

2026 NATIONAL BUDGET SPEECH

Corporate Update | February 2026

AMAL is a registered Non-Profit Organisation (NPO No. 187-528)
and a Public Benefit Organisation (PBO No. 930082337)



The Association of Muslim
Accountants and Lawyers

Executive Editorial Message

On 25 February 2026, South Africa's Minister of Finance, Enoch Godongwana, delivered the 2026 National Budget Speech at a critical juncture for the country's economic trajectory.

Against a backdrop of fiscal pressure, elevated debt-servicing costs and ongoing cost-of-living challenges, the 2026 Budget reflects a measured and stabilising approach. The emphasis this year is on fiscal discipline, inflationary protection for taxpayers, and incremental reform – without introducing major new broad-based taxes.

The tone of the Budget is notably more predictable and structured than the previous cycle, providing greater certainty for businesses, investors and payroll administrators.

Budget Overview

The 2026 Budget focuses on:

- Stabilising public finances
- Protecting households from bracket creep
- Supporting small and growing enterprises
- Maintaining revenue without increasing the VAT rate or corporate income tax

Initial responses from business bodies and market commentators indicate cautious optimism, particularly welcoming the inflationary adjustment of personal income tax brackets and the increase in the VAT registration threshold.



Key Tax & Policy Highlights

Personal Income Tax (Effective 1 March 2026)

Personal income tax brackets and rebates have been adjusted for inflation for the 2026/27 tax year.

This protects taxpayers from “bracket creep” and preserves disposable income in a constrained economic climate.

Medical Aid Tax Credits

Increased to:

- R376 for each of the first two dependants
- R254 for each additional dependant

VAT Registration Threshold — A Positive Development

A significant structural change announced in this year's Budget is the increase in the VAT compulsory registration threshold from **R1 million to R2.3 million per annum**.

AMAL, amongst others, formally appealed for a review of the VAT threshold to reduce compliance burdens on small and emerging businesses.

We acknowledge and welcome the **positive outcome**. The increase to R2.3 million provides meaningful administrative relief, enhances cash-flow flexibility for smaller enterprises, and supports entrepreneurial growth.

This development has been **positively received across the SME sector** and represents a constructive step toward enabling economic participation and job creation.

Corporate & Business Measures

- Corporate Income Tax remains **unchanged** at 27%.
- VAT **remains** at 15%.
- Turnover tax provisions continue to support micro-enterprises.

Travel & Subsistence Allowances

Reimbursable Travel Rate

- No tax payable up to R4.95 per kilometre, regardless of vehicle value.
- Not applicable if other vehicle allowances are received (excluding toll and parking reimbursements).

Subsistence Allowance

- Meals and incidental costs: R595 per day
- Incidental costs only: R184 per day

Payroll & Employer Considerations

Organisations should note the following for 2026/27:

- PAYE tables **must be updated** to reflect revised tax brackets and rebates.
- **Increased** subsistence and reimbursable travel limits apply.
- Continued compliance requirements:
- SDL: 1%
- UIF: 1% employer / 1% employee
- **No change** to corporate income tax rates.

SARS Interest Rates (Effective 1 March 2026)

- Late or underpayment of tax: 10.25% per annum
- Refund of overpayment of provisional tax: 6.25% per annum



Corporate Perspective Summary

The 2026 Budget reflects a deliberate shift toward fiscal stability and incremental reform. By avoiding broad-based tax increases while adjusting income tax thresholds for inflation and raising the VAT registration threshold, government has prioritised predictability, administrative efficiency and targeted relief within a constrained fiscal environment.

While broader economic challenges remain, this Budget provides a more stable framework for planning, compliance and business continuity in the year ahead.



For more information on the South African National Budget 2026 please visit our website www.amal.co.za

Get Involved with AMAL

AMAL thrives through the involvement and ideas of its members. We warmly invite you to:

- Serve on one of our sub-committees, and contribute your skills, experience, and time; and/or
- Share your suggestions on how we can improve member communication, engagement, and the services we offer.

Your voice matters, and your participation helps shape the future of AMAL.

Contact AMAL

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