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Budget 2025: How It Affects You and Your Business

> ***"… the economy needs to grow much faster and in an inclusive manner. This is the central objective of the current administration." (Finance Minister Enoch Godongwana – Budget 2025)***

The tabling of Finance Minister Enoch Godongwana's fourth Budget in February was marked by an unprecedented three-week postponement, following a deadlock around the original Budget proposal to increase VAT by 2%.

A revised Budget, finally tabled on 12 March, proposed a 0.5% increase from 1 May 2025, with a second 0.5% VAT increase from 1 April 2026 – but the proposal was still not enough to satisfy most other political parties.

In his Budget Speech, the finance minister called the Budget proposals "a bold and pragmatic approach" to ensure the economy grows "much faster and in an inclusive manner". He admitted that the economy has stagnated for over a decade, with GDP growth averaging less than 2%, while forecasts for medium-term GDP growth are a dismal 1.8%.

While the powers that be attempt to reach consensus on the Budget 2025 proposals, businesses and individuals in South Africa will find little support from the fiscus to survive these low-growth economic conditions.

This is evident from our overview below of the most pertinent Budget 2025 proposals. In a nutshell, the finance minister is trying to cover another substantial Budget shortfall by directly and indirectly increasing the tax burden on corporate and individual taxpayers.

Budget proposals that will impact you

- The 0.5% VAT increases proposed for 2025 and 2026 will impact every South African, while disproportionately affecting lower-income households strained by high electricity costs, inflation and interest rates in a weak economy. To alleviate their impact on poor households, the list of zero-rated food items is extended to include canned vegetables, dairy liquid blends, and organ meats from sheep, poultry and other animals.
- Personal income tax brackets will not be adjusted for inflation for a second year running. This means that, like last year, individuals who receive a salary increase will again pay more tax, and could be

pushed into a higher tax bracket.

- No inflation adjustments were proposed for tax rebates or medical tax credits – which once again translates into more tax payable by individuals.

- Above-inflation increases in the excise duties on alcohol (6.75%) and tobacco (4.75 – 6.75%) are no surprise. This means that with immediate effect, the duty on:
  - a 340ml can of beer increases by 16c
  - a 750ml bottle of unfortified wine goes up by 29c
  - a 750ml bottle of fortified wine goes up by 48c
  - a 750ml bottle of spirits will increase by R5.97
  - a 23g cigar goes up by R8.49
  - a pack of 20 cigarettes rises by R1.04
  - vaping products increase by 14c per millilitre.

- Changes to the rules regarding the tax treatment of cross-border retirement funds are proposed.

- A one-year extension in the R370 social relief of distress (SRD) grant and above-inflation increases ranging from R30 to R130 per month in other social grants will provide minimal relief to the poorest South African households.

- SARS has been allocated R3.5 billion this year and an additional R4 billion over the medium term to enhance its tax collection capabilities, so taxpayers can expect increased scrutiny and administration.

Budget proposals that will impact your business

The 0.5% VAT increases proposed for 1 May 2025 and 1 April 2026 will certainly impact all companies in South Africa's struggling economy, with a disproportionately negative impact on the small and micro businesses that are crucial to economic growth.

- VAT hikes directly raise the cost of goods and services, impacting competitiveness and profitability.

- Higher prices resulting from the VAT increase will reduce consumer purchasing power in an already-constrained economy.

- The VAT increase could trigger inflationary pressures, further eroding household incomes and potentially forcing an interest rate hike.

- Two VAT increases over two years will also result in a significant administrative burden on businesses to implement the required changes to their systems.

- Carbon taxes increased from R190 to R236 per tonne on 1 January, while the temporary incentive for renewable energy introduced in 2023 has not been extended.

- From 1 April 2025, the formula to calculate the employment tax incentive and the eligible income bands will be adjusted.

- It is proposed that the sunset date for the urban development zone tax incentive be extended by five years to 31 March 2030.

- The Budget proposes to cancel the inflationary increase in the health promotion levy, and that the ad valorem excise duties on smartphones are limited to higher value phones.

Some good news

- The general fuel levy and the Road Accident Fund levy will not be increased again this year, providing tax relief of R4 billion. However, the carbon tax on fuel and diesel will increase. Budget 2025 also proposes an adjustment to the diesel refund for the primary sector for the next tax year.

- Property buyers will benefit from an upward adjustment of 10% in transfer duty brackets from 1 April 2025.

- A R1 trillion investment over the next three years in public infrastructure spending, focussed on transport and logistics, energy, and water and sanitation, should positively impact on the economy.

- Besides the proposals detailed above, Budget 2025 made no mention of a wealth tax or the National Health Insurance (NHI).

- In a media interview following the Budget Speech, the minister said that if the economy does well, the VAT increase in 2026 may not be necessary.

How best to manage your taxes going forward?

There is (on 2 April) huge uncertainty regarding the budget proposals. Expect a lot of political manoeuvring and perhaps some major changes in the days ahead!

As tax collection remains government's main source of income and SARS' tax collection capabilities have been extended with billions in funding, you would be well-advised to rely on our expertise and advice to determine the impact of Budget 2025 on your tax affairs.

Budget 2025: Your Tax Tables and Tax Calculator

Budget 2025, if adopted by Parliament, will effectively bring about an increase in personal income tax by not adjusting the tables for tax rates, rebates and credits, while also implementing substantial increases in 'sin' taxes and introducing a 0.5% VAT increase on 1 May 2025 and another 0.5% increase effective 1 April 2026.

This selection of official SARS Tax Tables and other useful resources will help clarify your tax position for the new tax year.

Individual taxpayers: Tax tables unchanged since 2023

INDIVIDUAL TAXES – 2025	
Taxable Income (R)	Rate of Tax (R)
1 – 237 100	18% of taxable income
237 101 – 370 500	42 678 + 26% of taxable income above 237 100
370 501 – 512 800	77 362 + 31% of taxable income above 370 500
512 801 – 673 000	121 475 + 36% of taxable income above 512 800
673 001 – 857 900	179 147 + 39% of taxable income above 673 000
857 901 – 1 817 000	251 258 + 41% of taxable income above 857 900
1 817 001 and above	644 489 + 45% of taxable income above 1 817 000

Source: SARS

INDIVIDUAL TAX REBATES - 2025	
Type	
Primary	R17 235
Secondary (65 and older)	R9 444
Tertiary (75 and older)	R3 145

Source: SARS

INDIVIDUAL TAX THRESHOLDS – 2025	
Age	
Under 65	R95 750
65 to 75	R148 217
75 and older	R165 689

Source: SARS

Sin taxes raised

EXCISE DUTIES			
Excise duties on	2025 Increases	2024 Increases	2023 Increases
Malt beer per 340ml can	16c	14c	10c
Unfortified wine per 750ml bottle	29c	28c	18c
Fortified wine per 750ml bottle	48c	47c	31c
Sparkling wine per 750ml bottle	90c	89c	9c
Ciders and alcoholic fruit beverages per 340ml can	16c	14c	10c
Spirits per 750ml bottle	R5.97	R5.53	R3.90
Cigarettes per packet of 20	R1.04	97c	98c
Nicotine, non-nicotine solution for electronic delivery systems per ml	14c per ml	14c per ml	-
Cigarette tobacco per 50g	R1.16	R1.09	R1.10
Pipe tobacco per 25g	50c	57c	33c
Cigars per 23g	R8.49	R9.51	R5.47

Source: Adapted from Budget 2025 People's Guide

Businesses: Corporate tax rates unchanged

CORPORATE TAXES 2025		
Type	Taxable Income (R) Taxable Turnover (R)* Annual Revenue **	Rate of Tax (R)
Companies - Income Tax	All	27% of taxable income
Small Business Corporations: Income Tax	1 – 95 750	0% of taxable income
	95 751 – 365 000	7% of taxable income above 95 750
	365 001 – 550 000	18 848 + 21% of taxable income above 365 000
	550 001 and above	57 698 + 27% of the amount above 550 000
Micro Businesses: Turnover Tax *	1 – 335 000*	0% of taxable turnover
	335 001 – 500 000*	1% of taxable turnover above 335 000
	500 001 – 750 000*	1 650 + 2% of taxable turnover above 500 000
	750 001 and above*	6 650 + 3% of taxable turnover above 750 000
Multinational Corporations: Global Minimum Corporate Tax**	Annual revenue exceeding €750 million**	Minimum 15%

Source: Adapted from SARS Budget Tax Guide 2025

Proposed VAT increases

VALUE ADDED TAX (VAT)			
Date	2018-2024	01 May 2025	01 April 2026
VAT Rate	15%	15.5%	16%

Source: Adapted from Budget 2025 People's Guide

Transfer duty: 10% upward adjustment from 1 April

TRANSFER DUTIES – 2025	
Value of Property	Rate of Duty
R0 to R1 210 000	0% of property value
R1 210 001 to R1 663 800	3% of property value above R1 210 000
R1 663 801 to R2 329 300	R13 614 + 6% of property value above R1 663 800
R2 329 301 to R2 994 800	R53 544 + 8% of property value above R2 329 300
R2 994 801 to R13 310 000	R106 784 + 11% of property value above R2 994 800
R13 310 001 and above	R1 241 456 + 13% of property value above R13 310 000

Source: SARS' Budget Tax Guide 2025

How much will you be paying in income, petrol and sin taxes?

Use Fin 24's four-step Budget Calculator **here** to find out the monthly and annual impact on your income tax, as well as what you will be paying in fuel and sin taxes.

Bear in mind, however, that the best way to fully understand the impact of the proposals in Budget 2025 on you and your business is to reach out to us for professional advice.

Why Use a Registered Tax Practitioner? Here's What SARS Says…

"A tax professional is someone who solves a problem you didn't know you had in a way you don't understand." (Carl Ally, adapted from a quote about architects)

With tax compliance scrutiny intensifying and SARS increasing its detection capabilities with "the latest technology, artificial intelligence, and data science", South African businesses face mounting pressure to keep their tax affairs 100% in order.

To achieve and maintain this compliance, the expertise of a tax practitioner is invaluable – provided you are using a correctly registered practitioner.

Do I even need a tax practitioner?

The specialised knowledge that registered tax practitioners offer greatly benefits businesses and individuals to navigate more complex tax matters, including:

- multiple income streams
- multiple tax obligations (income tax, VAT, PAYE, SDL, UIF)
- optimisation of complex deductions
- industry-specific tax considerations
- capital gains calculations
- strategic tax planning opportunities.

Businesses that attempt to navigate tax matters alone or with unregistered help face significant risks like:

- missed opportunities for legitimate tax efficiency
- exposure to penalties and interest charges for errors or oversights
- increased likelihood of verifications and audits
- reputational damage
- potential criminal liability in cases of serious mistakes and omissions.

Using a registered tax practitioner can significantly reduce these risks, free up time to focus on your core business, and eliminate the stress of tax-related challenges.

Why must a tax practitioner be registered?

Section 240(1) of the Tax Administration Act mandates that anyone who provides tax advice or completes tax returns on behalf of others must be registered with both SARS and a Recognised Controlling Body, such as SAIPA, SAICA, SAIT or CIBA.

To provide clients with assurance that their tax affairs are in capable hands, these professional bodies impose stringent criteria on registered tax practitioners, ensuring they are:

- qualified according to stringent industry-recognised criteria
- up-to-date with current tax legislation and professional development
- bound by professional codes of conduct or ethics
- accountable to a professional regulatory body
- able to provide recourse for substandard service or fraudulent activities
- covered by Professional Indemnity insurance
- supported by a technical support team for resolving complex tax issues.

More benefits of using a registered tax practitioner

Tax clarity and tailored tax advice: As SARS updates requirements and introduces new compliance measures, a registered practitioner can expertly advise your business in the evolving tax landscape.

Strategic advice on legitimate tax efficiency measures like tax planning and structuring, industry-specific tax opportunities for your business, and additional services to streamline tax compliance.

Critical protection is provided by ensuring accurate and compliant tax calculations and returns, maintaining documentation for potential audits, and proactively identifying and addressing potential compliance issues.

Direct representation during SARS engagements including lodging and managing disputes, and experienced negotiation capabilities.

Insurance cover: A registered tax practitioner carries Professional Indemnity insurance – providing an additional layer of protection should errors occur.

Maximise value from our tax team

As SARS intensifies its compliance efforts, the guidance and protection offered by our professional tax team will become increasingly valuable.

Employing a registered tax practitioner is about much more than meeting a compliance requirement – it's a strategic advantage that delivers expertise, protection, and peace of mind and helps secure your business's reputation and financial future.

How do I know if a Tax Practitioner is registered?

1. Ask them for their PR Number.

2. Visit SARS' **Tax Practitioner Verification Link**.

3. Enter the PR Number to confirm ongoing registration.

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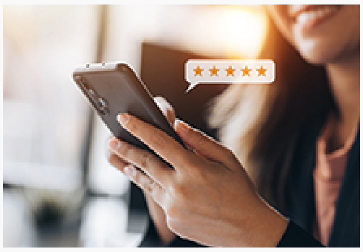
5 Tips for Using Reviews to Boost Your Business



"Reviews aren't just about feedback, they're about building a relationship with your customers." (Oprah Winfrey)

According to a recent survey, 91% of people regularly or occasionally read online reviews, and 84% trust online reviews as much as a personal recommendation from a friend. There's no doubt that reviews are having a moment.

The challenge comes when you learn that it can take as many as 20 good reviews to overcome a single bad one. Little wonder, then, that many companies try to focus on encouraging unhappy customers to remove their bad reviews, while generally neglecting the good ones, save for a short thank you message. This may, however, be short-sighted as using reviews correctly, can change the entire good vs bad formula, strengthen your company, improve sales and improve your bottom line. Here are our tips for maximising those good reviews.

1. **Maximise your visibility online**

   Gone are the days when search engine optimisation (SEO) was purely about the words on your website. Google is now working tirelessly to ensure that good companies with great customer service are more visible online. Customer reviews can be used in your online content to add credibility and "expertise" and therefore improve the way Google views your content. But reviews can't simply be shoe-horned into your site – they must be incorporated in a way that's justifiable and organic.

Remember, you can no longer simply write your own reviews as Google tracks which reviews are left when and by whom. Real people leaving reviews in a believable way boost rankings – but fake ones hurt them.

2. **Boost your conversion rates**

   Conversion rates are probably the single most important stat for an online business and your reviews can be used to make a significant impact. Research conducted by the Medill Spiegel Research Center has revealed that displaying reviews across your website has the potential to boost conversions by as much as 270%. Because of the weight users give to the views of others, simply seeing a good review boosts credibility and trust and encourages users to take the next step.

3. **Don't hide bad reviews, use them to boost trust**

   Earlier we spoke about how many companies try to remove their bad reviews. This is not necessary. Everyone's going to get a bad review from time to time, and your customers know this. Leaving your bad reviews up – along with your clear responses to try and fix the issues – has actually been shown to boost customer confidence. People like to know that if something goes wrong, you'll do whatever you can to fix it. These bad reviews help them to see that far better than if you simply sweep them under the carpet.

4. **Good reviews can lead to better hires**

   Your reviews can also be used to attract better staff. A 2024 study by Deloitte showed that 44% of millennials and 49% of Gen Zs consider a company's values before accepting a job. People want to work for likeable companies. Including a few choice Google reviews on your website can therefore be used to create a more attractive employer brand and therefore lure in more applications, which will help you to find the best-of-the-best.

5. **Leverage reviews in the real world too**

   Digital reviews almost never make it out of the digital sphere – and yet they can have just as much impact on paper as they do online. Including reviews in sales documents, pitch decks and press releases has been shown to generate credibility and boost trust. There's also evidence that including reviews in press releases increases the likelihood they will be published at all.

The bottom line

Your reviews are some of the most valuable tools you can use and finding the money in your budget to maximise them is therefore essential. As your accountants, we can help you to refine your budgets and free up cash to improve all of your marketing efforts.

Your Tax Deadlines for April 2025

- 01 April – Start of the 2025/26 Financial Year
- 07 April - PAYE submissions and payments
- 25 April – VAT manual submissions and payments
- 29 April – Excise duty payments
- 30 April – VAT electronic submissions and payments, & CIT Provisional Tax payments where applicable.