



FINANCE

Hi doctor, here's what the **2026 BUDGET** means for your finances.

South Africa's latest Budget Speech by Finance Minister Enoch Godongwana outlines the financial direction for the year ahead, aiming to balance fiscal discipline with support for the economy amid slow growth, ongoing load-shedding, and high public debt.

**Here's what it
means for you and
your practice:**



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Key Highlights from the Budget

The 2026 Budget focused on:

- Stabilising public finances and reducing debt-to-GDP over the medium term
- Supporting infrastructure development, particularly energy and logistics
- Adjusting social grants to cushion vulnerable households
- Strengthening tax compliance without introducing major new taxes

Government reaffirmed its commitment to rebuilding key state-owned enterprises like Eskom and Transnet.

Impact on Individuals

1. Personal Income Tax

Tax brackets saw limited or below-inflation adjustments, which may result in “bracket creep” - meaning some individuals could pay slightly more tax as salaries increase. While no major new personal taxes were introduced, the lack of significant relief will be felt by middle-income earners.

2. Retirement Annuity

The allowable deduction for retirement funds has increased from R350 000 to R430 000 per annum. This is still subject to the 27.5% rule. This means an individual can contribute R80 000 more towards retirement and will save up to R36 000 more on tax.

3. Tax free investments

The allowable tax free investment contribution increase from 36 000 to R46 000 per annum.

4. Fuel Levies and Cost of Living

Fuel levies and other excise duties saw limited increases, and even small adjustments can ripple through transport and food prices, with households feeling the impact.

Impact on Companies

1. Corporate Tax

Corporate income tax rates remain stable, signalling policy certainty. This is aimed at maintaining South Africa's investment attractiveness in a competitive global market.

2. VAT Registration Thresholds: A Boost for Small Businesses

One of the standout tax policy changes in this budget was the increase in VAT registration thresholds. The compulsory VAT threshold was raised from R1 million to approximately R2.3 million in annual turnover, and the voluntary registration threshold was also increased. This relief aims to reduce compliance costs and administrative burdens on small and medium enterprises (SMEs), freeing them from compulsory VAT registration and allowing them to focus more on growth and operations rather than complex tax admin.

Analysts note this move could benefit tens of thousands of small businesses previously caught in the compliance net, improving cash flow and reducing bureaucratic hurdles.

3. Tax Compliance and Enforcement

The South African Revenue Service (SARS) will receive additional funding to improve compliance and enforcement. This means companies can expect increased scrutiny and tighter auditing processes.

The Bigger Picture

South Africa's fiscal strategy reflects a careful balancing act: stimulating growth while preventing debt from spiralling further. Economic growth projections remain modest, meaning job creation and private sector confidence are central to success.

For individuals, the budget brings new possibilities on reducing taxes when saving more. You can do more with your money when you use right investment strategy.

For companies, the emphasis on simplified compliance including higher VAT thresholds and infrastructure investment aims to foster a more conducive environment for business growth.



If you'd like to understand how these changes affect your personal or practice finances, let's talk.



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