05	2204.21.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li
104.15.06	2204.21.52	Other	R292.91/li aa
<b>104.15</b>	<b>2204.22</b>	<b>In containers holding more than 2 li but not more than 10 li:</b>	
<b>104.15</b>	<b>2204.22.4</b>	<b>Unfortified wine:</b>	
104.15.13	2204.22.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li
104.15.15	2204.22.42	Other	R292.91/li aa
<b>104.15</b>	<b>2204.22.5</b>	<b>Fortified wine:</b>	
104.15.17	2204.22.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li
104.15.19	2204.22.52	Other	R292.91/li aa
<b>104.15</b>	<b>2204.29</b>	<b>Other:</b>	
<b>104.15</b>	<b>2204.29.4</b>	<b>Unfortified wine:</b>	
104.15.21	2204.29.41	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 16.5 per cent by vol.	R5.95/li
104.15.23	2204.29.42	Other	R292.91/li aa
<b>104.15</b>	<b>2204.29.5</b>	<b>Fortified wine:</b>	
104.15.25	2204.29.51	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li
104.15.27	2204.29.52	Other	R292.91/li aa

Tariff Item	Tariff Subheading	Article Description	2025/2026 Rate of Excise Duty
<b>104.16</b>	<b>22.05</b>	<b>Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances:</b>	
<b>104.16</b>	<b>2205.10</b>	<b>In containers holding 2 li or less:</b>	
104.16.01	2205.10.10	Sparkling	R19.03/li
<b>104.16</b>	<b>2205.10.2</b>	<b>Unfortified:</b>	
104.16.03	2205.10.21	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 15 per cent by vol.	R5.95/li
104.16.04	2205.10.22	Other	R292.91/li aa
<b>104.16</b>	<b>2205.10.3</b>	<b>Fortified:</b>	
104.16.05	2205.10.31	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li
104.16.06	2205.10.32	Other	R292.91/li aa
<b>104.16</b>	<b>2205.90</b>	<b>Other:</b>	
<b>104.16</b>	<b>2205.90.2</b>	<b>Unfortified:</b>	
104.16.09	2205.90.21	With an alcoholic strength of at least 4.5 per cent by volume but not exceeding 15 per cent by vol.	R5.95/li
104.16.10	2205.90.22	Other	R292.91/li aa
<b>104.16</b>	<b>2205.90.3</b>	<b>Fortified:</b>	
104.16.11	2205.90.31	With an alcoholic strength of at least 15 per cent by volume but not exceeding 22 per cent by vol.	R10.04/li
104.16.12	2205.90.32	Other	R292.91/li aa
<b>104.17</b>	<b>22.06</b>	<b>Other fermented beverages (for example, cider, perry, mead, saké); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:</b>	
104.17.03	2206.00.05	Sparkling fermented fruit or mead beverages; mixtures of sparkling fermented beverages derived from the fermentation of fruit or honey; mixtures of sparkling fermented fruit or mead beverages and non-alcoholic beverages	R19.03/li
104.17.05	2206.00.15	Traditional African beer as defined in Additional Note 1 to Chapter 22	7,82c/li
104.17.07	2206.00.17	Other fermented beverages, unfortified, with an alcoholic strength of less than 2.5 per cent by volume	R145.07/li aa
104.17.09	2206.00.19	Other fermented beverages of non-malted cereal grains, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 9 per cent by vol.	R145.07/li aa
104.17.11	2206.00.21	Other mixtures of fermented beverages of non-malted cereal grains and non-alcoholic beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 9 per cent by vol.	R145.07/li aa
104.17.15	2206.00.81	Other fermented apple or pear beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa
104.17.16	2206.00.82	Other fermented fruit beverages and mead beverages, including mixtures of fermented beverages derived from the fermentation of fruit or honey, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa
104.17.17	2206.00.83	Other fermented apple or pear beverages, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa
104.17.21	2206.00.84	Other fermented fruit beverages and mead beverages including mixtures of fermented beverages derived from the fermentation of fruit or honey, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa

Tariff Item	Tariff Subheading	Article Description	2025/2026 Rate of Excise Duty
104.17.22	2206.00.85	Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, unfortified, with an alcoholic strength of at least 2.5 per cent by volume but not exceeding 15 per cent by vol.	R145.07/li aa
104.17.25	2206.00.87	Other mixtures of fermented fruit or mead beverages and non-alcoholic beverages, fortified, with an alcoholic strength of at least 15 per cent by volume but not exceeding 23 per cent by vol.	R117.16/li aa
104.17.90	2206.00.90	Other	R292.91/li aa
<b>104.21</b>	<b>22.07</b>	<b>Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher; ethyl alcohol and other spirits, denatured, of any strength:</b>	
104.21.01	2207.10	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher	R292.91/li aa
104.21.03	2207.20	Ethyl alcohol and other spirits, denatured, of any strength	R292.91/li aa
<b>104.23</b>	<b>22.08</b>	<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 per cent vol.; spirits, liqueurs and other spirituous beverages:</b>	
<b>104.23</b>	<b>2208.20</b>	<b>Spirits obtained by distilling grape wine or grape marc:</b>	
<b>104.23</b>	<b>2208.20.1</b>	<b>In containers holding 2 li or less:</b>	
104.23.01	2208.20.11	Brandy as defined in Additional Note 7 to Chapter 22	R263.62/li aa
104.23.02	2208.20.19	Other	R292.91/li aa
<b>104.23</b>	<b>2208.20.9</b>	<b>Other:</b>	
104.23.03	2208.20.91	Brandy as defined in Additional Note 7 to Chapter 22	R263.62/li aa
104.23.04	2208.20.99	Other	R292.91/li aa
<b>104.23</b>	<b>2208.30</b>	<b>Whiskies:</b>	
104.23.05	2208.30.10	In containers holding 2 li or less	R292.91/li aa
104.23.07	2208.30.90	Other	R292.91/li aa
<b>104.23</b>	<b>2208.40</b>	<b>Rum and other spirits obtained by distilling fermented sugarcane products:</b>	
104.23.09	2208.40.10	In containers holding 2 li or less	R292.91/li aa
104.23.11	2208.40.90	Other	R292.91/li aa
<b>104.23</b>	<b>2208.50</b>	<b>Gin and Geneva:</b>	
104.23.13	2208.50.10	In containers holding 2 li or less	R292.91/li aa
104.23.15	2208.50.90	Other	R292.91/li aa
<b>104.23</b>	<b>2208.60</b>	<b>Vodka:</b>	
104.23.17	2208.60.10	In containers holding 2 li or less	R292.91/li aa
104.23.19	2208.60.90	Other	R292.91/li aa
<b>104.23</b>	<b>2208.70</b>	<b>Liqueurs and cordials:</b>	
<b>104.23</b>	<b>2208.70.2</b>	<b>In containers holding 2 li or less:</b>	
104.23.21	2208.70.21	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa
104.23.22	2208.70.22	Other	R292.91/li aa
<b>104.23</b>	<b>2208.70.9</b>	<b>Other:</b>	
104.23.23	2208.70.91	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa
104.23.24	2208.70.92	Other	R292.91/li aa
<b>104.23</b>	<b>2208.90</b>	<b>Other:</b>	
<b>104.23</b>	<b>2208.90.2</b>	<b>In containers holding 2 li or less:</b>	
104.23.25	2208.90.21	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa
104.23.26	2208.90.22	Other	R292.91/li aa

Tariff Item	Tariff Subheading	Article Description	2025/2026 Rate of Excise Duty
<b>104.23</b>	<b>2208.90.9</b>	<b>Other:</b>	
104.23.27	2208.90.91	With an alcoholic strength by volume exceeding 15 per cent by vol. but not exceeding 23 per cent by vol.	R117.16/li aa
104.23.28	2208.90.92	Other	R292.91/li aa
<b>104.30</b>	<b>24.02</b>	<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:</b>	
<b>104.30</b>	<b>2402.10</b>	<b>Cigars, cheroots and cigarillos, containing tobacco:</b>	
104.30.01	2402.10.10	Imported from Switzerland	R5 843.68/kg net
104.30.03	2402.10.90	Other	R5 843.68/kg net
<b>104.30</b>	<b>2402.20</b>	<b>Cigarettes containing tobacco:</b>	
104.30.05	2402.20.10	Imported from Switzerland	R11.40/10 cigarettes
104.30.07	2402.20.90	Other	R11.40/10 cigarettes
<b>104.30</b>	<b>2402.90.1</b>	<b>Cigars, cheroots and cigarillos of tobacco substitutes:</b>	
104.30.09	2402.90.12	Imported from Switzerland	R5 843.68/kg net
104.30.11	2402.90.14	Other	R5 843.68/kg net
<b>104.30</b>	<b>2402.90.2</b>	<b>Cigarettes of tobacco substitutes:</b>	
104.30.13	2402.90.22	Imported from Switzerland	R11.40/10 cigarettes
104.30.15	2402.90.24	Other	R11.40/10 cigarettes
<b>104.35</b>	<b>24.03</b>	<b>Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences:</b>	
<b>104.35</b>	<b>2403.1</b>	<b>Smoking tobacco, whether or not containing tobacco substitutes in any proportions:</b>	
104.35.01	2403.11	Water pipe tobacco specified in Subheading Note 1 to Chapter 24	R321.37/kg net
<b>104.35</b>	<b>2403.19</b>	<b>Other:</b>	
104.35.02	2403.19.10	Pipe tobacco in immediate packings of a content of less than 5 kg	R321.37/kg net
104.35.03	2403.19.20	Other pipe tobacco	R321.37/kg net
104.35.05	2403.19.30	Cigarette tobacco	R512.62/kg
<b>104.35</b>	<b>2403.91</b>	<b>“Homogenised” or “reconstituted” tobacco:</b>	
104.35.07	2403.91.20	Imported from Switzerland	R1 069.17/kg
104.35.09	2403.91.80	Other	R1 069.17/kg
<b>104.35</b>	<b>2403.99</b>	<b>Other:</b>	
104.35.15	2403.99.30	Other cigarette tobacco substitutes	R512.62/kg
104.35.17	2403.99.40	Other pipe tobacco substitutes	R321.37/kg net
104.35.19	2403.99.90	Other	R1 069.17/kg
<b>104.37</b>	<b>24.04</b>	<b>Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body:</b>	
<b>104.37</b>	<b>2404.1</b>	<b>Products intended for inhalation without combustion:</b>	
<b>104.37</b>	<b>2404.11</b>	<b>Containing tobacco or reconstituted tobacco:</b>	
<b>104.37</b>	<b>2404.11.1</b>	<b>Containing reconstituted tobacco:</b>	
104.37.01	2404.11.11	Imported from Switzerland, put up for retail sale in the form of sticks	R8.55/10 sticks
104.37.03	2404.11.13	Imported from Switzerland, other	R1 069.17/kg
104.37.05	2404.11.15	Other, put up for retail sale in the form of sticks	R8.55/10 sticks
104.37.07	2404.11.19	Other	R1 069.17/kg
<b>104.37</b>	<b>2404.11.9</b>	<b>Other:</b>	
104.37.11	2404.11.91	Put up for retail sale in the form of sticks	R8.55/10 sticks



<b>Tariff Item</b>	<b>Tariff Subheading</b>	<b>Article Description</b>	<b>2025/2026 Rate of Excise Duty</b>
104.37.13	2404.11.99	Other	R1 069.17/kg
104.37.14	2404.12	Other, containing nicotine	R3.18/ml
<b>104.37</b>	<b>2404.19</b>	<b>Other:</b>	
104.37.16	2404.19.10	Containing nicotine substitutes	R3.18/ml
104.37.19	2404.19.20	Other, put up for retail sale in the form of sticks	R8.55/10 sticks
104.37.21	2404.19.90	Other	R1 069.17/kg

## MEMORANDUM ON OBJECTS OF RATES AND MONETARY AMOUNTS AND AMENDMENT OF REVENUE LAWS BILL, 2025

### 1. PURPOSE OF BILL

The Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2025 (the “Bill”), seeks to fix the rates of normal tax; to amend the Transfer Duty Act, 1949, so as to amend transfer duty monetary thresholds; to amend the Income Tax Act, 1962, so as to amend certain provisions; to amend the Customs and Excise Act, 1964, so as to amend rates of duty in Schedule 1 to that Act; to amend the Employment Tax Incentive Act, 2013, so as to amend certain provisions; to amend the Carbon Tax Act, 2019, so as to amend an amount; to pre-empt the increase of the rate in terms of section 7 of the Value-Added Tax Act, 1991, announced by the Minister of Finance in the national annual budget of 2025; and to provide for matters connected therewith.

### 2. CLAUSE-BY-CLAUSE SUMMARY OF PROPOSED AMENDMENTS

- 2.1 *Clause 1* of the Bill provides for the substitution of section 2 of the Transfer Duty Act, 1949, so as to provide the monetary thresholds for transfer duties and are adjusted by 10 per cent to compensate for inflation.
- 2.2 *Clause 2* of the Bill provides for the unchanged rates of tax fixed by Parliament in terms of section 5(2) of the Income Tax Act, 1962.
- 2.3 *Clause 3* of the Bill provides for the substitution of section 13<sup>quat</sup> of the Income Tax Act, 1962. The urban development zone tax incentive, established in 2003 to combat inner-city urban decay, is now being extended by five years, with the new sunset date set for 31 March 2030.
- 2.4 *Clause 4* of the Bill amends Schedule No. 1 to the Customs and Excise Act, 1964, as set out in Schedule II to this Act to cater for the increase of excise duties on alcoholic beverages by 6.75 per cent, tobacco products by 4.75 per cent and 6.75 per cent and vaping products by 4.75 per cent for 2025/26.
- 2.5 *Clauses 5–7* of the Bill provide for the substitution of sections 4, 6 and 7, respectively, of the Employment Tax Incentive Act, 2013, with effect from 1 April 2025 to adjust the formula to calculate the incentive and the eligible income bands, the maximum remuneration in respect of a qualifying employee and the amounts and percentages of the employment tax incentive available to an employer who employs a qualifying employee.
- 2.6 *Clause 8* of the Bill provides for the substitution of section 6 of the Carbon Tax Act, 2019, by changing the value of symbol ‘B’ from 0.69c/litre to 0.99c/litre from 1 January 2025.
- 2.7 *Clauses 9–12* of the Bill provide for the deletion of section 5 of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, Part VI of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, section 7(6) of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023, and Part IV of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023.
- 2.8 *Clause 13* of the Bill seeks to pre-empt the increase of the rate in terms of section 7 of the Value-Added Tax Act, 1991, announced by the Minister of Finance in the national annual budget of 2025.
- 2.9 *Clause 14* of the Bill provides for the short title and commencement of the Bill.

### **3. ORGANISATIONS AND INSTITUTIONS CONSULTED**

The amendments proposed by this Bill were published on SARS' and National Treasury's websites for public comment. Comments by interested parties were considered. Accordingly, the general public and institutions at large have been consulted in preparing the Bill.

### **4. FINANCIAL IMPLICATIONS FOR STATE**

An account of the financial implications for the State was given in the 2025 Budget Review, tabled in Parliament on 12 March 2025.

### **5. PARLIAMENTARY PROCEDURE**

- 5.1 The State Law Advisers, the National Treasury and SARS are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution of the Republic of South Africa, 1996, since it is a money Bill as contemplated in section 77 of the Constitution.
- 5.2 The State Law Advisers and the National Treasury are of the opinion that it is not necessary to refer the Bill to the National House of Traditional and Khoi-San Leaders in terms of section 39(1)(a) of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), since it does not contain provisions pertaining to traditional or Khoi-San communities or customary law or customs of traditional or Khoi-San communities, nor any matter referred to in section 154(2) of the Constitution.