



# Legislative Update

*Post Budget Analysis webinar*

3 April 2025

YOUR KEY TO THE TAX COMMUNITY

# Agenda

- 1 Meet the Speakers
- 2 Discussion regarding the Budget 2.0 and expert insights on what has transpired
- 3 Corporate and International
- 4 Value Added Tax
- 5 Customs and Excise
- 6 Carbon Tax



## Keitumetse Sesana MTP (SA)

LLM (Tax Law), registered SARS Tax Practitioner and Master Tax Practitioner

Keitumetse Sesana is Strategic Lead for Stakeholder Engagement Legislation at SAIT.

Keitumetse currently specialises in tax legislative policy engagement and leads strategic initiatives aimed at shaping and refining the tax legislative framework. She plays a key role in managing key stakeholder relations, including facilitating collaboration with key government departments such as Parliament, National Treasury, SARS, and other key entities. Her strategic oversight extends to leading the SAIT Tax Technical workgroups, ensuring that tax specialists within the group collaborate effectively to draft and submit policy proposals that influence legislative reform.

In addition to her policy and stakeholder engagement responsibilities, Keitumetse leads webinars and curates content aimed at supporting tax practitioners' Continuous Professional Development (CPD). She is dedicated to helping tax professionals stay ahead in an ever-evolving tax landscape through insightful webinars and contributions to various SAIT publications.

Keitumetse holds a Master of Laws (LLM) specialising in Tax Law, a Bachelor of Laws (LLB), and a Bachelor of Commerce (BCom) Law degree.



## Professor Deborah Tickle

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CA (SA), Chartered Tax Advisor

Deborah Tickle, (CA(SA)) and Chartered Tax Advisor is currently an adjunct associate professor at the University of Cape Town where she lectures tax Masters students. Previously, as managing partner of the tax department at KPMG (Cape Town), she led the team for ten of the 31 years she spent consulting to large, listed and global clients of the firm. She now provides technical support to a number of smaller and boutique tax firms.

She served on the Davis Tax Committee from 2015 to 2020 and has also served on the Southern Region (25 years) and National (9 years, one of which as deputy chair) tax committees of SAICA. She sits on the SAIT International Tax and Corporate Tax committees and assists SAIT in providing comment to Treasury on new legislation, as well as present seminars with SAIT. She is a trustee for the Children's Hospital Trust and acts as a non-executive Director and audit committee member at Personal Trust. Over the years she has written many papers, articles and presented seminars.





## Mabutho Mthembu

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General Tax Practitioner and member of the SAIT VAT Technical Workgroup

Mabutho Mthembu is an Associate Director at SNG Grant Thornton specialization in Value-Added Tax across all industries. His experience spans over 17 years both in a number of professional services firms and industry. He also had a stint in the United Arab Emirates where he advised clients across industries on the implementation of Value-Added Tax in 2018. Mabutho is a member of the SAIT VAT Committee and regularly contributes VAT related thought leadership in various platforms. Mabutho is an honorary golden key member of the International Golden Key Honour Society chapter of the University of Johannesburg for his contribution in leadership development.



## Dr Rodrick van Rooyen

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Chartered Tax Advisor (Customs), registered SARS Tax Practitioner and Chair of the Customs and Excise Technical Workgroup

Dr. Rodrick van Rooyen is a highly skilled and experienced Management Professional who brings invaluable insight into the world of Customs and International Trade.

He is the LinkedIn Author of Day-to-Day-Customs with over 20 000 international followers, a senior Customs and Global Trader Advisor for Deloitte Middle East, the Chair of the SAIT Customs and Excise Technical Workgroup and a part-time Lecturer, assisting GMLS with its post-graduate Customs elective subjects at the University of KwaZulu-Natal.

Rodrick possesses a LLM Masters degree in Maritime Law, a MPhil Masters degree in Maritime Studies (Economics), a Professional Doctorate (PD) in International Business and Trade and a Doctorate of Philosophy (PhD) having done advanced study and research in Maritime and Customs Management and focusing on continuous professional development for Customs professionals. Furthermore, he has extensive work experience in the arenas of Customs, Freight Forwarding, Imports and Exports



## Zelda Burchell

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General Tax Practitioner, Chair of the Environmental Tax Technical Workgroup

Zelda Burchell is a Senior Manager at Ernst & Young, where she is a member of the Carbon and Energy team within the Tax Advisory Services division.

She holds a master's degree in chemical engineering and specializes in assisting clients with compliance reporting for greenhouse gas (GHG) emissions, carbon tax, and the Carbon Border Adjustment Mechanism (CBAM).

Zelda has been working in the carbon and energy space since 2008, assisting companies in a wide variety of industry sectors. She is also certified as a Carbon Audit Professional and a Measurement and Verification Professional.

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# Insights on Budget 1.0 & 2.0: Key Developments and Expert Analysis

# BUDGET 1.0 – 19 FEBRUAY 2025

## Tax proposals:

- The first version of the 2025 Budget aimed to raise R58 billion in additional revenue for the 2025/26 fiscal year.
- A key proposal was a sharp increase in the VAT rate, which was set to rise by 2 percentage points to 17%. This was set to raise R60 billion in 2025/2026.
- Above-inflation increases in social grants, additional zero-rating of essential food items, and no adjustments to the fuel levy
- Proposals included full inflation adjustment of the bottom two personal income Brackets. This proposal was initially set to raise R3 billion in revenue

Table 4.4 Personal income tax rates and bracket adjustments

2024/25		2025/26	
Taxable income (R)	Rates of tax	Taxable income (R)	Rates of tax
R0 - R237 100	18% of each R1	R0 - R248 600	18% of each R1
R237 101 - R370 500	R42 678 + 26% of the amount above R237 100	R248 601 - R388 400	R44 748 + 26% of the amount above R248 600
R370 501 - R512 800	R77 362 + 31% of the amount above R370 500	R388 401 - R529 200	R81 096 + 31% of the amount above R388 400
R512 801 - R673 000	R121 475 + 36% of the amount above R512 800	R529 201 - R694 500	R124 744 + 36% of the amount above R529 200
R673 001 - R857 900	R179 147 + 39% of the amount above R673 000	R694 501 - R885 400	R184 252 + 39% of the amount above R694 500
R857 901 - R1 817 000	R251 258 + 41% of the amount above R857 900	R885 401 - R1 875 100	R258 703 + 41% of the amount above R885 400
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000	R1 875 101 and above	R664 480 + 45% of the amount above R1 875 100
<b>Rebates</b>		<b>Rebates</b>	
Primary	R17 235	Primary	R18 063
Secondary	R9 444	Secondary	R9 900
Tertiary	R3 145	Tertiary	R3 294
<b>Tax threshold</b>		<b>Tax threshold</b>	
Below age 65	R95 750	Below age 65	R100 350
Age 65 and over	R148 217	Age 65 and over	R155 350
Age 75 and over	R165 689	Age 75 and over	R173 650

Source: National Treasury

# BUDGET 2.0 – 12 MARCH 2025

## Tax proposals:

- The new tax policy proposals now aim to raise R28 billion in additional revenue for 2025/26, significantly lower than the original R58 billion target.
- The VAT rate will increase by a more modest 0.5 percentage points in 2025/26, with another 0.5 percentage point increase planned for 2026/27. The revised incremental VAT increase will raise R13.5 billion in 2025/2026.
- No inflationary adjustments to personal income tax brackets and rebates for 2025/26. This decision is expected to generate R19.5 billion, a much higher figure than the R3 billion originally anticipated.

Table 4.4 Personal income tax rates and bracket adjustments

2024/25		2025/26	
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
<b>Rebates</b>		<b>Rebates</b>	
Primary	R17 235	Primary	R17 235
Secondary	R9 444	Secondary	R9 444
Tertiary	R3 145	Tertiary	R3 145
<b>Tax threshold</b>		<b>Tax threshold</b>	
Below age 65	R95 750	Below age 65	R95 750
Age 65 and over	R148 217	Age 65 and over	R148 217
Age 75 and over	R165 689	Age 75 and over	R165 689

Source: National Treasury



## BUDGET 2.0 – 19 MARCH 2025

### Tax proposals raising R28 billion in 2025/26 and R14.5 billion in 2026/27 to alleviate spending pressures, with permanent revenue effects

Impact of tax proposals on medium-term revenue<sup>1</sup>

R million	2025/26	2026/27	2027/28
	Effect of tax proposals		
Gross tax revenue (before 2025 Budget tax proposals)	1 978 132	2 119 319	2 259 354
2025 Budget proposals <sup>2</sup>	28 000	14 500	
Direct taxes <sup>3</sup>	19 500	20 634	21 960
Personal income tax			
No inflationary adjustment to tax brackets and rebates	18 000	19 067	20 324
No inflationary adjustment to medical tax credits	1 500	1 567	1 636
Indirect taxes <sup>3</sup>	8 500	23 523	24 885
Value-added tax (VAT)			
Increase in VAT rate — 2025/26	13 500	14 344	15 196
Increase in VAT rate — 2026/27	—	15 500	16 420
Additional zero rating	-2 000	-2 128	-2 262
Fuel levy			
No adjustment to general fuel levy	-4 000	-4 257	-4 535
Diesel refund relief for primary sectors	—	-1 000	-1 065
Specific excise duties			
Above-inflation increase in excise duties on alcohol and tobacco	1 000	1 064	1 131
Net impact of tax proposals	28 000	44 158	46 845
Gross tax revenue (after tax proposals)	2 006 132	2 163 477	2 306 199

1. Revenue changes are in relation to thresholds that have been fully adjusted for inflation

2. In-year tax increase with no carry through

3. Includes carry-through effect of tax policy proposals

Source: National Treasury

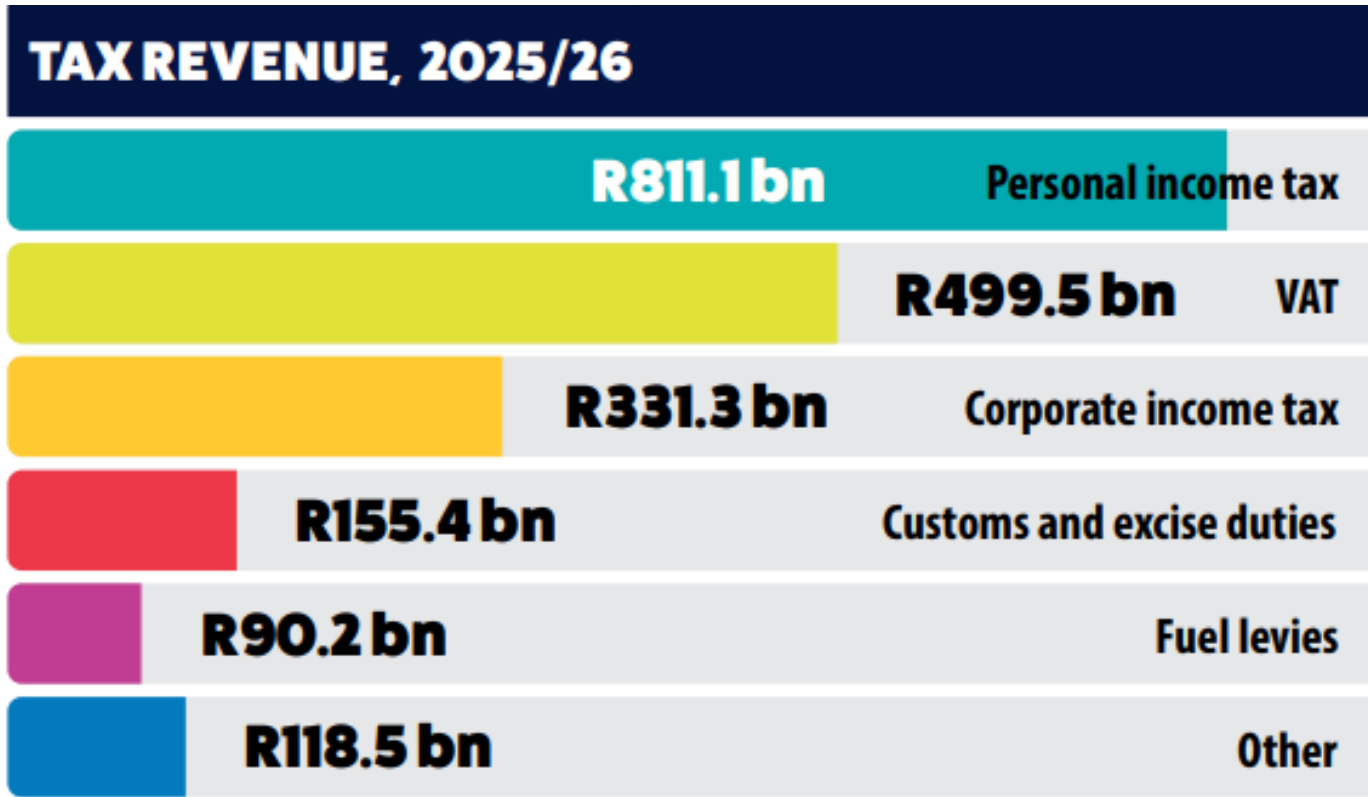
#### 2025 Budget tax proposals

- A 0.5 percentage point increase in the VAT rate in each of 2025/26 and 2026/27
- No inflationary adjustment to personal income tax brackets, rebates and medical tax credits
- Above-inflation increases in excise duties on alcohol and tobacco products
- The general fuel levy and RAF levy are not increased – costing an initial R4 billion
- Diesel refund relief for primary sectors
- Additional items on the VAT zero-rated basket

These measures have permanent revenue effects, the net result of which is improved revenue collection.



# Where will the revenue come from?



# Where will the revenue come from?

- Over 62 million citizens who through their consumption contribute to VAT
- 29.3 million registered individuals and trusts
- 6.4 million companies
- 1.3 million VAT vendors

# Quick recap of the Chapter 4 revenue trends and proposals

- Tax administration update
- Personal Income Tax brackets and rebates
- Employment tax incentive values
- Extending the UDZ tax incentive
- Health promotion levy
- CIS discussion document paper
- Consultation paper on unlocking institutional funding for infrastructure
- Extending the treaty network



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# Corporate Tax

- Corporate Rules
  - (S 42) Listed shares – Base Cost = MV – To only apply if <20% of listed co shares held before the transaction.
  - (S 42 & S 44): Transfers of listed shares to CIS not taxable + corporate restructure thereafter also not taxable- to be revisited.
  - (S 23N); Proposal to align s23N with s23M (esp 30% limit) deferred to 1 Jan 2027. Will be investigated this year.

# Corporate and International Tax

- Interest Limitation (S23M):
  - Definition of interest to be per s24J
  - Extend carve out for lending arrangements with non-connected Fin Inst's Off Rate +1% to similar back to back arrangements;
  - If limitation forex to also be limited;

# International Tax

- Definition of Equity share (S 1): No specific ref to foreign company.
- Controlled Foreign Companies:
  - (S 9D): High Tax Exemption;
  - (s9D/S9H): CFC acquires SA Holdco's shares and no exit charge
- Forex (section 24I): Deferral for connected party exchange items to be revised
- SA Trusts (s25B/S7): Distributions to non-resident beneficiaries taxed in trust – unintended consequences

# Value Added Tax

## 1. Non-resident suppliers of electronic services

- The amendment introduces paragraph (d) in section 2 of the Regulation, which now excludes from the definition of “electronic services”, services supplied from a place in an export country by a person that is not a resident of the Republic where such services are supplied solely to vendors registered in the Republic in terms of section 23 of the VAT Act.

## 2. VAT Rate change

- Effective date: 1 May 2025
- Section 67A provides for transitional rules in relation to supplies that occur before and after the rate increase. These include (but not limited to) supplies between connected persons, credit agreements governed by the National Credit Act, construction-related supplies, rental agreements, on-going supplies of goods, installment credit agreements, leasehold improvements etc.



# Value Added Tax

## 2. VAT Rate change

- Effective date: 1 May 2025
- ***Supplies before 1 May 2025:* For goods and services supplied before 1 May 2025, VAT remains at 15%, even if invoices are issued or payment is received later**
- *Supplies extending across 1 May 2025:* Vendors must apportion the consideration fairly and reasonably between pre- and post-increase supplies
- ***Supplies after 1 May 2025:* Supplies made from 1 May 2025 onward attract 15.5% VAT**
- *Fixed property (commercial) (Section 67A(3))*
  - Property is considered supplied when ownership is registered in the buyer's name at the deeds office, not when the sale agreement is signed. Thus, if a property is registered after May 1, 2025, the new 15.5% VAT rate applies, even if the sale agreement was signed earlier.

# Value Added Tax

## 2. VAT Rate change

- Fixed property (residential) (Section 67A(4))
  - If a residential property was sold under a written agreement signed before May 1, 2025, then VAT remains at 15%, even if the registration happens after May 1, 2025.
- Bad debt relief
  - If the supply was made before 1 May 2025 but the debt becomes irrecoverable after the rate increase, the relief must be calculated using the original VAT rate of 15%, regardless of when the debt is written off.

# Value Added Tax

## 3. Reviewing the scope of the intermediary provisions:

- Intermediaries may account for VAT on supplies made on behalf of foreign suppliers (this does not extend to supplies on behalf of local suppliers) as if these supplies were made by the intermediary.
- The intermediary will therefore not be able to issue a single consolidated tax invoice for these supplies to the customer.
- It is proposed that widening the intermediary provisions be considered to include supplies facilitated on behalf of local suppliers.

# Value Added Tax

## 4. Reviewing the VAT treatment of airtime vouchers supplied in South Africa for exclusive use in an export country:

- The supply of airtime vouchers in South Africa through the distribution chain for a foreign telecommunications supplier comprises two components, namely telecommunication services to be provided outside of South Africa and distribution services of the airtime vouchers in the country.
- With withdrawal of section 72 rulings, it is proposed section 8 deeming provision be inserted into the legislation which essentially provides that the supply of any telecommunication airtime vouchers, to the extent that the services can only be accessed outside the Republic shall be deemed to be a supply of telecommunication services physically rendered elsewhere than the Republic for the purposes of section 11(2)(k).



# Customs

## Tax Proposals

### Excise Duties on Alcoholic Beverages and Tobacco-Related Products:

- The government has issued a discussion paper proposing a new three-tier excise duty structure for wine and beer, with public consultations planned for 2025.
  - The proposed three-tier excise duty structure for alcoholic beverages would create different tax rates based on the type and strength of the drink.
  - This means that wines and beers could be taxed at three different levels instead of a flat rate.
  - The idea is to adjust taxes to reflect the alcohol content, but many in the wine industry believe this approach doesn't consider the unique characteristics of wine and could complicate things for producers.
- For 2025/26, excise duties on alcoholic beverages will increase by 6.75%, while tobacco duties will rise by 4.75% for cigarettes and vaping products, and 6.75% for pipe tobacco and cigars.
- Future adjustments will take effect from **1 April 2025**.

# Customs

## Tax Proposals

Government proposes that excise duties in the Customs and Excise Act (1964, section A of part 2 of schedule 1) be amended with effect from 12 March 2025 to the extent shown in Table C.4.

Table C.4 Specific excise duties, 2024/25 – 2025/26

Tariff item	Tariff subheading	Article description	2024/25 Rate of excise duty	2025/26 Rate of excise duty
104.00		PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO		
104.01	19.01	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:		
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	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	34,7c/kg
104.05	21.06	Food preparations not elsewhere specified or included:		
104.05.10	2106.90.13	Preparations for making alcoholic beverages as defined in Additional Note 1 to Chapter 21	34,7c/kg	34,7c/kg
104.10	22.03	Beer made from malt:		
104.10.10	2203.00.05	Traditional African beer as defined in Additional Note 1 to Chapter 22	7,82c/li	7,82c/li
104.10.20	2203.00.90	Other	R135.89/li aa	R145.07/li aa
104.15	22.04	Wine of fresh grapes, including fortified wines; grape must (excluding that of heading 20.09):		
104.15.01	2204.10	Sparkling wine	R17.83/li	R19.03/li
104.15	2204.21	In containers holding 2 li or less:		
104.15	2204.21.4	Unfortified wine:		
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.	R5.57/li	R5.95/li
104.15.04	2204.21.42	Other	R274.39/li aa	R292.91/li aa

# Customs

# Tax Proposals

## Health Promotion Levy:

Date: 2022-10-01

**SCHEDULE 1 / PART 7A**

**Customs & Excise Tariff**

Health Promotion Levy Item	Tariff Subheading	Article Description	Rate of Health Promotion Levy
<b>191.00</b>	<b>LEVY ON SUGARY BEVERAGES</b>		
<b>191.01</b>	<b>18.06</b>	<b>Chocolate and other food preparations containing cocoa:</b>	
<b>191.01</b>	<b>1806.10</b>	<b>Cocoa powder, containing added sugar or other sweetening matter:</b>	
191.01.05	1806.10.05	Preparations for making beverages	2,21c/gram of the sugar content that exceeds 4g/100ml
<b>191.02</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>	
<b>191.02</b>	<b>1901.90</b>	<b>Other:</b>	
191.02.05	1901.90.15	Other, preparations for making beverages (excluding those of tariff subheading 1901.90.20)	2,21c/gram of the sugar content that exceeds 4g/100ml
<b>191.05</b>	<b>21.06</b>	<b>Food preparations not elsewhere specified or included:</b>	
<b>191.05</b>	<b>2106.90</b>	<b>Other:</b>	
191.05.05	2106.90.20	Syrups and other concentrates or preparations for making beverages, not having a basis of fruit juice (excluding those of tariff subheading 2106.90.69)	2,21c/gram of the sugar content that exceeds 4g/100ml
191.05.10	2106.90.22	Syrups and other concentrates or preparations for making beverages, with a basis of fruit juice (excluding those of tariff subheading 2106.90.69)	2,21c/gram of the sugar content that exceeds 4g/100ml
191.05.15	2106.90.69	Drinking straws, containing flavouring preparations	2,21c/gram of the sugar content that exceeds 4g/100ml
<b>191.07</b>	<b>22.02</b>	<b>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages (excluding fruit or vegetable juices of heading 20.09):</b>	
<b>191.07</b>	<b>2202.10</b>	<b>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured:</b>	
191.07.05	2202.10.10	In sealed containers holding 2,5 li or less (excluding those in collapsible plastic tubes)	2,21c/gram of the sugar content that exceeds 4g/100ml
191.07.10	2202.10.90	Other	2,21c/gram of the sugar content that exceeds 4g/100ml
<b>191.07</b>	<b>2202.9</b>	<b>Other:</b>	
<b>191.07</b>	<b>2202.91</b>	<b>Non-alcoholic beer:</b>	
191.07.15	2202.91.20	In sealed containers holding 2.5 li or less (excluding those in collapsible plastic tubes and those with a basis of milk)	2,21c/gram of the sugar content that exceeds 4g/100ml
191.07.20	2202.91.90	Other	2,21c/gram of the sugar content that exceeds 4g/100ml
<b>191.07</b>	<b>2202.99</b>	<b>Other:</b>	
Health Promotion Levy Item	Tariff Subheading	Article Description	Rate of Health Promotion Levy
191.07.25	2202.99.20	In sealed containers holding 2.5 li or less (excluding those in collapsible plastic tubes and those with a basis of milk)	2,21c/gram of the sugar content that exceeds 4g/100ml
191.07.90	2202.99.90	Other	2,21c/gram of the sugar content that exceeds 4g/100ml

- An inflationary increase was due to take effect from 1 April 2025.
- Government proposes to cancel this increase to allow the sugar industry more time to restructure in response to regional competition.

# Customs

## Tax Proposals

### Ad Valorem Excise Duties on Smartphones:

- The government plans to apply the 9% Ad Valorem excise duties on smartphones and only to devices with a price greater than ZAR2 500 (at the time of export), effective 1 April 2025, to improve affordability for low-income households.

Date: 2025-04-01

SCHEDULE 1 / PART 2B

Customs & Excise Tariff

Tariff Item	Tariff Subheading	Article Description	Rate of Excise Duty
124.37	8517.13	Smartphones:	
124.37.05	8517.13.10	Designed for use when carried in the hand or on the person, with a value for duty purposes exceeding R2 500	9%

# Customs

## Tax Proposals

### The Customs and Excise Fuel Levy:

- The Customs and Excise Fuel levy will remain unchanged.

Date: 2025-01-01

SCHEDULE 1 / PART 5A

Customs & Excise Tariff

Fuel Levy Item	Tariff Heading	Article Description	Rate of Fuel Levy
195.00	FUELS		
195.10	27.10	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations not elsewhere specified or included, containing by mass 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:	
195.10	2710.12	Light oils and preparations:	
195.10.03	2710.12.02	Petrol, as defined in Additional Note 1(b) to Chapter 27	396c/li
195.10.09	2710.12.07	Aviation kerosene, as defined in Additional Note 1(d) to Chapter 27	free
195.10.13	2710.12.15	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, marked	free
195.10.15	2710.12.26	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, unmarked	384c/li
195.10.17	2710.12.30	Distillate fuel, as defined in Additional Note 1(g) to Chapter 27	384c/li
195.10.19	2710.12.37	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, marked	free
195.10.21	2710.12.39	Specified aliphatic hydrocarbons solvents, as defined in Additional Note 1(ij) to Chapter 27, unmarked	384c/li
195.13	2710.19	Other:	
195.13.09	2710.19.07	Aviation kerosene, as defined in Additional Note 1(d) to Chapter 27	free
195.13.13	2710.19.15	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, marked	free
195.13.15	2710.19.26	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, unmarked	384c/li
195.13.17	2710.19.30	Distillate fuel, as defined in Additional Note 1(g) to Chapter 27	384c/li
195.13.19	2710.19.37	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, marked	free
195.13.21	2710.19.39	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, unmarked	384c/li
195.20	3826.00	Biodiesel and mixtures thereof, not containing or containing less than 70 per cent by mass of petroleum oils or oils obtained from bituminous minerals:	
195.20.01	3826.00.10	Biodiesel as specified in Additional Note 1(a) to Chapter 38	185c/li
195.20.03	3826.00.90	Other biodiesel	384c/li

### Reason

To address the impact of rising inflation due to fuel price hikes, the government has decided to maintain the general fuel levy at its current rate for 2025/26.

To help to ease financial pressures on consumers.

Providing approximately R4 billion in tax relief.



# Customs

## Tax Proposals

### The Road Accident Fund (RAF) Levy

- **The Road Accident Fund (RAF) levy will remain unchanged.**

Date: 2025-01-01

SCHEDULE 1 / PART 5B

Customs & Excise Tariff

Road Accident Fund Fuel Levy Item	Tariff Heading	Article Description	Rate of Road Accident Fund Levy
<b>197.00</b>	<b>FUELS</b>		
<b>197.10</b>	<b>27.10</b>	<b>Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations not elsewhere specified or included, containing by mass 70 per cent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:</b>	
<b>197.10</b>	<b>2710.12</b>	<b>Light oils and preparations:</b>	
197.10.03	2710.12.02	Petrol, as defined in Additional Note 1(b) to Chapter 27	218c/li
197.10.09	2710.12.07	Aviation kerosene, as defined in Additional Note 1(d) to Chapter 27	free
197.10.13	2710.12.15	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, marked	free
197.10.15	2710.12.26	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, unmarked	218c/li
197.10.17	2710.12.30	Distillate fuel, as defined in Additional Note 1(g) to Chapter 27	218c/li
197.10.19	2710.12.37	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, marked	free
197.10.21	2710.12.39	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, unmarked	218c/li
<b>197.13</b>	<b>2710.19</b>	<b>Other:</b>	
197.13.09	2710.19.07	Aviation kerosene, as defined in Additional Note 1(d) to Chapter 27	free
197.13.13	2710.19.15	Illuminated kerosene, as defined in Additional Note 1(f) to Chapter 27, marked	free
197.13.15	2710.19.26	Illuminating kerosene, as defined in Additional Note 1(f) to Chapter 27, unmarked	218c/li
197.13.17	2710.19.30	Distillate fuel, as defined in Additional Note 1(g) to Chapter 27	218c/li
197.13.19	2710.19.37	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, marked	free
197.13.21	2710.19.39	Specified aliphatic hydrocarbon solvents, as defined in Additional Note 1(ij) to Chapter 27, unmarked	218c/li
<b>197.20</b>	<b>3826.00</b>	<b>Biodiesel and mixtures thereof, not containing or containing less than 70 per cent by mass of petroleum oils or oils obtained from bituminous minerals:</b>	
197.20.01	3826.00.10	Biodiesel, as defined in Additional Note 1(a) to Chapter 38	218c/li
197.20.03	3826.00.90	Other biodiesel	218c/li

### Reason

To address the impact of rising inflation due to fuel price hikes, the government has decided to maintain the general fuel levy at its current rate for 2025/26.

To help to ease financial pressures on consumers.

Providing approximately R4 billion in tax relief.

# Customs

## Tax Proposals

### Adjustment to the Diesel Refund for the Primary Sector:

- Starting 1 April 2026, farming, mining, and forestry businesses can claim refunds for all general fuel and RAF levies paid on diesel, increasing from the current 80% limit.
- Treasury indicates this change will simplify the diesel refund system and enhance South Africa's global competitiveness, potentially resulting in an additional R1 billion in refunds.

# Customs

## Tax Policy and Administrative Adjustments

Item	Topic	Explanation
1	Delegation of functions of customs officers and designation of persons as customs officers	To delegate functions of customs officers to persons in the service of such organ of state or institution
2	Customs voluntary disclosure programme	It is proposed that the Customs and Excise Act be amended to provide for a customs and excise voluntary disclosure programme.
3	Timing of adjustment of bill of entry	To allow a single consolidated document to be submitted to adjust various affected bills of entry.
4	Body-worn cameras	To promote trust, transparency and accountability in relation to the enforcement functions
5	Diesel refund	The Customs and Excise Act may require amendments to facilitate the implementation of the new diesel refund system.
6	Dutiability of waste derived from processing imported goods in manufacturing plants	SARS together with ITAC to provide for relief when waste is disposed of in a sustainable and environmentally friendly manner such as recycling.
7	Movement of fuel products	SARS proposes to review the legislation pertaining to the fuel industry to align it with changes in this industry and to facilitate the movement and storage of fuel products

# Carbon Tax

- The headline carbon tax rate increases from R190 to R236 per ton CO<sub>2</sub>e – a 24% increase
- The carbon fuel levy increases by 3c per liter for both petrol and diesel
- Several of the carbon tax allowances remain unchanged:
  - The basic allowance of 60% for Fuel Combustion and 70% for Process and Fugitive Emissions remain
  - The trade exposure allowance remains at its original design
- Changes to the allowances include:
  - The carbon budget allowance is proposed to be extended for one more year until 31 December 2025, after which this allowance will fall away
  - The carbon offset allowance is set to increase by 5% from 1 January 2026 and there is a proposed extension to utilizing carbon offsets from projects implemented before the introduction of the carbon tax.
  - A performance benchmark for the electricity sector is expected to be introduced from 1 January 2026

# Carbon Tax

- Several other key changes to be noted include:
  - Removal of the environmental levy on electricity generation to be replaced by Carbon Tax while extending revenue neutrality until 31 December 2030, this includes extending the Renewable Energy Premium
  - The proposal to extend the Section 12L Energy Efficiency Savings Incentive to 31 December 2030
  - A consideration will be given to other potential carbon offset standards to be included under the Carbon Tax in future





**POLL**

# Questions and Answers





Thank you