

Law Navigator

Issue 1 – Budget 2026



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This document provides an overview of changes proposed in the 2026 National Budget that are relevant to members of retirement funds.

Background

Finance Minister Enoch Godongwana delivered the second Budget presentation of the Government of National Unity on 25 February 2026. The expectation was that government would begin to follow through on its infrastructure plans in light of lower inflation, falling interest rates and increased consumer spending. Taxpayers were also looking forward to tax bracket and rebate adjustments to counteract inflation. The Budget delivered on these expectations.

One of the key focus areas of this year's Budget Speech was the action required to reform municipalities, including improved project identification, sustainable cash flow planning, financial decision making, tackling unfinanced mandates, increased capacity for infrastructure maintenance and improved service delivery. This should improve the public's perception of government in action.

Infrastructure

Government intends to focus on the following over the next three years.

Transport and logistics

Upgrading roads infrastructure and restoring passenger and freight rail networks.

Energy

Upgrading roads infrastructure and restoring passenger and freight rail networks.

Water and sanitation

Allocating investments in the water and sanitation sector to high-impact bulk water augmentation initiatives, the refurbishment of existing infrastructure and strategic projects that support economic hubs and residential areas.

Human settlements

Investing R9.1 billion in critical bulk infrastructure in metropolitan municipalities for sustainable housing delivery and allocating R41.4 billion through provincial transfers under the grant to support the delivery of 160 572 fully subsidised housing units.

Health

Prioritising the repair, refurbishment and enhancement of current facilities, in parallel with the construction of new infrastructure to address significant service delivery deficiencies.

Education

Enhance efficiency, strengthen provincial oversight and accelerate service delivery.

Personal impact

Income tax

Two successive years of no adjustments to the income tax table for individuals and trusts and no tax rebate adjustments led to bracket creep (increased tax liability as a result of higher income), but the tax brackets have now been fully adjusted for inflation. The expectation is that inflation will increase from 3.2% in 2025 to 3.4% in 2026.

The tax table and rebates for individuals and trusts for 2026/2027 are as follows (the 2025/2026 table is included for comparison):

2025/26		2026/27	
Taxable income (R)	Rate of tax	Taxable income (R)	Rate of tax
R0 – R237 100	18% of each R1	R0 – R245 100	18% of each R1
R237 101 – R370 500	R42 678 + 26% of the amount above R237 100	R245 101 – R383 100	R44 118 + 26% of the amount above R245 100
R370 501 – R512 800	R77 362 + 31% of the amount above R370 500	R383 101 – R530 200	R79 998 + 31% of the amount above R383 100
R512 801 – R673 000	R121 475 + 36% of the amount above R512 800	R530 201 – R695 800	R125 599 + 36% of the amount above R530 200
R673 001 – R857 900	R179 147 + 39% of the amount above R673 000	R695 801 – R887 000	R185 215 + 39% of the amount above R695 800
R857 901 – R1 817 000	R251 258 + 41% of the amount above R857 900	R887 001 – R1 878 600	R259 783 + 41% of the amount above R887 000
R1 817 001 and above	R644 489 + 45% of the amount above R1 817 000	R1 878 601 and above	R666 339 + 45% of the amount above R1 878 600
Rebates		Rebates	
Primary	R17 235	Primary	R17 820
Secondary	R9 444	Secondary	R9 765
Tertiary	R3 145	Tertiary	R3 249

Tax threshold		Tax threshold	
Below age 65	R95 750	Below age 65	R99 000
Age 65 and over	R148 217	Age 65 and over	R153 250
Age 75 and over	R165 689	Age 75 and over	R171 300

Source: National Treasury

Tax thresholds

Tax thresholds and limits have been adjusted for inflation, helping small businesses, encouraging savings and helping households and businesses retain more income to support economic recovery. The following adjustments will apply from 1 March 2026 (only the most relevant items not discussed elsewhere in this document are reflected here):

Description (R)	Last amended	Current monetary amount	Proposed monetary amount
Capital gains tax (CGT)			
Exclusion at death	2012	300 000	440 000
Exclusion in respect of disposal of primary residence	2012	2 000 000	3 000 000
Annual exclusion	2017	40 000	50 000
Savings and retirement			
Tax-free investments: annual limit	2021	36 000	46 000
Living annuity commutation	2020	125 000	150 000
Donations tax: Exemption for donations made by individuals	2007	100 000	150 000

Source: National Treasury

Social security grants

The social security grants will increase as follows from April 2026:

- Old age grant, disability grant and care dependency grant increase from R2 315 to R2 400.
- War veterans grant increases from R2 335 to R2 420.
- Child support grant and grant-in-aid grant increase from R560 to R580.
- Foster care grant increases from R1 250 to R1 295.

The COVID-19 social relief of distress (SRD) grant that was increased from R350 to R370 per month per beneficiary in 2026 will continue to be paid until the end of March 2027.

Medical tax credits

Medical tax credits have also been adjusted by 3.4% expected inflation and will increase from R364 to R376 for the first two members, and from R246 to R254 for additional members.

Fuel levy

Starting 1 April 2026, the general fuel levy will rise to R4.10 per litre for petrol and R3.93 per litre for diesel – lower than inflation. The Road Accident Fund levy will go up by 7 cents to R2.25 per litre, matching expected inflation, while customs and excise levies will remain the same.

Carbon fuel levy

From 1 April 2026, the carbon fuel levy will increase to 19c per litre for petrol and 23c per litre for diesel, as required under the Carbon Tax Act.

Sin tax – alcohol and tobacco

Government plans to raise alcohol excise duties according to the 3.4% inflation forecast for 2026/27, with ongoing stakeholder consultations throughout 2026. Tobacco excise duties, including those on vaping products, will also rise with inflation. From the 2027 Budget onward, excise adjustments will take effect on 1 April. Legislative changes will be included in this year's taxation amendment bills.

National online gambling tax

In November 2025, National Treasury released a draft paper proposing a 20% tax on gross online gambling revenue, in addition to existing provincial taxes. The public comment period was extended until 27 February 2026. After collecting feedback, Treasury will hold a workshop with respondents. Any revisions will be included in draft legislation, which will be open for further public comment later in the year.

Retirement fund impact

Contributions

The tax-deductible monetary limit for contributions has been adjusted upwards from the 2016 limit of R350 000 to R430 000 per annum from 1 March 2026.

The contribution that may be deducted in a year of assessment will be limited to 27.5% of the greater of the amount of remuneration for employees' tax purposes or taxable income (both excluding retirement fund lump sums and severance benefits) or the lower of R430 000 or 27.5% of taxable income, before the inclusion of a taxable capital gain.

Retirement interest de minimis for annuitisation

The previous de minimis annuitisation limit was set in 2016 and has been increased from R165 000 (or R247 500 if calculated as three-thirds and not as two-thirds as set out in the Income Tax Act) to R240 000 (expressed as R360 000 if calculated as three-thirds) per annum from 1 March 2026.

The impact of this adjustment is that where

- two-thirds of a member's pre-1 March 2021 non-vested benefit in their vested component plus
- the total value in their total retirement component

is less than R240 000, they may take their total retirement benefit in a lump sum, taxable according to the retirement lump sum benefit tax table.

Tax tables

The tables that must be used to determine the tax payable on retirement fund lump sum benefits and retirement fund lump sum withdrawal benefits have not been adjusted. The following tables still apply:

Retirement fund lump sum withdrawal benefits

Taxable income (R)	Rate of tax
1 – 27 500	0% of taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000

Retirement fund lump sum benefits or severance benefits

Taxable income (R)	Rate of tax
1 – 550 000	0% of taxable income
550 001 – 770 000	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 + 27% of taxable income above 770 000
1 155 001 and above	143 550 + 36% of taxable income above 1 155 000

Living annuity de minimis

Government confirmed that they will change the definition of “living annuity” in section 1 of the Income Tax Act to explicitly state that to determine the prescribed de minimis limit for the commutation of a living annuity into a single payment, the value of all the living annuities that an annuitant holds with a specific insurer or fund must be taken into account. This means that the de minimis is not determined per policy but per policy issuer. If, for example, an annuitant has three living annuity policies with insurer A to the value of R120 000, R50 000 and R75 000 each, the combined value of the policy to be commuted at the time and the policy already commuted must be taken into account to determine whether the current policy may be taken as a lump sum. In this example, if the annuitant first wants to commute the R120 000 policy benefit to a lump sum, they will be allowed to do so, as the value of that policy falls below the new R150 000 de minimis limit. If they thereafter want to commute the R50 000 policy benefit to a lump sum, the benefit of R120 000 already taken as a commuted lump sum will be added to the R50 000 benefit, putting the total amount of R170 000 over the R150 000 de minimis limit. The annuitant will therefore not be able to commute the R50 000 or R75 000 benefits into lump sums.

Please contact your Sygnia representative should you have any questions regarding the above.