

Tax Proposals for the 2020 Budget

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The 2020 Budget has provided some relief to the individual at the level of personal income tax. The most benefit will be seen by people earning up to R 205 900, 00 per year. The annual tax-free savings account contribution limit has been increased to R36 000, 00. Increases to excise duties for alcohol and tobacco have been announced and heated tobacco products, such as hubbly bubbly, will now also be taxed at 75% of the rate applicable to cigarettes. The fuel levy has increased by 25 cents per litre. The carbon tax and other taxes meant to operate as measures to limit the pollution of the environment, has also be increased.

The biggest tax relief will apply to transfer duty payable on the sale of immovable property. The last adjustment was made in 2017, as of the 01st of March 2020, no transfer duty will be payable on the purchase of immovable property with a value of up to and inclusive of R 1 000 000, 00 (previously R 900 000,00). As of the 01st of March 2020 the transfer duty rates which will be levied against the purchase of immovable property for R 1 375 000,00 will translate into a R 6 750,00 saving on transfer duty compared to the previous rate and R 10 250,00 on the purchase of immovable property for R 1 925 000,00. The adjustment to transfer duty rates are as follows:-

Property value (R)	2020/21 Rates of tax
R0 – R1 000 000	0% of property value
R1 000 001 – R1 375 000	3% of the property value above R1 000 000
R1 375 001 - R1 925 000	R11 250 + 6% of property value above R1 375 000
R1 925 001 - R2 475 000	R44 250 + 8% of property value above R1 925 000
R2 475 001 - R11 000 000	R88 250 + 11% of property value above R2 475 000
R11 000 001 and above	R1 026 000 + 13% of property value above R11 000 000

For the full budget speech see:-

<http://www.treasury.gov.za/documents/National%20Budget/2020/speech/speech.pdf>



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