

# Budget Highlights for 2021/22

February 2021

The Minister of Finance delivered his budget speech on 24 February 2021. Due to Covid pandemic, tax relief were provided mainly for individual tax to assist in the recovery of the economy.

The individual tax brackets were increased with the lowest tax rate of 18% applicable to income of R216 200 and the maximum marginal rate at 45% applicable to income above R1 656 601.

## Individual Tax

- Interest exemption
  - o 65 years and under = R23 800
  - o 65 years and older = R34 500
- Medical tax credits
  - o R3 984 per person for the first 2 members
  - o R2 688 per person for each additional member

## New tax tables and rebates

Taxable income	Tax payable	
R0 – R216 200	Straight 18%	
R216 201 – R337 800	R38 916 + 26% above R216 200	
R337 801 – R467 500	R70 532 + 31% above R337 800	
R467 501 – R613 600	R110 739 + 36% above R467 500	
R613 601 – R782 200	R163 335 + 39% above R613 600	
R782 201 – R1 656 600	R229 089 + 41% above R782 200	
R1 656 601 and above	R587 593 + 45% above R1 656 600	
Primary rebate	Secondary rebate (65 and over)	Tertiary rebate (75 and over)
R15 714	R8 613	R 2 871
Tax thresholds		
Below age 65	R87 300	
Age 65 to 74	R135 150	
Age 75 and over	R151 100	

## Companies and Trusts

- Tax rate for companies to be lowered from 28% to 27% from April 2022
- Tax rate for trusts is at 45%

## Transfer duty

- Transfer duty remains unchanged

## Donations Tax

Remains unchanged-

- Exempt up to R100 000 per annum
- Donations tax payable at 20% on a donation not exceeding R30 million and 25% where it exceeds R30 million by donor

## Capital Gains Tax

CGT inclusion rates remain unchanged:

- For individuals and special trusts 40%
- Companies 80%

## Value added Tax

Tax rate remains unchanged at 15%.

- Other trusts 80%

Exclusions for individuals remain unchanged:

- Annual exclusion = R40 000
- Exclusion on death = R300 000
- Primary residence = R2 million
- Small business exclusion (assets up to R10 million) = R1.8 million

## Dividend Tax

- Tax rate remains unchanged at 20%.

## Retirement Funds

- Contributions are deductible – limited to the greater of 27.5% of taxable income or remuneration and the lower of R350 000 or 27.5% of taxable income before taxable capital gain.

## Other increases

- Fuel increase by 15 cents per litre (from 7 April 2021)
- RAF levy increase by 11 cents per litre (from 7 April 2021)
- UIF contribution ceiling increase to R17 711.58 per month (from 1 March 2021)
- Plastic bag levy reduced to 12.5 cents per bag for bio-based plastic bags (date to be announced)
- 8% increase in specific excise duties on tobacco products and alcoholic beverages

## Venture Capital Company tax incentive

- No extension of the venture capital company tax incentive after 30 June 2021.

## SARS interest rate

Rate of interest (from 1 August 2020)	Rate p.a
Fringe benefits - interest free or low interest loan	4.5%
Rate of interest (from 1 November 2020)	Rate p.a
Late or underpayment of tax	7%
Refund of overpayment of provisional tax	3%
Refunds on tax on successful appeal or where the appeal was conceded by SARS	7%
Refund of VAT after prescribed period	7%
Late payment of VAT	7%
Customs and Excise	7%

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