Native Teams

South Africa Tax Knowledgebase

Employee personal income tax

Tax residence

A natural person ordinarily resident in South Africa, or who is physically present in South Africa for a specified period, is considered a resident for tax purposes. There is no statutory definition of 'ordinarily resident'. South African courts have held that a taxpayer is ordinarily resident in the country of their most fixed or settled residence, the country to which they would naturally, and as a matter of course, return from their wanderings, or their usual or principal home.

If not ordinarily resident in South Africa, an individual is considered a South African resident if the individual is physically present in South Africa for more than 91 days, in aggregate, in the relevant tax year and each of the preceding five tax years, and also for more than 915 days, in aggregate, in the preceding five tax years. If a person, who has become a South African resident in terms of this physical presence test, spends a continuous period of at least 330 days outside South Africa, then the individual ceases to be a resident from the date of the beginning of the absence from South Africa.

On ceasing to be tax resident in South Africa, an individual's qualifying worldwide assets are deemed to be disposed of on the day before their date of departure from South Africa. Any growth in the value of the assets could trigger a capital gains tax liability. It should be noted that there are other tax return filing requirements for the year of assessment during which a natural person ceases to be a South African tax resident.

Conditions for the obligation to file the PIT

South African residents are taxed on their worldwide income. Credit is granted in South Africa for foreign taxes paid on income from a non-South African source. Non-residents are taxed on their South African-sourced income. The same tax rates apply to both residents and non-residents.

Taxpayers are required to submit a tax return (ITR12) to SARS so that SARS can calculate their tax liability based on the income they declare and the tax-deductible expenses they have incurred for a year of assessment. In some cases, they may result in a refund to the taxpayer. The annual Tax Season is when taxpayers are required to submit a return.

Importantly, if non-residents do not formally note themselves as tax non-residents with SARS, they will be seen as tax residents in SA.

Tax report in question (Form name)

ITR12 - Income Tax Return (Individuals)

Tax year

The tax year for individuals typically ends on February 28 or 29. In exceptional cases, accounts may be drawn up to a different date.

Tax rates

Progressive tax rates apply to individuals. The rates for the tax year commencing on 1 March 2025 and ending on 28 February 2026 are as follows:

INCOME (ZAR)	Tax on column	Tax on excess (%)
0 - 237,100	0	18
237,101 - 370,500	42,678	26
370,501 - 512,800	77,362	31
512,801 - 673,000	121,475	36
673,001 - 857,900	179,147	39
857,901 - 1,817,000	251,258	41
1,817,001 and above	644,489	45

Tax returns and payment of tax

The date for filing returns is fixed each year by a government notice. Individuals with a single source of taxable employment income below ZAR 500,000 do not need to submit tax returns.

SARS also issues auto-assessments to specific individuals calculated using data received from employers, medical schemes, banks, retirement annuity funds, and other institutions. If the taxpayer agrees with the auto-assessment, no further action is required in the case of a refund due. However, payment must be made before the due date if owing to SARS. The taxpayer must complete and file a tax return if they disagree with the auto-assessment. The date for filing the return is specified in a government notice.

The dates for the 2024 Filing Season were:
- Auto-assessment notices: 1 July 2024 to 14 July 2024;
- Individual taxpayers (non-provisional): 15 July 2024 to 21 October 2024;
- Provisional taxpayers: 15 July 2024 to 20 January 2025;
- Trusts: 16 September 2024 to 20 January 2025.

*Note: dates for 2025 will be updated soon.

Spouses are taxed separately and must submit separate returns.

Individuals earning non-remuneration income are required to register as provisional taxpayers and must make two provisional tax payments per year, the first by the end of August and the second by the end of February, based on an estimate of taxable income for the year.

Personal deductions (salary)

Charitable contributions
Donations to specific approved public benefit organisations are tax-deductible, up to a maximum of 10% of taxable income.

Medical expenses
Medical scheme contributions for taxpayers and their dependents (subject to certain maximum limits) are converted into a specified monetary amount tax rebate. This rebate can be offset against the person's tax liability (see the Other Tax Credits and Incentives section for more information). The conversion rate for persons over the age of 65 and persons with a disability is higher.

The contributions in excess of the specified credit amount, as well as any other medical expenses, are converted to medical tax rebates at a specified rate. Persons over the age of 65 and persons with a disability are subject to a higher conversion rate. They are also not subject to a further threshold for the excess, which applies to persons under the age of 65 who have no disability.

Income insurance policy
Premiums paid on a loss of income insurance policy as a result of death, disablement, severe illness, or unemployment are not allowed as a deduction. However, a corresponding exemption results in none of the proceeds being taxable.

Retirement funds
Contributions to a pension, provident, or retirement annuity fund are deductible (subject to certain maximum limits), provided that such funds are registered in South Africa.

Business deductions
If the taxpayer is carrying on a business in their individual capacity or in partnership, the deduction of business expenditure or losses is available to them on the same basis as to companies.

Where the deductions and allowances permissible under the Income Tax Act exceed income, an assessed loss results, which may be carried forward for set-off against income earned in future years. Assessed losses that are realised by an individual who falls into the highest tax bracket and that result from so-called 'secondary trades' (such as sports, arts, dealing in collectables, hobby-farming, and rental of property) are ring-fenced in certain circumstances.

Tax allowances

All employee perks (fringe benefits) are taxable in South Africa.

Additional tax reliefs (not mentioned above)

There are no additional tax reliefs that were not mentioned above in South Africa.

How to submit the tax return

Taxpayers in South Africa have 6 options to register for tax:

1. Automatic registration for Personal Income Tax

When a taxpayer registers for SARS eFiling for the first time and they do not have a tax reference number, SARS will automatically register them and issue a tax reference number. Taxpayers must have a valid South African ID to register for eFiling.

2. Register on the SARS Online Query System (SOQS)

Taxpayers can also register for PIT by completing a registration request on the My Personal Income Tax Number page. Link for My Personal Income Tax Number page: https://tools.sars.gov.za/sarsonlinequery/whatsmytaxnumber?querytype=pitregistration

3. Register using the SARS USSD services

The SARS USSD channel allows users to access SARS services by dialling a service code. By dialling *134*7277#, users are presented with a list of menu items to select from, including Personal Income Tax (PIT) registration.

4. Register using WhatsApp

To initiate an interaction, taxpayers should simply text a greeting, i.e., “Hi or Hello”. SARS will respond with a description of the service offerings, including Personal Income Tax (PIT) registration and a service request menu.

5. Register with the employer through SARS eFiling

Taxpayers can ask their employers to register them with SARS.

6. Register at a SARS branch office

A taxpayer can visit a SARS branch, where a service consultant can help them register for tax.

How does auto-assessment work?

SARS receives data from employers, medical schemes, banks, retirement-annuity funds, and other third parties. We then use that data to calculate an individual's tax assessment. If SARS are satisfied that the data and tax calculation are correct, they would issue the assessment to the individual via eFiling or the SARS MobiApp.

This process is referred to as an auto-assessment. At the same time, SARS sends an individual a message via their preferred channel of communication (such as SMS or email) to let them know that their assessment on eFiling or the SARS MobiApp is ready for review.

If an individual must submit an income tax return, they can complete and submit it to SARS via the following channels:
- eFiling on the computer;
- The SARS MobiApp from which an individual can complete and submit their Income Tax Return (ITR12);
- Filing electronically at a SARS branch where an agent will assist;
- Requesting a return to be posted to an individual, completing their return manually and submitting it at a SARS branch.

When completing the return, the taxpayer should have their supporting documents at hand. The taxpayer may need to refer to some of the supporting documents listed below while completing the return; however, they must not submit these documents to SARS. The taxpayer must keep them safely in their possession for at least five years in case SARS needs access to them in the future.

- Taxpayer IRP5/IT3(a) certificate(s) which taxpayer will receive from their employer;
- Medical certificates as well as documents required for amounts claimed in addition to those covered by the taxpayer's medical aid;
- Pension and retirement annuity certificates;
- Taxpayers' banking details;
- Travel logbook (if the taxpayer receives a travel allowance);
- Tax certificates that the taxpayer received in respect of investment income (IT3(b));
- Completed confirmation of diagnosis of disability (ITR-DD – Confirmation of Diagnosis of Disability – External Form), where applicable;
- Information relating to capital gain transactions, if applicable;
- The approved Voluntary Disclosure Programme (VDP) Agreement between the taxpayer and SARS for years prior to 17 February 2010, where applicable;
- Financial statements, e.g. business income, where applicable;
- Any other documentation relating to income that the taxpayer received or deductions the taxpayer wants to claim.

Others

No other important taxes or tax incentives for individuals in South Africa.

Native Teams

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest earned by non-residents who are physically absent from South Africa for at least 183 days (2025, 2024) (2023, 2022 and 2021 it was 182 days and 2020 it was 183 days) during the 12 month period before the interest accrues and the debt from which the interest arises is not effectively connected to a fixed place of business in South Africa, is exempt from income tax.

Interest received by or accrued to a resident individual is taxable. However, an exemption applies to the first ZAR 23,800 of local interest income (ZAR 34,500 for taxpayers aged 65 years or older).

Dividend income: Tax rates

See withholding tax on dividends

Capital gains: Tax rates

When withholding tax is not applicable
- Disposal by South African residents: When a resident individual disposes of an asset, the gain is taxed through the normal income tax system. No WHT is levied in this case.
- Primary residence exemption: A South African resident disposing of a primary residence may be entitled to a capital gains exemption of up to ZAR 2 million. If the residence was partially leased or used for trade, the exemption is apportioned accordingly. These gains are not subject to WHT but included in the annual CGT calculation.
- Annual capital gains exclusion: Individuals are entitled to an annual capital gains exclusion of ZAR 40,000 (or ZAR 300,000 in the year of death). This exclusion applies when calculating net capital gains, not WHT.
- Disposals not involving immovable property or PE assets by non-residents:
Non-residents are not subject to WHT on disposals not involving:
1. South African immovable property;
2. Interests in land-rich companies; or
3. Property of a South African permanent establishment (PE).
Such gains may be excluded entirely from the South African tax net.

Royalty income: Tax rates

Royalties paid by a headquarters company are exempt from withholding tax in certain circumstances.

Withholding

Withholding tax on interest: Rates

A final withholding tax at a rate of 15% is charged on interest from a South African source payable to non-residents.

Interest paid to residents is free of WHT.

Withholding tax on dividends: Rates

Dividends paid by South African resident companies (or by non-resident companies if the shares in respect of which the dividends are paid are listed on a South African exchange) to individual shareholders are generally subject to a 20% dividend withholding tax, regardless of the residency of the shareholder.

Most foreign dividends accrued to or received by South African residents are exempt from tax if the resident holds at least 10% of the equity shares and voting rights in the company. Most other foreign dividends are subject to tax at an effective rate of 20%.

Withholding tax on capital gains: Rates

WHT on the disposal of South African immovable property by non-residents
- When a non-resident disposes of South African immovable property, WHT applies.
- The applicable WHT rate is 7.5% if the seller is a non-South African resident individual.
- This WHT is not a final tax but rather an advance payment toward the seller's total income tax liability for the year.
- If it is expected that the final tax liability will be less than the WHT, the South African Revenue Service (SARS) may approve a reduction in the WHT amount.

Withholding tax on royalties: Rates

The rate of the withholding tax on royalties paid to a non-resident is 15% (subject to the provisions of an applicable tax treaty).

Royalties paid to a resident are free of WHT.

Fees for technical services:

There is no withholding tax on fees for technical services.

Employee tax - Special regimes to apply

Special tax regimes (if applicable)

There are no special tax regimes applicable in South Africa.

Impatriate Law (Inbound employee regulations)

The Critical Skills Work Visa in South Africa is designed for professionals in high-demand occupations, allowing qualified individuals to work and live in South Africa for up to 5 years, with the potential for renewal and a path to permanent residency. If a foreign national's job is on the Critical Skills List (CSL), they score 100 points and can apply for a Critical Skills Work Visa (CSWV).

Expatriate Law (Working abroad rules)

Tax residency is determined using one of two methods:
- The ordinary residence test; or
- The physical presence test.

An individual will be regarded as a South African tax resident if they meet the conditions of either of the tests. The assessment begins with the ordinary residence test. If an individual does not qualify under this test, the physical presence test is then considered to establish their residency status for tax purposes.

Determining whether an individual qualifies as an ordinary resident involves a subjective analysis of their intention to reside in South Africa, supported by the facts and circumstances that indicate this intention.

In contrast, the physical presence test is an objective measure based purely on the number of days an individual has physically been in South Africa over a specific timeframe.

This test becomes relevant when an individual does not meet the criteria of the ordinary residence test, for example, in cases where they have left South Africa to take up employment abroad and have no apparent intention of returning.

To meet the physical presence test, an individual must have been physically present in South Africa for:
- At least 91 days during the relevant tax year;
- At least 91 days in each of the five tax years preceding the current year; and
- A total of 915 days over those same five preceding years.

This test is often applied in the context of emigration. Generally, a person is considered an ordinary resident if they retain their primary or habitual home in South Africa - the place regarded as their true base or permanent home.

Digital nomads' tax regimen

The South African government introduced a Remote Work Visa in October 2024, enabling foreign nationals to reside in the country while working for overseas employers. This visa supports the government's strategy to attract skilled professionals and promote digital mobility.

Double taxation agreements (link website)

https://www.sars.gov.za/legal-counsel/international-treaties-agreements/double-taxation-agreements-protocols/dtas-and-protocols-africa/

Impatriate Law- (Inbound employee regulations)

How to apply and deadlines for employees

Key requirement:
They must have their qualifications evaluated by the South African Qualifications Authority (SAQA) to confirm the local equivalent and the appropriate NQF level. Each critical skill on the CSL has a minimum NQF level that must be met.

Delays & temporary relief:
SAQA evaluations can take time. To avoid delays, applicants can apply for a CSWV with proof they've submitted a SAQA application. In this case, a 1-year visa may be issued. Once the SAQA certificate is granted and meets the NQF requirement, the visa can be extended to the full 5 years.

Important risk:
If the SAQA evaluation shows a lower NQF level than required, the visa can't be renewed unless a special waiver is granted — a slow and uncertain process.

Note:
All standard CSWV application requirements still apply.

Expatriate Law (Working abroad rules)

How to apply and deadlines for employees

Expat tax exemption - (S10(1)(o)(ii) income is a foreign income which may not be subject to tax if South African:
- Have a formal employment contract with a foreign employer;
- Is a South African tax resident;
- Spend at least 183 days of a consecutive 12-month period outside of SA rendering services to their foreign employer; and
- At least 60 days of these days are continuous or unbroken.

To be eligible for the Expat Tax Exemption, South African tax residents must provide relevant services as an employee (engaged through an employment contract) and these services must be rendered outside South Africa.

The exemption exclusively applies to remuneration received for foreign services and does not cover other forms of income earned within South Africa. Importantly, South African residents must be physically present outside the country for a total period exceeding 183 days within any 12 months, with at least 60 of those days being consecutive.

Digital nomads' tax regime

How to apply and deadlines for employees

Digital nomad visa holders conducting work for more than six months within a 36-month period must register with the South African Revenue Service. The Department of Home Affairs will publish further details on the program in an official gazette in the coming months.

Documents required for a remote work visa are as follows:
- Duly completed and signed application form;
- A statement or documentation explaining the purpose and duration of the visit;
- A valid return air flight ticket or proof of reservation thereof;
- Proof of sufficient financial means, defined as a gross salary of no less than the equivalent of R650,796.00 per annum in the form of three months' bank statements;

- Valid passport which expires in no less than 30 days after expiry of the intended date of departure from the Republic in terms of regulation 9(1)(a);
- A yellow fever vaccination certificate if an applicant travelled or intends travelling from or transiting through a yellow fever endemic area, provided that the certificate shall not be required where an applicant travelled or intends travelling in direct transit through such area;
- A valid contract of employment signed by both the applicant and the foreign-based employer;
- Proof of payment of the applicable fee.

If the person getting the visa is a tax resident of a country that has a tax agreement with South Africa, they must register with the South African tax authority (SARS) if they spend more than 183 days in South Africa within any 12-month period.