



Summary

Budget Speech: 2023/2024 All you need to know

Sage

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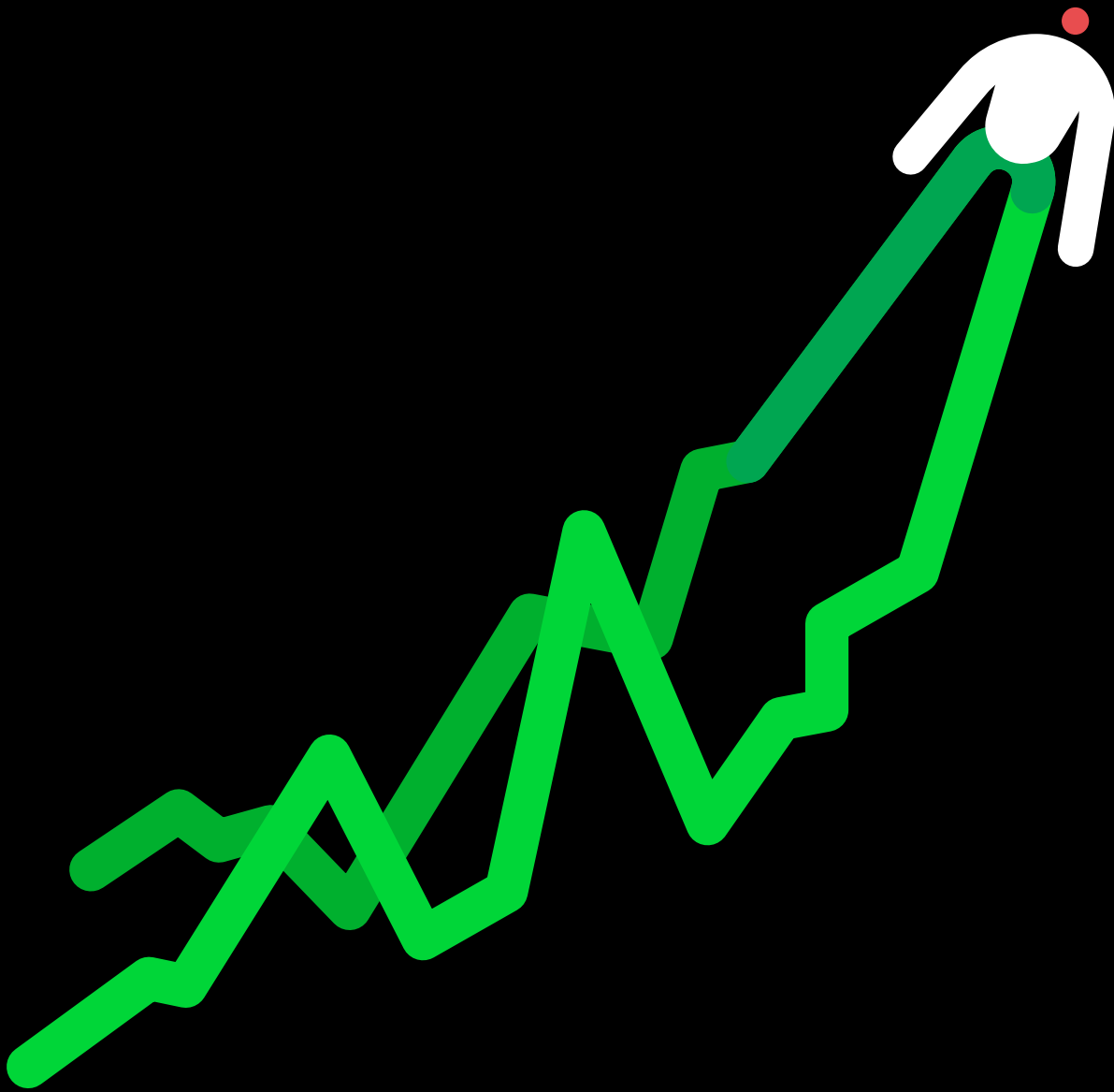
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Tax tables and rates for 2023/2024

(Year of assessment ending 29 February 2024)

Income tax table: Individuals and special trusts

Taxable income	Rates of tax
R1 – 237 100	18% of taxable income
R237 101 – R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 – R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 – R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 – R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 – R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

Rebates

Primary rebate (persons under 65)	R17 235
Secondary rebate (persons of 65 – 74 years)	R9 444
Tertiary rebate (persons 75 and older)	R3 145

Tax Thresholds

The tax thresholds at which liability for normal tax commences, are:	
Persons under 65	R95 750
Persons of 65 – 74 years	R148 217
Persons 75 and older	R165 689

Medical scheme fees tax credits

Main member	R364
First dependant	R364
Each additional dependant	R246



Subsistence allowances and advances

Where the recipient is obliged to spend at least one night away from his/her usual place of residence in South Africa for work purposes, an amount equal to the following is deemed to have been expended for each day or part of a day for:

- meals and incidental costs, R522 per day/part of a day;
- incidental costs only, R161 per day/part of a day.

The rates for foreign travel (travel outside South Africa) can be found on www.sars.gov.za

Where the recipient only spends a day or part of a day away from his/her usual place of employment/work in South Africa for work purposes and all qualifying conditions are met, an amount equal to R161 per day or part of a day is deemed to have been expended for meals and incidental costs.

Table for calculation of rate per km/travel allowance

Value of the vehicle (including VAT)	Fixed cost	Fuel cost	Maintenance cost
(R)	(R p.a)	(c/km)	(c/km)
does not exceed R100 000	33 760	141.5	43.8
exceeds R100 000 but does not exceed R200 000	60 329	158.0	54.8
exceeds R200 000 but does not exceed R300 000	86 958	171.7	60.4
exceeds R300 000 but does not exceed R400 000	110 554	184.6	65.9
exceeds R400 000 but does not exceed R500 000	134 150	197.6	77.5
exceeds R500 000 but does not exceed R600 000	158 856	226.6	91.0
exceeds R600 000 but does not exceed R700 000	183 611	230.5	102.1
exceeds R700 000 but does not exceed R800 000	209 685	234.3	113.1
exceeds R800 000	209 685	234.3	113.1



Prescribed rate for reimbursive kilometres

The prescribed rate per kilometre increased from R4.18 to R4.64.

Retirement fund lump sum withdrawal benefit

Taxable income (R)	Rate of tax
R1 – R27 500	0% of taxable income
R27 501 - R726 000	18% of taxable income above R27 500
R726 001 - R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

Retirement fund lump sum benefits or severance benefits

Taxable income (R)	Rate of tax
R1 – R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 – R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

Payroll tax and other important amendments

This section explains the most important amendments according to the Taxation Laws Amendment Act, 2022 and the Tax Administration Laws Amendment Act, 2022 affecting employers and employees. It also contains the changes to the BCEA earnings threshold, the National Minimum Wage rates and the OID limit. All changes are effective March 2023, except where mentioned otherwise.

PAYE

Variable remuneration

“Variable remuneration” should be taxed when it is paid to the employee and not when it ordinarily accrues to the employee. The following payments are specifically defined as variable remuneration:

- overtime,
- bonuses,
- commission,
- an allowance or advance paid in respect of transport expenses such as a travel allowance,
- leave paid out,
- reimbursive travel allowance,
- any night shift allowance,
- any standby allowance, and
- certain business reimbursements.

From March 2023, remuneration based on the employee’s work performance will also be classified as variable remuneration. This means that PAYE on these payments must be withheld when it is paid to the employee.

In the case of a deceased employee, accrual is the day prior to the date of death.

Annuities from public sector pension funds

Annuities received from a public sector pension fund that operates similarly to a provident fund is included in ‘gross income’ and subsequently in ‘remuneration’. This was clarified in the amendments.

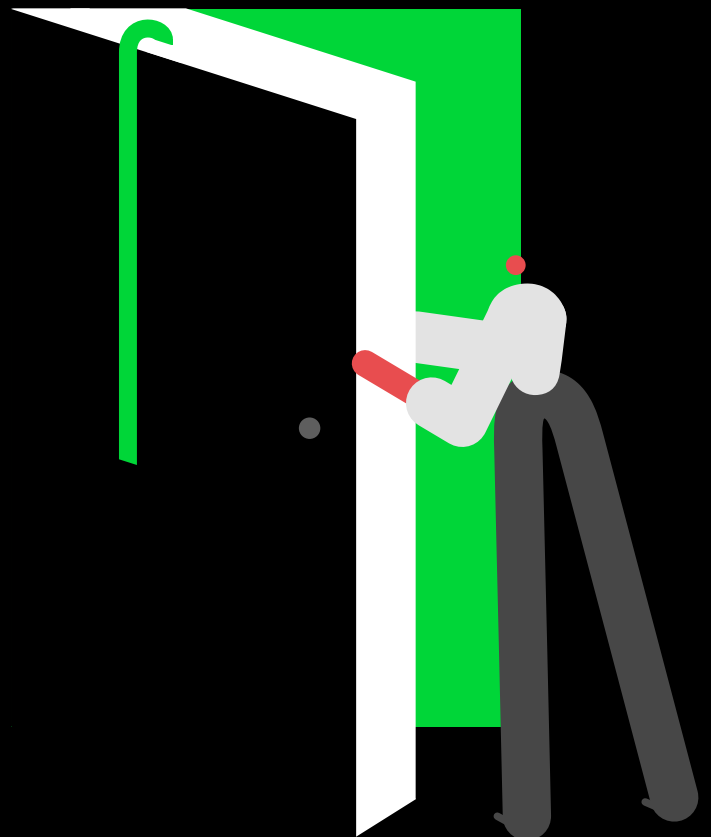
This is deemed to have come into operation on 1 March 2021.

ETI (Employment Tax Incentive)

ETI refunds

ETI reimbursements will now be classified as ETI refunds in terms of the Tax Administration Act and more specifically for the purpose of the understatement penalty provisions thereof. This is because of the abuse of the Employment Tax Incentive (ETI) that has been encountered and to facilitate the imposition of understatement penalties on ETI reimbursements/refunds incorrectly claimed.

This came into effect on 1 September 2022.



Other important amendments

BCEA earnings threshold increase

From March 2023, the BCEA earnings threshold will increase from R224 080.48 per annum to R241 110.59 per annum. Therefore, employees earning in excess of R224 080.48 per annum are excluded from section 9, 10, 11, 12, 14, 15, 16, 17(2) and 18(3) of the BCEA.

For the purpose of this, **“earnings”** means the regular annual remuneration before deductions, i.e. income tax, pension, medical and similar payments but excluding similar payments (contributions) made by the employer in respect of the employee: Provided that subsistence and transport allowances received, achievement awards and payments for overtime worked shall not be regarded as remuneration.

“Remuneration” is defined in the BCEA (Basic Conditions of Employment Act) as any payment in money or in kind, or both in money and in kind, made or owing to any person in return for that person working.

OID Maximum Earnings

The OID limit for the 2023 assessment period (March 2023/February 2024) is R563 520.

National Minimum Wage increase

From March 2022, the National Minimum Wage rates will increase –

- from R23.19 to R25.42 per hour,
- from R23.19 to R25.42 per hour for farm workers,
- from R23.19 to R25.42 per hour for domestic workers,
- from R12.75 to R13.97 per hour for workers employed on an expanded public works programme, and
- for workers who have concluded learnership agreements contemplated in section 17 of the Skills Development Act, new rates are indicated in Schedule 2 of the Government Gazette.

Impact on ETI (Employment Tax Incentive)

One of the requirements for an employee to qualify for ETI is that the employee must earn at least the minimum wage, which is –

- the higher of –
 - the applicable minimum wage according to the National Minimum Wage Act, or
 - the applicable minimum wage according to the wage regulating measure (i.e. collective agreement, bargaining council or sectoral determination), or
- if none of the above is applicable (i.e. no wage regulating measure is applicable and the employer is exempt from the National Minimum Wage after successful application), then the employee must earn a monthly wage of at least R2 000 for a full month (160 ordinary employed and remunerated hours).



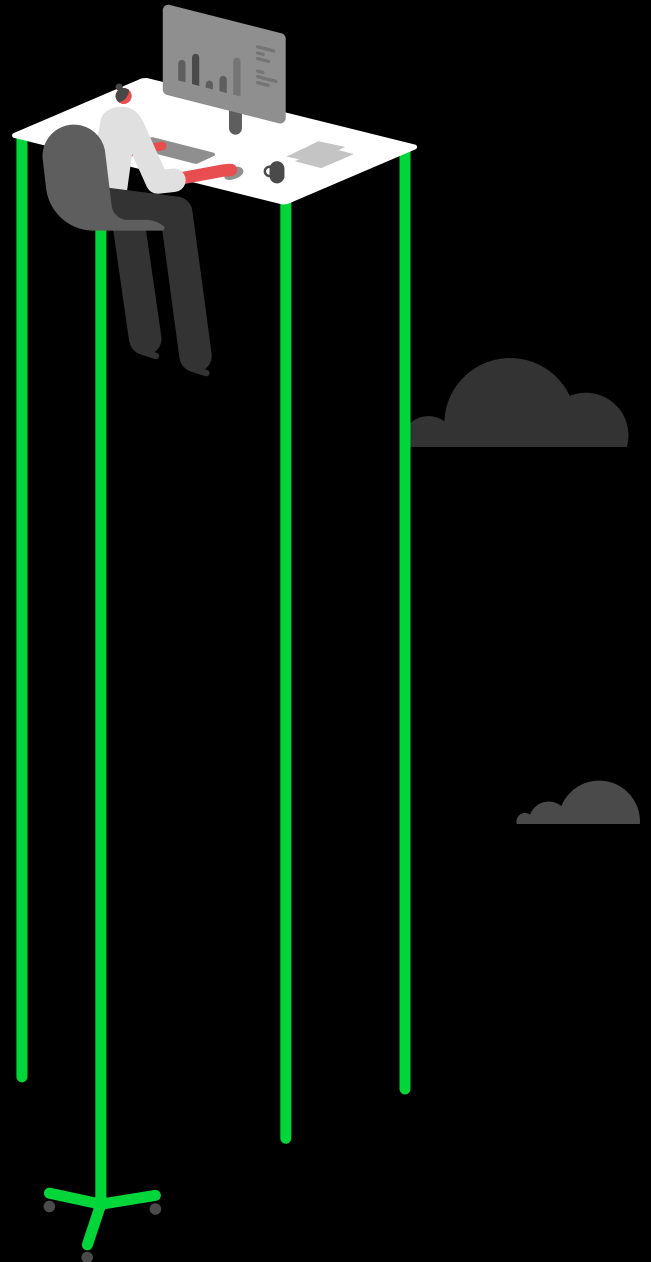
The employer must confirm that the correct minimum wage rate per hour is processed for each employee from 1 March 2023, to ensure the correct ‘minimum wage test for ETI’ is applied by the system.

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Sources

- Taxation Laws Amendment Act, 2022
- Tax Administration Laws Amendment Act, 2022
- Draft Explanatory Memorandum on the Draft Taxation Laws Amendment Bill, 2022
- Draft Memorandum of the objects of the Draft Tax Administration Laws Amendment Bill, 2022
- Government Gazette 48092
- Government Gazette 48065
- Government Gazette 48094
- National Budget Speech 2023



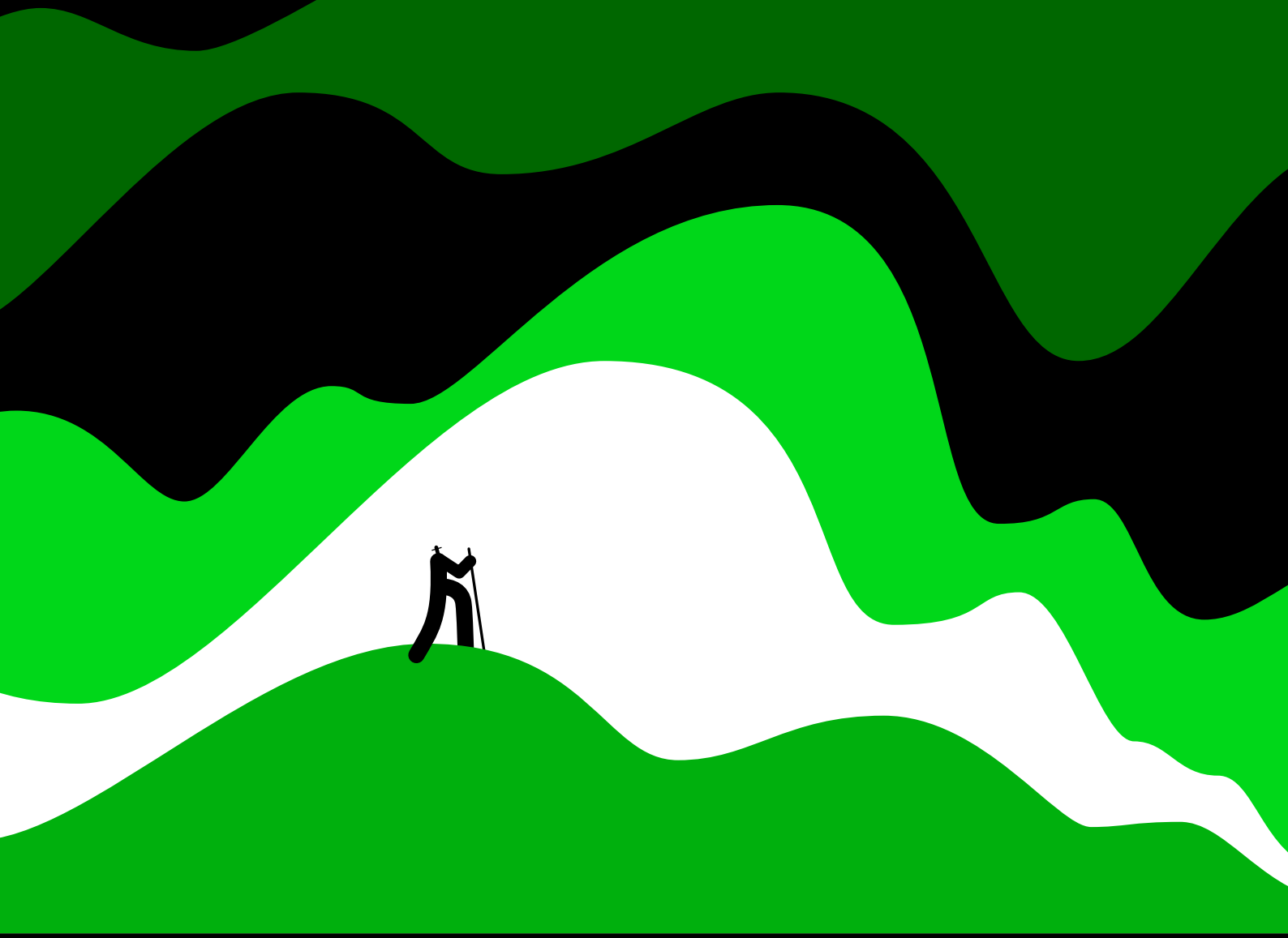
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