

BUDGET 2019/20

National Treasury believes that restoring the efficiency of SARS will, in the short term, be more effective in raising revenue than further substantial tax increases. Several recommendations from the SARS Commission are already being implemented.

These include establishing a new division to focus on large businesses, the Illicit Economy Unit launched in August 2018 and IT improvements to support tax collection.

Tax table

No inflationary relief was provided, with all taxpayers younger than 65 only paying R12.75 per month less in tax due to a slight increase in the primary rebate.

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

Rebates		
	2018/2019	2019/2020
Primary	R14 067	R14 220
Secondary	R7 713	R7 794
Tertiary	R2 574	R2 601

Tax thresholds	
Age	Tax threshold
Below age 65	R79 000
Age 65 to below 75	R122 300
Age 75 and over	R136 750

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.

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.

Corporate income tax

All corporate income taxes remained unchanged.

Transfer duty

No changes were made to transfer duty rates. 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
R1 250 001 - R1 750 000	R10 500 plus 6% on the value above R1 250 000
R1 750 001 - R2 250 000	R40 500 plus 8% on the value above R1 750 000
R2 250 001 - R10 000 000	R80 500 plus 11% on the value above R2 250 000
R10 000 001 and above	R933 000 plus 13% on the value exceeding R10 000 000

“New carbon tax levy from 1 June 2019”

Motor vehicle expenses

No changes were made to either the fixed cost claims for vehicles or the fuel and maintenance cost claims.

Trusts

No changes to the taxation of trusts were announced. The tax rate for trusts other than special trusts is a flat rate of 45%.

Medical tax credits

In anticipation of the proposed rollout of the National Health Insurance plan, medical tax credits were not increased. The tax credit for the first two dependants remains at R310, and for additional dependents at R209.

Retirement fund changes

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

Taxpayers will still 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.

Tax-free savings accounts

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

Subsistence allowance

The daily subsistence allowance increases to R435 per day for meals and incidental costs, and to R134 per day for incidental costs alone.

VAT rate

The VAT rate remains at 15% on all transactions. The zero rate on fuel was not removed. White bread flour, cake flour and sanitary pads will be zero-rated from 1 April 2019.

Duties and levies

Excise duties and levies are increased as follows from 1 March 2019:

- Whiskey: increases by R4.54 per bottle
- Beer: increases by 12c per can
- Wine: increases by 22c per 750ml
- Cigarettes: increase by 114c per packet of 20
- Fuel levy: increases by 15c per litre
- Road Accident Fund levy: increases by 5c per litre
- New carbon tax levy on fuel: 9c per litre of petrol; 10c per litre of diesel
- Sugar tax: increases by 0.11c per gram

Estate duty and donations

Estate duty remains at 20% on the first R30 million of an estate and 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

In 2018, National Treasury proposed the taxation of all accruals within a collective investment scheme. After input from the industry, this was postponed until proper research could be concluded. This is planned for 2019.

Gambling tax and e-cigarettes

Draft legislation for a 1% gambling tax levy will be introduced in 2019. The taxation of electronic cigarettes and tobacco heating products will also be investigated.

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“White bread flour, cake flour and sanitary pads to be zero VAT rated from 1 April 2019”
