



2025 Budget Speech 2.0 | How it affects you and your business

Finance Minister Enoch Godongwana's 2025 Budget proposes several key tax and fiscal changes that will directly impact individuals and businesses. The most notable change is the phased increase in VAT, with a 0.5 percentage point hike planned to take effect on 1 May 2025 and another on 1 April 2026, increasing the VAT rate from the current 15% to 16% over two years. To mitigate the impact on lower-income households, the basket of VAT zero-rated food items will be expanded to include additional essential goods.

For individual taxpayers, there is no inflation adjustment to personal income tax brackets for the second consecutive year, leading to bracket creep as salary increases push individuals into higher tax brackets. Medical tax credits also remain unchanged.

Property buyers will benefit from an upward adjustment of 10% in transfer duty brackets from 1 April. Meanwhile, social grant recipients will see above-inflation increases, and the Covid-relief Social Relief of Distress grant has been extended until March 2026.

Government has unexpectedly opted not to increase fuel levies for the fourth consecutive year, while excise duties on alcohol and tobacco will rise above inflation, and the carbon tax on fuel and diesel will also increase.

With likely parliamentary opposition to some of the proposals, particularly the VAT hike, stand by for further changes!

SARS has also just released their "[**Budget 2025 Tax Pocket Guide**](#)" which provides a useful summary of the tax tables and their impact on taxpayers..

2025 Budget Speech

A brief summary



How will it affect you and your business?



VAT Increases to 16% over 2 years

VAT will be increased from 1 May 2025 by **0.5%**, and again by another **0.5%** from 1 April 2026 to **16%**. This is **down from the 2% proposed** in the original Budget Speech but still expected to increase the cost of living, particularly for those in lower to middle-income brackets.



Personal Income Tax

Tax brackets and rebates are not adjusted for inflation, which is bad news for taxpayers because of **bracket creep**. That means that for the 2025/26 tax year, the lowest marginal tax bracket of 18% will still apply for annual income up to **R237,100**, and the highest marginal tax bracket of 45% will still apply from **R1,817,001**. The primary rebate remains **R17,235**.



Tax Free Threshold

The annual income level at which under-65s will start paying tax remains **R95,750**. For 65s to under 75s, the threshold remains **R148,217**. For the 75s and older, the threshold remains **R165,689**.





Retirement savings

For lump sums withdrawn from retirement savings at retirement, the tax-free amount remains at **R550,000**.



Medical Tax Credits

Remain at **R364** per month for the first two members and **R246** for subsequent members.

Corporate Income Tax

Remains unchanged at 27%.



Capital Gains Tax

No changes were announced to CGT.



Trusts other than special trusts

The tax rate remains at 45%.



Transfer duty

The brackets for transfer duties are adjusted for inflation, meaning that properties below **R1.21 million** will not incur any transfer duty payments.



Diesel Rebates for Businesses

From 1 April 2026, farming, mining, and forestry businesses can claim back **100%** of the general fuel and RAF levies on diesel, up from the previous 80%.





Retirement savings

For lump sums withdrawn from retirement savings at retirement, the tax-free amount remains at **R550,000**.



Medical Tax Credits

Remain at **R364** per month for the first two members and **R246** for subsequent members.

Corporate Income Tax

Remains unchanged at 27%.



Capital Gains Tax

No changes were announced to CGT.



Trusts other than special trusts

The tax rate remains at 45%.



Transfer duty

The brackets for transfer duties are adjusted for inflation, meaning that properties below **R1.21 million** will not incur any transfer duty payments.



Diesel Rebates for Businesses

From 1 April 2026, farming, mining, and forestry businesses can claim back **100%** of the general fuel and RAF levies on diesel, up from the previous 80%.





Fuel Levy

For the fourth consecutive year, **no increase** was announced in the general fuel levy.



Road Accident Fund

Similarly, the Road Accident Fund levy remains **unchanged**.



Carbon Fuel Levy

Increases on 2 April 2025 to **14c**/litre of petrol and **17c**/litre of diesel.



Total Fuel Taxes

Will now be **R6.21** on a litre of petrol and **R6.09** on a litre of diesel.



Social Grants Increase Above Inflation

From 1 April, social grant recipients will receive an increase of more than 5%, translating to an additional **R30** to **R130** per month.



Child Support Grant



To increase from R530 to **R560** per month.



Foster Care Grant

To increase from R1,180 to **R1,250** per month.



Old Age, War Veterans, Disability & Care Dependency Grants

Will all increase by **R130**.



Social Relief of Distress Grant

The R370 grant, originally R350 when introduced in 2020 to support poor households during Covid, is extended for another year until 31 March 2026.

– Sugar Tax Unchanged

The planned inflationary increase in the health promotion levy, set for 1 April 2025, has been cancelled. This decision aims to give the sugar industry more time to adapt to regional competition.



Sin Taxes

Increases were mostly above inflation at **6.75%** for alcohol and **4.75% - 6.75%** for tobacco products.

↑ Wine

Up by **6.75%** (2% above inflation).

↑ Spirits

Up by **6.75%** (2% above inflation).

↑ Beer, cider, alcoholic fruit beverages

Up by **6.75%** (2% above inflation).

↑ Cigars

Up by **6.75%** (2% above inflation).

↑ Cigarettes

Up by **4.75%** (in line with inflation).

↑ Vaping

Up by **4.75%** (in line with inflation).

Infographic provided by DotNews

[Download the Budget 2025/26 Tax Guide](#)