

Will the personal tax rate be increased?

Although tax receipts are lower than expected, an increase in the marginal tax rate for individuals is not expected. This would be in line with findings of the Davis Tax Committee that an increase in the top marginal tax rate would not yield substantial additional tax revenue and may well provide further impetus to increasing the number of individuals emigrating from South Africa.

That said, in line with the trend over the last few years, the 'tax bracket creep' relief is likely to be at the lower end of the tax table and be focused on the below 30% tax rate.

- an increase in the residential accommodation exemption – which has been done year-on-year in the past; and
- an increase in the R1 million exemption from tax in respect of remuneration earned for services rendered outside South Africa.

The interest exemption will not be increased, however, the tax free investment amount and the R350 000 maximum tax deduction for retirement fund contributions, would require revision upwards.



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