



SUMMARY OF THE 2024/2025 BUDGET

Ronald Smith sums up the tax changes which will be implemented according to the Budget Speech.

While the heading to this article states “sums up the tax changes,” there are not many changes to sum up after the Minister of Finance, Enoch Godongwana, presented his third national budget. The slight reduction in income tax that most taxpayers look forward to each year did not materialise. Tax rates and rebates were kept at current levels to raise revenue collection by R16 billion in the 2024/2025 fiscal period. The proposal of no increase in the general fuel levy and the road accident fund levy, costing the state R4 billion, does little to alleviate the pressure on taxpayers already having to cope with increased living costs.

The proposals for 2024/2025 are:

- No increase in the income tax brackets and applicable rebates
- No increase in the medical tax credits
- No increases in the fuel and road accident fund levies

- An increase in excise duty of between 4.7 and 8.2% on alcoholic beverages and tobacco products
- An introduction of a global minimum corporate tax rate of 15% for multinational corporations that meet certain criteria.

The question of this year’s budget is whether there are any positives that can be taken away. For several months leading up to the State of the Nation Address and the Budget, the introduction of a National Health Insurance was an intense topic of discussion, especially the funding thereof. And considering the state of the country’s finances, with SARS estimated to collect approximately R56 billion less, the continuance of the social distress relief grant (even though admittedly the Minister could not say where the funds would be received from for this cost) we should consider ourselves fortunate that no new tax was introduced to fund these areas. But for how long will lady luck smile upon the South African taxpayer?

RONDEBOSCH OFFICE

Personal Trust House Belmont Park Belmont Road Rondebosch 7700
P O Box 476 Rondebosch Cape Town 7701 RSA
Tel: 021 689 8975 · Fax: 021 686 9093 · e-mail: personaltrust@ptrust.co.za

SOMERSET WEST OFFICE

G03 Parc du Links Niblick Way Somerset West 7130
Postnet Suite Number 126 Private Bag X15 Somerset West 7129 RSA
Tel: 021 785 3298 · Fax: 021 852 9298

NOORDHOEK OFFICE

Unit 1 – No. 3 Carlton Close, Sunnyside, Noordhoek 7979
P O Box 1030 Sun Valley 7985
Tel: 021 785 3298 · Fax: 086 210 4931

KNYSNA OFFICE

Thesen House 6 Long Street Knysna 6570
Postnet Suite 0306 Private Bag X31 Knysna 6570
Tel: 044 382 2100 · Fax: 044 382 7427

GEORGE OFFICE

Unit 18 Fairview Office Park 1st Street George East George 6529
Tel: 044 871 0946

GQEBERHA OFFICE

Ground Floor Elizabeth Place 14-20 Pickering Street Newton Park Gqeberha 6045
P O Box 34496 Newton Park 6055
Tel: 041 363 0300 · Cell: 076 071 9033 · Fax to Email: 086 210 4931

INTERNATIONAL OFFICE LONDON

17 Hope Street Douglas Isle of Man IM1 1AQ
P O Box 909 Beaconsfield Buckinghamshire HP9 1JH U.K.
Tel: 0044 7973 255 259 · Fax: 0044 1494 400 313

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2024/2025 BUDGET HIGHLIGHTS FOR INDIVIDUALS

TAX TABLES

2023/2024		2024/2025	
Taxable Income (R)	Rates of Tax	Taxable Income (R)	Rates of Tax
R0 – R237,100	18% of each R1	R0 – R237,100	18% of each R1
R237,101 – R370,500	R42,678 + 26% of the amount above R237,100	R237,101 – R370,500	R42,678 + 26% of the amount above R237,100
R370,501 – R512,800	R77,362 + 31% of the amount above R370,500	R370,501 – R512,800	R77,362 + 31% of the amount above R370,500
R512,801 – R673,000	R121,475 + 36% of the amount above R512,800	R512,801 – R673,000	R121,475 + 36% of the amount above R512,800
R673,001 – R857,900	R179,147 + 39% of the amount above R673,000	R673,001 – R857,900	R179,147 + 39% of the amount above R673,000
R857,901 – R1,817,000	R251,258 + 41% of the amount above R857,900	R857,901 – R1,817,000	R251,258 + 41% of the amount above R857,900
R1,817,001 and above	R644,489 + 45% of the amount above R1,817,000	R1,817,001 and above	R644,489 + 45% of the amount above R1,817,000

REBATES

Primary rebate	R17,235 (unchanged)
Secondary rebate (individuals over 65)	R9,444 (unchanged)
Tertiary rebate (individuals over 75)	R3,145 (unchanged)

TAX THRESHOLD

Below age of 65	R95,750 (unchanged)
Over age of 65	R148,217 (unchanged)
Over age of 75	R165,689 (unchanged)

INTEREST EXEMPTION

Below age of 65	R23,800 (unchanged)
Age of 65 and over	R34,500 (unchanged)

DONATIONS TAX AND ESTATE DUTY

Below R30,000,000 – 20% (unchanged)
Above R30,000,000 – 25% (unchanged)

MEDICAL SCHEME CONTRIBUTIONS AND EXPENSES

Monthly monetary tax credit of:

- R364 for the first two members (unchanged)
- R246 for every additional member (unchanged)

OTHER PERTINENT INFORMATION:

- The annual allowance for investing in tax free savings accounts limit remains at R36,000 per annum
- The overall lifetime limit pertaining to tax-free savings remains at R500,000
- Value Added Tax rate unchanged – 15%
- Transfer duty thresholds unchanged
- Gain/loss annual exclusion unchanged at R40,000
- Exclusion on death is unchanged at R300,000
- Company tax rate unchanged – 27%
- Fuel and road accident levy unchanged at R3.85 and R2.18 per litre respectively
- Exemption of foreign income threshold unchanged at R1,250,000