



The South African Budget 2019|2020 Proposals

Budget Highlights

Executive Summary

The South African Budget 2019|2020 proposals were recently announced. South African Finance Minister, Tito Mboweni, outlined the state of South Africa's finances and, for a change, proposed relatively few tax adjustments.

To limit the negative impact on South African economic growth, Mboweni announced that no changes will be made to income tax brackets for natural persons for the year, but the tax-free threshold will be increased at a level below inflation. By not adjusting the income tax brackets for inflation, the South African government will raise R12.8 billion in revenue.

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MGI Bass Gordon

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Proposed tax changes include:

- Fuel levies will increase by 29 cents per litre, consisting of:
 - a 15 cents per litre increase in the general fuel levy;
 - a 5 cents per litre increase in the Road Accident Fund levy; and
 - the introduction of a carbon tax on fuel of 9 cents per litre.
- Excise duties on alcohol and tobacco products increase by between 7.4% and 9%.
- The Sugar Tax (under the promotion of health levy) will be increased to 2.21 cents per gram from 2.10 cents per gram.
- The new Carbon Tax will come into effect on 1 June 2019. The tax will have a three year phase-in and is primarily intended to fulfil South Africa's pledge to reduce carbon emissions by 50% by 2030.
- The list of Zero Rated VAT (Value Added Tax) items will include white bread flour, cake flour and sanitary pads.

There is no change to the Medical Aid Tax Credits as the country plans to phase in National Health Insurance.



The new South African tax brackets are outlined below:

Natural Person Tax Rates: 29 February 2020	
Taxable Income	Rates of Tax
R0 – 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

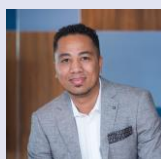
Rebates: Natural Persons	
Primary	R14 220
Secondary (Persons 65 and older)	R7 794
Tertiary (Persons 75 and older)	R2 601

Thresholds: Natural Persons	
Below age 65	R79 000
Age 65 to below 75	R122 300
Age 75 and over	R136 750

Conclusion

For a comprehensive overview of the South African Budget 2019|2020 changes and tax tables, access the MGI Bass Gordon Tax Guide 2019|2020 [here](#).

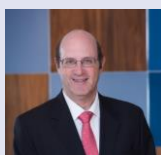
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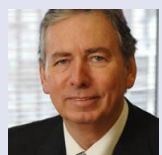
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