

REPUBLIC OF SOUTH AFRICA

TAXATION LAWS AMENDMENT BILL

(As introduced in the National Assembly (proposed section 77))
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with a solid line indicate insertions in existing enactments.

BILL

To—

- amend the Income Tax Act, 1962, so as to amend certain definitions; amend certain provisions; to insert new provisions; to repeal a provision; to amend certain Schedules;
- amend the Customs and Excise Act, 1964, to amend certain Schedules;
- to make provision for continuation of changes to Schedules to the Customs and Excise Act, 1964;
- amend the Value-Added Tax Act, 1991, so as to amend certain provisions; to amend a Schedule; and to make provision for continuations;
- amend the Securities Transfer Tax Act, 2007, so as to add an exemption;
- amend the Taxation Laws Amendment Act, 2013, so as to amend certain effective dates;
- amend the Carbon Tax Act, 2019, so as to amend certain provisions; and to amend certain Schedules;
- amend the Taxation Laws Amendment Act, 2024, so as to amend a certain provision;
- amend the Global Minimum Tax Act, 2024, so as to amend a definition, so as to amend a certain provision; and
- make provision for continuation of a notice issued under the Global Minimum Tax Act, 2024; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969, section 6 of Act 52 of 1970, section 4 of Act 88 of 1971, section 4 of Act 90 of 1972, section 4 of Act 65 of 1973, section 4 of Act 85 of 1974, section 4 of Act 69 of 1975, section 4 of Act 103 of 1976, section 4 of Act 113 of 1977, section 3 of Act 101 of 1978, section 3 of Act 104 of 1979, section 2 of Act 104 of 1980, section 2 of Act 96 of 1981, section 3 of Act 91 of 1982, section 2 of Act 94 of 1983, section 1 of Act 30 of 1984, section 2 of Act 121 of 1984, section 2 of Act 96 of 1985, section 2 of Act 65 of 1986, section 1 of Act 108 of 1986, section 2 of Act 85 of 1987, section 2 of Act 90 of 1988, section 1 of Act 99 of 1988, Government Notice R780 of 1989, section 2 of Act 70 of 1989, section 2 of Act 101 of 1990, section 2 of Act 129 of 1991, section 2 of Act 141 of 1992, section 2 of Act 113 of 1993, section 2 of Act 21 of 1994, section 2 of Act 21 of 1995, section 2 of Act 36 of 1996, section 2 of Act 28 of 1997, section 19 of Act 30 of 1998, Government Notice 1503 of 1998, section 10 of Act 53 of 1999, section 13 of Act 30 of 2000, section 2 of Act 59 of 2000,

section 5 of Act 5 of 2001, section 3 of Act 19 of 2001, section 17 of Act 60 of 2001, section 9 of Act 30 of 2002, section 6 of Act 74 of 2002, section 33 of Act 12 of 2003, section 12 of Act 45 of 2003, section 3 of Act 16 of 2004, section 3 of Act 32 of 2004, section 3 of Act 32 of 2005, section 19 of Act 9 of 2006, section 3 of Act 20 of 2006, section 3 of Act 8 of 2007, section 5 of Act 35 of 2007, section 2 of Act 3 of 2008, section 4 of Act 60 of 2008, section 7 of Act 17 of 2009, section 6 of Act 7 of 2010, section 7 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 23 of Schedule 1 to that Act, section 2 of Act 22 of 2012, section 4 of Act 31 of 2013, section 1 of Act 43 of 2014, section 3 of Act 25 of 2015, section 5 of Act 15 of 2016, section 2 of Act 17 of 2017, section 1 of Act 23 of 2018, section 34 of Act 34 of 2019, section 2 of Act 23 of 2020, section 4 of Act 20 of 2021, section 1 of Act 20 of 2022, section 1 of Act 17 of 2023, section 1 of Act 12 of 2024, section 1 of Act 44 of 2024 and section 1 of Act 6 of 2025

1. (1) Section 1(1) of the Income Tax Act, 1962 (Act No. 58 of 1962), is hereby amended—

(a) by the substitution for the definition of “equity share” of the following definition:

“**‘equity share’** means any share in a company, excluding any share that, neither as respects dividends or foreign dividends, nor as respects returns of capital or foreign returns of capital, carries any right to participate beyond a specified amount in a distribution;”;

(b) by the insertion after the definition of “financial year” of the following definition:

“**‘FLAC instrument’** means an instrument contemplated in the Prudential Standard RA03 regulations issued in terms of section 105(2)(c), read with sections 30(1A) and 42(b)(vi) of the Financial Sector Regulation Act;”;

(c) by the substitution for paragraph (a) of the definition of “member’s interest in the savings component” of the following paragraph:

“(a) any amount allocated to that savings component as contemplated in paragraph (a), (b)[, (c)] or (d) of the proviso to the definition of ‘savings component’;”;

(d) by the substitution in the definition of “pension fund” in subparagraph (dd) of paragraph (ii) of the proviso to the definition for the words of the proviso preceding paragraph (A) of the following words:

“Provided that in determining the value of **[two-thirds of]** the total member’s interest in the vested component, an amount calculated as follows must not be taken into account—”;

(e) by the substitution in the definition of “pension preservation fund” in paragraph (c) for item (A) of paragraph (ii)(bb) of the proviso to that paragraph of the following item:

“(A) is a person who is not a resident for an uninterrupted period of three years or longer on or after 1 March 2021: Provided that the restriction of three years or longer must not apply to—

(a) the withdrawal by the member of the amount referred to in paragraph (c); or

(b) an amount transferred to this fund by the member in terms of paragraph 2(1)(c) of the Second Schedule; or”;

(f) by the substitution in the definition of “pension preservation fund” in the proviso to paragraph (e) of the proviso to the definition preceding paragraph (a) of the following words:

“Provided that in determining the value of **[two-thirds of]** the total member’s interest in the vested component an amount calculated as follows must not be taken into account—”;

(g) by the substitution in the definition of “provident fund” in subparagraph (dd) of paragraph (ii) of the proviso to the definition of “provident fund” for the words of the proviso preceding paragraph (a) of the following words:

“Provided that in determining the value of **[two-thirds of]** the total member’s interest in the vested component an amount calculated as follows must not be taken into account—”;

- (h) by the substitution in the definition of “provident preservation fund” in paragraph (c) for item (A) of paragraph (ii)(aa) of the proviso to that paragraph of the following item:
- “(A) is a person who is not a resident for an uninterrupted period of three years or longer on or after 1 March 2021: Provided that the restriction of three years or longer must not apply to—
- (a) the withdrawal by the member of the amount referred to in paragraph (c); or
- (b) an amount transferred by the member in terms of paragraph 2(1)(c) of the Second Schedule to this fund; or”;
- (i) by the substitution in the definition of “provident preservation fund” in the proviso to paragraph (e) of the proviso to the definition of the words preceding paragraph (a) of the following words:
- “Provided that in determining the value of **[two-thirds of]** the total member’s interest in the vested component an amount calculated as follows must not be taken into account—”;
- (j) by the addition in the definition of “remuneration proxy” of the following further proviso:
- “: Provided further that an amount of remuneration referred to in this definition must be increased by the amount that is exempt from tax under section 10(1)(o) during the relevant period in the previous year of assessment;”;
- (k) by the substitution in subparagraph (ii) of paragraph (b) of the proviso to the definition of “retirement annuity fund” for the words of the proviso preceding paragraph (a) of the following words:
- “Provided that in determining the value of **[two-thirds of]** the total member’s **[retirement]** interest in the vested component an amount calculated as follows must not be taken into account;”;
- (l) by the substitution in paragraph (g) of the proviso to the definition of “savings component” for the words preceding subparagraph (i) of the following words:
- “the member’s interest in this component may, on election of the member **[or]**, nominee or dependant —”;
- (m) by the substitution in the proviso to the definition of “savings withdrawal benefit” for paragraph (c) of the following paragraph:
- “(c) the value of each withdrawal, before taking into account any charges or transaction costs, may not be less than R2 000: Provided that where a member terminates their membership in **[their respective funds]** that fund within any year of assessment **[and the value of the member’s interest in the savings component is less than R2 000]**, such member may be allowed a withdrawal of the total balance in the savings component whether or not such member has made a withdrawal from that fund as contemplated in paragraph (a) or (b) during that same year of assessment;”;
- (n) by the substitution in the definition of “severance benefit” for the words preceding paragraph (a) of the following words:
- “‘**severance benefit**’ means any amount (other than a lump sum benefit or an amount contemplated in paragraph (d) (ii) or (iii) of the definition of “gross income”) received by or accrued to a person by way of a lump sum from or by arrangement with the person’s employer or an associated institution, as defined in paragraph 1 of the Seventh Schedule, in relation to that employer in respect of the relinquishment, termination, loss, repudiation, cancellation or variation of the person’s office or employment or of the person’s appointment (or right or claim to be appointed) to any office or employment, if—”.
- (2) Paragraph (a) of subsection (1) is deemed to have come into operation on 1 April 2012.
- (3) Paragraphs (d), (f), (g), (i), (k) and (l) of subsection (1) are deemed to have come into operation on 1 September 2024.
- (4) Paragraph (b) of subsection (1) comes into operation on 1 January 2026.

(5) Paragraphs (c), (e), (h), (j), (m) and (n) of subsection (1) come into operation on 1 March 2026 and apply in respect of years of assessment commencing on or after that date.

Amendment of section 6quat of Act 58 of 1962, as inserted by section 9 of Act 89 of 1969, repealed by section 5 of Act 94 of 1983, inserted by section 5 of Act 85 of 1987 and amended by section 5 of Act 28 of 1997, section 12 of Act 53 of 1999, section 16 of Act 30 of 2000, section 4 of Act 59 of 2000, section 8 of Act 5 of 2001, section 20 of Act 60 of 2001, section 8 of Act 5 of 2001, section 9 and section 125 of Act 74 of 2002, section 16 of Act 45 of 2003, section 4 of Act 32 of 2004, section 8 of Act 31 of 2005, section 7 of Act 35 of 2007, section 9 of Act 17 of 2009, section 7 of Act 18 of 2009, section 11 of Act 24 of 2011, section 271 of Act 28 of 2011, read with paragraph 29 of Schedule 1 to that Act, section 3 of Act 22 of 2012, section 3 of Act 39 of 2013, section 6 of Act 25 of 2015, section 10 of Act 15 of 2016, section 4 of Act 17 of 2017, section 7 of Act 23 of 2018, section 2 of Act 18 of 2023 and section 2 of Act 42 of 2024

2. Section 6quat of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1A) for subparagraph (bb) of paragraph (ii) of the proviso of the following subparagraph:

“(bb) by replacing the percentages in paragraph 10(1)(a), (b)(i), (iii) and (iv), and (c) of the Eighth Schedule [by] with 100 per cent.”.

Amendment of section 7 of Act 58 of 1962, as amended by section 5 of Act 90 of 1962, section 8 of Act 88 of 1965, section 5 of Act 55 of 1966, section 7 of Act 94 of 1983, section 2 of Act 30 of 1984, section 5 of Act 90 of 1988, section 5 of Act 70 of 1989, section 4 of Act 101 of 1990, section 7 of Act 129 of 1991, section 5 of Act 141 of 1992, section 6 of Act 21 of 1995, section 23 of Act 30 of 1998, section 13 of Act 53 of 1999, section 5 of Act 59 of 2000, section 10 of Act 74 of 2002, section 17 of Act 45 of 2003, section 5 of Act 32 of 2004, section 9 of Act 31 of 2005, section 8 of Act 35 of 2007, section 4 of Act 3 of 2008, section 8 of Act 60 of 2008, section 10 of Act 17 of 2009, section 15 of Act 24 of 2011, section 8 of Act 31 of 2013, section 4 of Act 43 of 2014 and section 3 of Act 42 of 2024

3. (1) Section 7 of the Income Tax Act, 1962, is hereby amended by the substitution for subsections (5) and (6) of the following subsections:

“(5) If any person has made any donation, settlement or other disposition which is subject to a stipulation or condition, whether made or imposed by such person or anybody else, to the effect that **[the beneficiaries thereof or some of them shall not receive]** the income or some portion of the income thereunder shall not be received by or accrue to the beneficiaries thereof or some of them until the happening of some event, whether fixed or contingent, so much of any income as would, but for such stipulation or condition, in consequence of the donation, settlement or other disposition be received by or accrue to or in favour of the beneficiaries, shall, until the happening of that event or the death of that person, whichever [first] takes place first, be deemed to be the income of that person, provided that person is a resident at the earlier of the accrual or receipt of that income.

(6) If any deed of donation, settlement or other disposition contains any stipulation that the right to receive any income thereby conferred may, under powers retained by the person by whom that right is conferred, be revoked or conferred upon another, so much of any income as in consequence of the donation, settlement or other disposition is received by or accrues to or in favour of the person on whom that right is conferred, shall be deemed to be the income of the person by whom it is conferred, **[so long as he] provided that person** retains those powers and is a resident.”.

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962, section 6 of Act 90 of 1964, section 9 of Act 88 of 1965, section 10 of Act 55 of 1966, section 10 of Act 89 of 1969, section 6 of Act 90 of 1972, section 8 of Act 85 of 1974, section 7 of Act 69 of 1975, section 7 of Act 113 of 1977, section 8 of Act 94 of 1983, section 5 of Act 121 of 1984, section 4 of Act 96 of 1985, section 5 of Act 65 of 1986, section 6 of Act 85 of 1987, section 6 of Act 90 of 1988, section 5 of Act 101 of 1990, section 9 of Act 129 of 1991, section 6 of Act 141 of 1992, section 4 of Act 113 of 1993, section 6 of Act 21 of 1994, section 8 of Act 21 of 1995, section 6 of Act 36 of 1996, section 6 of Act 28 of 1997, section 24 of Act 30 of 1998, section 14 of Act 53 of 1999, section 17 of Act 30 of 2000, section 6 of Act 59 of 2000, section 7 of Act 19 of 2001, section 21 of Act 60 of 2001, section 12 of Act 30 of 2002, section 11 of Act 74 of 2002, section 18 of Act 45 of 2003, section 6 of Act 32 of 2004, section 4 of Act 9 of 2005, section 21 of Act 9 of 2006, section 5 of Act 20 of 2006, section 6 of Act 8 of 2007, section 9 of Act 35 of 2007, sections 1 and section 5 of Act 3 of 2008, section 9 of Act 60 of 2008, section 11 of Act 17 of 2009, section 10 of Act 7 of 2010, section 16 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 30 of Schedule 1 to that Act, section 9 of Act 22 of 2012, section 9 of Act 31 of 2013, section 5 of Act 42 of 2014, section 5 of Act 43 of 2014, section 8 of Act 25 of 2015, section 6 of Act 14 of 2017, section 5 of Act 22 of 2020, section 5 of Act 19 of 2023 and section 5 of Act 42 of 2024

4. (1) Section 8 of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1)(b) for subparagraph (iv) of the following subparagraph:

“(iv) where any motor vehicle which is owned or leased by an employee, his spouse or his child, whether directly or indirectly by virtue of an interest in a company or trust or otherwise, has been let to the employer or any associated institution, as defined in paragraph (1) of the Seventh Schedule, in relation to the employer, the sum of the rental paid by ~~[the]~~ that employer or associated institution and any expenditure defrayed by ~~[the]~~ that employer or associated institution in respect of the vehicle, shall be deemed to be an allowance paid to the employee in respect of transport expenses, and in such case the said rental shall for the purposes of this Act (excluding this paragraph) be deemed not to have been received by or to have accrued to the lessor of such motor vehicle, and for the purposes of paragraph 2(b) of the Seventh Schedule such employee shall be deemed not to have been granted the right to use such motor vehicle.”.

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of years of assessment commencing on or after that date.

Repeal of section 8A of Act 58 of 1962, as inserted by section 11 of Act 89 of 1969 and amended by section 8 of Act 88 of 1971, section 7 of Act 32 of 2004, section 10 of Act 31 of 2005 and section 17 of Act 24 of 2011

5. Section 8A of the Income Tax Act, 1962, is hereby repealed.

Amendment of section 8EA of Act 58 of 1962, as inserted by section 12 of Act 22 of 2012 and amended by section 11 of Act 31 of 2013, section 7 of Act 43 of 2014, section 15 of Act 15 of 2016, section 10 of Act 17 of 2017, section 13 of Act 23 of 2018, section 9 of Act 24 of 2019 and section 5 of Act 17 of 2023

6. (1) Section 8EA of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution for subsection (2) of the following subsection:

“(2) Any dividend or foreign dividend received by or accrued to a person during any year of assessment in respect of a share or equity instrument must be deemed in relation to that person to be an amount of income accrued to that person if that share or equity instrument constitutes a third-party backed share at any time during that year of assessment or during any previous year of assessment.”; and

(b) by the substitution in subsection (3) for paragraph (a) of the proviso of the following paragraph:

“(a) that equity share in the operating company was disposed of and to the extent that the funds derived directly or indirectly from that disposal are used by the issuer of the preference share for the

redemption of that preference share and the settlement of an amount of dividends or foreign dividends, if, any, in respect of that preference share, within 90 days of that disposal; or”.

(2) Subsection (1) comes into operation on 1 January 2026 and applies to years of assessment commencing on or after that date.

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Amendment of section 8F of Act 58 of 1962, as substituted by section 12 of Act 31 of 2013 and amended by section 8 of Act 43 of 2014, section 9 of Act 25 of 2015, section 16 of Act 15 of 2016, section 11 of Act 17 of 2017, section 14 of Act 23 of 2018 and section 8 of Act 20 of 2021

7. (1) Section 8F of the Income Tax Act, 1962, is hereby amended— 10

(a) by the substitution in subsection (3) for paragraphs (e) and (f) of the following paragraphs:

“(e) that constitutes a third-party backed instrument; [or]

(f) that constitutes a hybrid debt instrument solely in terms of paragraph (b) of the definition of hybrid debt instrument if a registered auditor, as contemplated in the Auditing Profession Act, 2005 (Act No. 26 of 2005), has certified that the payment, by a company, of an amount owed in respect of that instrument has been or is to be deferred by reason of the market value of the assets of that company being less than the amount of the liabilities of that company[.]; or”; and 15 20

(b) by the addition after paragraph (f) of the following paragraph:

“(g) that constitutes a FLAC instrument issued—

(i) by a bank as defined in section 1 of that Act; or

(ii) by a controlling company in relation to that bank.”. 25

(2) Subsection (1) comes into operation on 1 January 2026.

Amendment of section 8FA of Act 58 of 1962, as inserted by section 14 of Act 31 of 2013 and amended by section 15 of that Act, section 9 of Act 43 of 2014, section 10 of Act 25 of 2015, section 17 of Act 15 of 2016, section 12 of Act 17 of 2017, section 15 of Act 23 of 2018 and section 9 of Act 20 of 2021 30

8. (1) Section 8FA(3) of the Income Tax Act, 1962, is hereby amended—

(a) by the deletion of “or” at the end of paragraph (c);

(b) by the substitution for “.” at the end of paragraph (e) of “; or”; and

(c) by the addition after paragraph (e) of the following paragraph:

“(f) an instrument that constitutes a FLAC instrument issued— 35

(i) by a bank as defined in section 1 of that Act; or

(ii) by a controlling company in relation to that bank.”.

(2) Subsection (1) comes into operation on 1 January 2026.

Amendment of section 8G of Act 58 of 1962, as inserted by section 13 of Act 17 of 2017 40

9. (1) Section 8G of the Income Tax Act, 1962, is hereby amended by the deletion of “.” at the end of subsection (2) and the addition of the following proviso to subsection (2):

“: Provided that this subsection does not apply to any shares acquired in the target company, from a shareholder in that target company, and that shareholder— 45

(a) is not a connected person; and

(b) does not form part of a group of companies, in relation to the subscribing company, at the time of the transaction.”.

(2) Subsection (1) comes into operation on 1 January 2026 and applies in respect of shares acquired on or after that date. 50

Amendment of section 9D of Act 58 of 1962, as inserted by section 9 of Act 28 of 1997 and amended by section 28 of Act 30 of 1998, section 17 of Act 53 of 1999, section 19 of Act 30 of 2000, section 10 of Act 59 of 2000, section 9 of Act 5 of 2001, section 22 of Act 60 of 2001, section 14 of Act 74 of 2002, section 22 of Act 45 of 2003, section 13 of Act 32 of 2004, section 14 of Act 31 of 2005, section 9 of Act 20 of 2006, sections 9 and 96 of Act 8 of 2007, section 15 of Act 35 of 2007, section 8 of Act 3 of 2008, section 13 of Act 60 of 2008, section 12 of Act 17 of 2009, section 16 and section 146 of Act 7 of 2010, section 25 of Act 24 of 2011, section 14 and section 156 of Act 22 of 2012, section 19 of Act 31 of 2013, section 12 of Act 43 of 2014, section 13 of Act 25 of 2015, section 20 of Act 15 of 2016, section 15 of Act 17 of 2017, section 18 of Act 23 of 2018, section 10 of Act 34 of 2019, section 6 of Act 23 of 2020, section 10 of Act 20 of 2021, section 4 of Act 20 of 2022, section 7 of Act 17 of 2023 and section 7 of Act 42 of 2024

10. (1) Section 9D of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in paragraph (i) of the further proviso to subsection (2A) for subparagraph (aa) of the following subparagraph:

“(aa) the aggregate amount of taxes on income payable to all spheres of government of any country other than the Republic by the controlled foreign company in respect of the foreign tax year of that controlled foreign company is at least 67,5 per cent of the amount of normal tax that would have been payable in respect of any taxable income of the controlled foreign company had the controlled foreign company been a resident for that foreign tax year: Provided that the taxable income of the controlled foreign company must be increased by the taxable income resulting from the application of section 9H(3)(b); or”; and

(b) by the insertion in paragraph (ii) of the further proviso to subsection (2A) after subparagraph (bb) of the following subparagraph:

“(cc) by taking into account any refund of tax to a shareholder of the controlled foreign company in respect of a foreign dividend paid or payable by that controlled foreign company; and”.

(2) Subsection (1) comes into operation on 31 December 2025 and applies in respect of foreign tax years of controlled foreign companies ending on or after that date.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 9 of Act 88 of 1971, section 7 of Act 90 of 1972, section 7 of Act 65 of 1973, section 10 of Act 85 of 1974, section 8 of Act 69 of 1975, section 9 of Act 103 of 1976, section 8 of Act 113 of 1977, section 4 of Act 101 of 1978, section 7 of Act 104 of 1979, section 7 of Act 104 of 1980, section 8 of Act 96 of 1981, section 6 of Act 91 of 1982, section 9 of Act 94 of 1983, section 10 of Act 121 of 1984, section 6 of Act 96 of 1985, section 7 of Act 65 of 1986, section 3 of Act 108 of 1986, section 9 of Act 85 of 1987, section 7 of Act 90 of 1988, section 36 of Act 9 of 1989, section 7 of Act 70 of 1989, section 10 of Act 101 of 1990, section 12 of Act 129 of 1991, section 10 of Act 141 of 1992, section 7 of Act 113 of 1993, section 4 of Act 140 of 1993, section 9 of Act 21 of 1994, section 10 of Act 21 of 1995, section 8 of Act 36 of 1996, section 9 of Act 46 of 1996, section 1 of Act 49 of 1996, section 10 of Act 28 of 1997, section 29 of Act 30 of 1998, section 18 of Act 53 of 1999, section 21 of Act 30 of 2000, section 13 of Act 59 of 2000, section 9 and section 78 of Act 19 of 2001, section 26 of Act 60 of 2001, section 13 of Act 30 of 2002, section 18 of Act 74 of 2002, section 36 of Act 12 of 2003, section 26 of Act 45 of 2003, sections 8 and 62 of Act 16 of 2004, section 14 of Act 32 of 2004, section 5 of Act 9 of 2005, section 16 of Act 31 of 2005, section 23 of Act 9 of 2006, sections 10 and 101 of Act 20 of 2006, sections 2, 10, 88 and 97 of Act 8 of 2007, section 2 of Act 9 of 2007, section 16 of Act 35 of 2007, sections 1 and 9 of Act 3 of 2008, section 2 of Act 4 of 2008, section 16 of Act 60 of 2008, section 13 and section 95 of Act 17 of 2009, section 18 of Act 7 of 2010, section 28 and section 160 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 31 of Schedule 1 to that Act, sections 19, 144, 157 and 166 of Act 22 of 2012, section 23 of Act 31 of 2013, section 14 of Act

43 of 2014, section 16 of Act 25 of 2015, section 23 of Act 15 of 2016, section 16 of Act 17 of 2017, section 22 of Act 23 of 2018, section 13 of Act 34 of 2019, section 10 of Act 23 of 2020, section 5 of Act 20 of 2022 and section 9 of Act 17 of 2023

11. (1) Section 10 of the Income Tax Act, 1962, is hereby amended—

(a) by the substitution in subsection (1)(e)(i) for item (aa) of the following item: 5

“(aa) any body corporate established in terms of the Sectional Titles Schemes Management Act, [1986 (Act No. 95 of 1986)] 2011 (Act No. 8 of 2011), from its members;”;

(b) by the insertion in subsection (1)(u) after subparagraph (i) of the following subparagraph: 10

“(iA) any amount referred to in subparagraph (ii) of paragraph (b) of the definition of “gross income”, other than any amount deemed to accrue to that person in terms of section 7(11); or”; and

(c) by the deletion in subsection (1) of paragraph (y).

(2) Paragraph (b) of subsection (1) comes into operation on 1 March 2026 and applies 15 in respect of years of assessment commencing on or after that date.

Amendment of section 11D of Act 58 of 1962, as inserted by section 13 of Act 20 of 2006 and amended by sections 13 and 99 of Act 8 of 2007, section 3 of Act 9 of 2007, section 19 of Act 35 of 2007, section 11 of Act 3 of 2008, section 19 of Act 60 of 2008, section 16 of Act 17 of 2009, section 20 of Act 7 of 2010, section 32 of Act 24 of 2011, section 1 of Act 25 of 2011, section 271 of Act 28 of 2011, read with item 34 of Schedule 1 to that Act, sections 5 and 35 of Act 21 of 2012, section 68 of Act 22 of 2012, section 29 of Act 31 of 2013, section 18 of Act 43 of 2014, section 27 of Act 15 of 2016, section 12 of Act 17 of 2023 and section 66 of Act 42 of 2024 20

12. Section 11D of the Income Tax Act, 1962, is hereby amended by the substitution 25 in subsection (4) for paragraph (b) of the following paragraph:

“(b) if that expenditure is incurred in respect of scientific or technological research and development [carried on by that taxpayer];”.

Amendment of section 11G of Act 58 of 1962, as inserted by section 14 of Act 17 of 2023 and substituted by section 67 of Act 42 of 2024 30

13. (1) Section 11G of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (2) for the words preceding paragraph (a) of the following words:

“(2) [For] Notwithstanding section 23(b), for purposes of determining the taxable income derived by any person, there shall be allowed as a deduction from 35 the income of that person, interest incurred by that person to the extent that the interest—”.

(2) Subsection (1) comes into operation on 1 January 2026 and applies to years of assessment commencing on or after that date.

Amendment of section 12C of Act 58 of 1962, as inserted by section 14 of Act 101 of 1990 and amended by section 11 of Act 113 of 1993, section 7 of Act 140 of 1993, section 11 of Act 21 of 1994, section 13 of Act 21 of 1995, section 10 of Act 46 of 1996, section 18 of Act 59 of 2000, section 11 of Act 19 of 2001, section 15 of Act 30 of 2002, section 30 of Act 45 of 2003, section 8 of Act 9 of 2005, section 20 of Act 31 of 2005, section 14 of Act 8 of 2007, section 22 of Act 35 of 2007, section 20 of Act 60 of 2008, section 19 of Act 17 of 2009, section 33 of Act 24 of 2011, section 24 of Act 22 of 2012, section 32 of Act 31 of 2013, section 20 of Act 25 of 2015, section 23 of Act 17 of 2017, section 27 of Act 23 of 2018, section 14 of Act 23 of 2020 and section 10 of Act 42 of 2024 40 45

14. Section 12C of the Income Tax Act, 1962, is hereby amended by the substitution 50 in subsection (1) for paragraph (g) of the following paragraph:

“(g) ship owned by the taxpayer or acquired by the taxpayer as purchaser in terms of an agreement contemplated in paragraph (a) of the definition of ‘instalment credit agreement’ in section 1 of the Value-Added Tax Act and which was or 55 is brought into use for the first time by the taxpayer for the purposes of his or

her trade (other than a South African ship mainly engaged in international traffic as contemplated in section 12Q(1));”.

Amendment of section 12L of Act 58 of 1962, as inserted by section 27 of Act 17 of 2009, substituted by section 29 of Act 22 of 2012, amended by section 38 of Act 31 of 2013, section 24 of Act 25 of 2015, section 19 of Act 34 of 2019 and section 9 of Act 20 of 2022 5

15. (1) Section 12L of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) For the purpose of determining the taxable income derived by any person from carrying on any trade in respect of any year of assessment ending before 1 January [2026] 2031, there must be allowed as a deduction from the income of that person an amount in respect of energy efficiency savings by that person in respect of that year of assessment determined in accordance with subsection (2), subject to subsection (3).”.

(2) Subsection (1) comes into operation on 1 January 2026. 15

Amendment of section 12V of Act 58 of 1962, as inserted by section 12 of Act 42 of 2024

16. (1) Section 12V of the Income Tax Act, 1962, is hereby amended by the addition after subsection (4) of the following subsection:

“(5) For the purpose of this section— 20

‘**motor vehicle manufacturer**’ means the manufacturer—

- (a) as determined by applying the criteria in paragraph (i) of the definition of ‘final manufacturer’, as defined in the regulations issued in terms of section 59 of the International Trade Administration Act, 2002 (Act No. 71 of 2002), contained in Government Notice No. R.80, as published in *Government Gazette* No. 44144 of 11 February 2021); or 25
- (b) of a ‘heavy motor vehicle’, as referred to in item 317.07 in Part I of Schedule No. 3 to the Customs and Excise Act, 1964 (Act No. 91 of 1964), to the extent of assembly provided for in Note 5 to Chapter 98 of Part 1 of Schedule No.1 to that Act.”. 30

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of assets brought into use on or after that date.

Amendment of section 13quat of Act 58 of 1962, as inserted by section 33 of Act 45 of 2003 and amended by section 12 of Act 16 of 2004, section 19 of Act 32 of 2004, section 23 of Act 31 of 2005, section 16 of Act 8 of 2007, section 5 of Act 4 of 2008, section 29 of Act 60 of 2008, sections 29 and 106 of Act 17 of 2009, section 33 of Act 7 of 2010, section 41 of Act 24 of 2011, section 34 of Act 22 of 2012, section 48 of Act 31 of 2013, section 32 of Act 25 of 2015, section 38 of Act 15 of 2016, section 34 of Act 23 of 2018, section 20 of Act 23 of 2020, section 16 of Act 20 of 2021, section 21 of Act 17 of 2023 and section 15 of Act 42 of 2024 35 40

17. (1) Section 13quat of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (5) for paragraph (c) of the following paragraph:

“(c) which is brought into use by the taxpayer after 31 March [2025] 2030;”.

(2) Subsection (1) is deemed to have come into operation on 1 April 2025 and applies in respect of any building, part thereof or improvement that is brought into use on or after that date. 45

Amendment of section 18A of Act 58 of 1962, as substituted by section 24 of Act 30 of 2000 and amended by section 72 of Act 59 of 2000, section 20 of Act 30 of 2002, section 34 of Act 45 of 2003, section 26 of Act 31 of 2005, section 16 of Act 20 of 2006, section 18 of Act 8 of 2007, section 31 of Act 35 of 2007, section 1 of Act 3 of 2008, section 6 of Act 4 of 2008, section 34 of Act 60 of 2008, section 37 of Act 7 of 2010, section 44 of Act 24 of 2011, section 7 of Act 21 of 2012, section 52 of Act 31 of 2013, section 29 of Act 43 of 2014, section 3 of Act 44 of 2014, section 34 of Act 15 of 2015, section 31 of Act 17 of 2017, section 35 of Act 23 of 2018, section 22 of Act 34 of 2019, section 22 of Act 23 of 2020, section 4 of Act 24 of 2020 and section 2 of Act 21 of 2021

18. Section 18A of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (1) for paragraph (B) of the following paragraph:

- “(B) in any other case, ten per cent of the taxable income (excluding any retirement fund lump sum benefit, retirement fund lump sum withdrawal benefit and severance benefit) of the taxpayer as calculated before allowing any deduction under this section [or], section 6quat(1C) or setting off a balance of assessed loss under section 20(1)(a)(i) or (ii):”.

Amendment of section 20A of Act 58 of 1962, as inserted by section 36 of Act 45 of 2003 and amended by section 27 of Act 31 of 2005, section 33 of Act 17 of 2009, section 37 of Act 23 of 2018 and section 22 of Act 23 of 2020

19. (1) Section 20A of the Income Tax Act, 1962, is hereby amended—

- (a) by the substitution in subsection (2) for the words preceding paragraph (a) of the following words:

“(2) Subsection (1) applies where **[the sum of]** the taxable income of a person for a year of assessment, **[([determined without having regard to the other provisions of this section])]** and before setting off any assessed loss and balance of assessed loss **[which were set off]** in terms of section 20 **[in determining that taxable income]**, equals or exceeds the amount at which the **[maximum]** marginal rate of tax of 39 per cent chargeable in respect of the taxable income of individuals becomes applicable, and where—”; and

- (b) by the substitution in subsection (2)(b) for subparagraph (vi) of the following subparagraph:

“(vi) farming or animal breeding, unless that person carries on farming[,] or animal breeding [or activities of a similar nature] on a full-time basis;”.

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 23 of Act 58 of 1962, as amended by section 18 of Act 65 of 1973, section 20 of Act 121 of 1984, section 23 of Act 129 of 1991, section 20 of Act 141 of 1992, section 18 of Act 113 of 1993, section 15 of Act 21 of 1994, section 28 of Act 30 of 2000, section 21 of Act 30 of 2002, section 38 of Act 45 of 2003, section 13 of Act 16 of 2004, section 28 of Act 31 of 2005, section 17 of Act 20 of 2006, section 20 of Act 8 of 2007, section 37 of Act 60 of 2008, section 41 of Act 7 of 2010, sections 47 and 162 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 38 of Schedule 1 to that Act, section 42 of Act 22 of 2012, section 56 of Act 31 of 2013, section 33 of Act 43 of 2014, section 35 of Act 17 of 2017, section 39 of Act 23 of 2018, section 24 of Act 23 of 2020, section 11 of Act 20 of 2022 and section 17 of Act 42 of 2024

20. Section 23 of the Income Tax Act, 1962, is hereby amended—

- (a) by the deletion of “and” at the end of paragraph (m)(iiA);
(b) by the addition of “and” at the end of paragraph (m)(iv); and
(c) by the addition in paragraph (m) after subparagraph (iv) of the following subparagraph:

“(v) any deduction which is allowable under section 6quat(1C):”.

Amendment of section 23M of Act 58 of 1962, as inserted by section 16 of Act 31 of 2013 and amended by section 37 of Act 43 of 2014, section 41 of Act 15 of 2016, section 39 of Act 17 of 2017, section 41 of Act 23 of 2018, section 28 of Act 34 of 2019, section 19 of Act 20 of 2021, section 12 of Act 20 of 2022, section 26 of Act 17 of 2023 and section 18 of Act 42 of 2024

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21. Section 23M of the Income Tax Act, 1962, is hereby amended—

- (a) by the substitution in subsection (1) in paragraph (a) of the definition of “adjusted taxable income” for subparagraph (i) of the following subparagraph:
 - “(i) any amount of interest contemplated in section 24J received or accrued that forms part of taxable income;”;
- (b) by the addition in subsection (1) in paragraph (a) of the definition of “adjusted taxable income” after subparagraph (iii) of the following subparagraph:
 - “(iv) any amount of interest accrued, other than amounts referred to in subparagraph (i), in respect of debt referred to in subsection (3); and”;
- (c) by the substitution in subsection (1) in paragraph (b) of the definition of “adjusted taxable income” for subparagraph (i) of the following subparagraph:
 - “(i) any amount of interest contemplated in section 24J incurred that has been allowed as a deduction from income;”;
- (d) by the insertion in subsection (1) in paragraph (b) of the definition of “adjusted taxable income” after subparagraph (iv) of the following subparagraph:
 - “(v) any amount of interest incurred, other than amounts referred to in subparagraph (i), in respect of debt referred to in subsection (3);”;
- (e) by the substitution in subsection (2) for the words preceding paragraph (a) of the following words:
 - “(2) Where an amount of interest, other than interest contemplated in paragraph (c) of the definition of ‘interest’ in subsection (1), is incurred by a debtor during a year of assessment in respect of a debt owed to—”;
- (f) by the substitution in subsection (2)(i) for item (aa) of the following item:
 - “(aa) subject to tax in the hands of the person, creditor or other creditor referred to in paragraphs (a), (b), (c) or (d), to which the interest, other than interest contemplated in paragraph (c) of the definition of ‘interest’ in subsection (1), or related interest accrues; or”;
- (g) by the substitution for the words of the proviso to subsection (2) preceding the formula of the following words:
 - “: Provided that where any amount of interest, other than interest contemplated in paragraph (c) of the definition of ‘interest’ in subsection (1), incurred or related interest is not included in the income of the person referred to in paragraph (i)(aa), and withholding tax on interest was or will be levied on that amount of interest, on payment thereof, under the provisions of Part IVB of this Chapter, the amount of interest to be regarded as not subject to tax as contemplated in paragraph (i)(aa) will be determined in accordance with the formula:”;
- (h) by the substitution in subsection (3) for paragraph (a) of the following paragraph:
 - “(a) the amount of interest contemplated in section 24J and any other amount of interest in respect of that debt, received by or accrued to the debtor; and”;
- (i) by the substitution in subsection (3) for the words following paragraph (b) of the following words:
 - “reduced by so much of any amount of deductible interest contemplated in section 24J incurred by the debtor in respect of debts other than debts contemplated in subsection (2) as exceeds any amount not allowed to be deducted in terms of section 23N.”;
- (j) by the substitution for subsection (4) of the following subsection:
 - (4) So much of any amount of interest as exceeds the amount determined in terms of subsection (3) **[may] must** be carried forward to the immediately succeeding year of assessment, and **[subject to subsection (2),]** must be deemed to be an amount of interest incurred in

that succeeding year of assessment in respect of a debt **[owed to a creditor that is not subject to tax on that interest]** that qualifies for a deduction subject to the limitation in subsection (2).”;

- (k) by the substitution in subsection (6) for the words in paragraph (a) preceding subparagraph (i) of the following words:

“to **[so much of the interest as is incurred by a debtor in respect of]** a debt owed to a creditor as contemplated in subsection (2) in respect of which interest contemplated in section 24J is incurred, where—”; and

- (l) by the substitution in subsection (6) for subparagraph (i) of paragraph (a) of the following subparagraph:

“(i) that creditor directly or indirectly funded that debt amount advanced to that debtor with funding granted by a lending institution that is not in a controlling relationship with that debtor; and”.

- (2) Subsection (1) comes into operation on 1 January 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 24I of Act 58 of 1962, as inserted by section 21 of Act 113 of 1993 and amended by section 11 of Act 140 of 1993, section 18 of Act 21 of 1994, section 13 of Act 36 of 1996, section 18 of Act 28 of 1997, section 35 of Act 30 of 1998, section 26 of Act 53 of 1999, section 31 of Act 59 of 2000, section 36 of Act 60 of 2001, section 27 of Act 74 of 2002, section 42 of Act 45 of 2003, section 23 of Act 32 of 2004, section 33 of Act 31 of 2005, section 26 of Act 9 of 2006, section 19 of Act 20 of 2006, section 23 of Act 8 of 2007, section 40 of Act 35 of 2007, section 20 of Act 3 of 2008, section 38 of Act 17 of 2009, section 47 of Act 7 of 2010, section 52 of Act 24 of 2011, section 53 of Act 22 of 2012, section 68 of Act 31 of 2013, section 40 of Act 43 of 2014, section 44 of Act 25 of 2015, section 44 of Act 15 of 2016, section 42 of Act 17 of 2017, section 43 of Act 23 of 2018, section 30 of Act 34 of 2019, section 27 of Act 17 of 2023 and section 20 of Act 42 of 2024

- 22.** (1) Section 24I of the Income Tax Act, 1962, is hereby amended—

- (a) by the deletion of “or” at the end of paragraph (c) of the definition of “realised” and the addition of “or” at the end of paragraph (d) of that definition;

- (b) by the addition to the definition of “realised” after paragraph (d) of the following paragraph:

“(e) a preference share, when the share is cancelled or disposed of;”;

- (c) by the substitution in the definition of “ruling exchange rate” for the words in paragraph (a) preceding subparagraph (i) of the following words:

“a debt or a preference share in a foreign currency on—”;

- (d) by the substitution for the proviso to paragraph (a) of the definition of “ruling exchange rate” of the following proviso:

“Provided that where the rate prescribed in respect of a debt or a preference share in terms of this definition is the spot rate on transaction date or the spot rate on the date on which such debt is realised, and any consideration paid or incurred or received or accrued in respect of the acquisition or disposal of such debt or preference share was determined by applying a rate other than such spot rate on transaction date or date realised, such spot rate shall be deemed to be the acquisition rate or disposal rate, as the case may be;”;

- (e) by the insertion in the definition of “transaction date” after paragraph (b) of the following paragraph:

“(bA) a preference share, the date on which the preference share was issued or acquired;”;

- (f) by the substitution in subsection (4) for the words preceding paragraph (a) of the following words:

“(4) Subject to section 11, in determining the taxable income of any person contemplated in subsection (2) in respect of a debt owing to that person as referred to in paragraph (b) of the definition of ‘exchange item’, to the extent that—”;

- (g) by the substitution in subsection (4) for paragraph (a) of the following paragraph:

“(a) **[to the extent that]** on realisation the debt was irrecoverable by reason of becoming bad;”;

- (h) by the substitution in subsection (10A)(a)(ii) for item (aa) of the following item:
- “(aa) or any portion thereof **[does not]** represent for that person a **[current]** non-current asset or a **[current]** non-current liability for the purposes of financial reporting pursuant to IFRS; and”;
- (i) by the substitution in subsection (10A)(b) for subparagraph (ii) of the following subparagraph:
- “(ii) during any year of assessment—
- (aa) subsequent to that year of assessment, paragraph (a) no longer applies to that exchange difference; or
- (bb) that exchange item is realised,
- an amount in respect of that exchange item must be included in or deducted from the income of that person under subsection (3) or taken into account under subsection (3A) in that subsequent year of assessment or in the year of assessment during which the exchange item is realised, which amount shall be determined by multiplying that exchange item by the difference between the ruling exchange rate on the last day of the year of assessment immediately preceding that subsequent year of assessment and the ruling exchange rate on transaction date, **[less any amount of the exchange differences included in or deducted from the income]** appropriately adjusted for any exchange differences included in or deducted from the income of that person in terms of this section or taken into account under **[subsection]** subsections (3) and (3A) in respect of that exchange item for all years of assessment preceding that subsequent year of assessment during which the person was a party to the contractual provisions of the exchange item.”; and
- (j) by the addition in subsection (10A) after paragraph (b) of the following paragraph:
- “(c) Where paragraph (a) was applied during the current or any previous year of assessment to any exchange difference in respect of an exchange item and that exchange difference is or was neither included in nor deducted from the income of a person under subsection (3), or taken into account under subsection (3A) (hereinafter referred to as ‘deferred amounts’), and that exchange item is realised in part during the current year of assessment, an amount in respect of that exchange item must be included in the income or deducted from the income, as the case may be, of that person equal to—
- (i) the deferred amounts; and
- (ii) reduced or increased, as the case may be, by inclusions or deductions from income under this paragraph in previous years of assessment,
- that bears to the result of subparagraphs (i) and (ii), the ratio of the amount in foreign currency of the exchange item that is realised in part during the year of assessment to the amount in foreign currency of the balance of the exchange item at the end of the immediately preceding year of assessment.”.
- (2) Subsection (1)(a) to (e) is deemed to have come into operation on 1 January 2025 and applies in respect of years of assessment commencing on or after that date.
- (3) Subsection (1)(f) to (j) comes into operation on 1 January 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 24JB of Act 58 of 1962, as inserted by section 56 of Act 22 of 2012, as substituted by section 71 of Act 31 of 2013 and amended by section 43 of Act 43 of 2014, section 46 of Act 15 of 2016, section 44 of Act 17 of 2017, section 44 of Act 23 of 2018, section 27 of Act 23 of 2020 and section 21 of Act 42 of 2024

- 23.** (1) Section 24JB of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (2) for paragraph (b) of the following paragraph:
- “(b) a dividend or foreign dividend received by or accrued to a covered person, other than a dividend or foreign dividend in respect of a share that is measured

at fair value in profit or loss in terms of this subsection and that serves as a hedge in respect of a financial asset or financial liability of that person that is measured at fair value in profit or loss in terms of this subsection.”.

(2) Subsection (1) comes into operation on 1 January 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 25B of Act 58 of 1962, as substituted by section 27 of Act 32 of 2004 and amended by section 48 of Act 23 of 2018, section 28 of Act 23 of 2020 and section 29 of Act 17 of 2023

24. (1) Section 25B of the Income Tax Act, 1962, is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Any amount (other than an amount of a capital nature which is not included in gross income or an amount contemplated in paragraph 3B of the Second Schedule) received by or accrued to or in favour of any person during any year of assessment in his or her capacity as the trustee of a trust, shall, subject to the provisions of section [7] 7(2) to (8),—

- (a) where that trust is a resident, to the extent to which that amount has been derived for the immediate or future benefit of any ascertained beneficiary, who is a resident and has a vested right to that amount during that year, be deemed to be an amount which has accrued to that beneficiary, and to the extent to which that amount is not so derived, be deemed to be an amount which has accrued to that trust[.]; or
- (b) where that trust is not a resident, to the extent to which that amount has been derived for the immediate or future benefit of any ascertained beneficiary, who has a vested right to that amount during that year, be deemed to be an amount which has accrued to that beneficiary, and to the extent to which that amount is not so derived, be deemed to be an amount which has accrued to that trust.”.

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of years of assessment commencing on or after that date.

Amendment of section 29A of Act 58 of 1962, as inserted by section 30 of Act 53 of 1999 and amended by section 36 of Act 59 of 2000, section 15 of Act 5 of 2001, section 15 of Act 19 of 2001, section 39 of Act 60 of 2001, section 30 of Act 74 of 2002, section 16 of Act 16 of 2004, section 23 of Act 20 of 2006, section 21 of Act 3 of 2008, section 52 of Act 7 of 2010, section 62 of Act 22 of 2012, section 77 of Act 31 of 2013, section 47 of Act 43 of 2014, section 53 of Act 25 of 2015, section 50 of Act 15 of 2016, section 46 of Act 17 of 2017, section 51 of Act 23 of 2018, section 34 of Act 34 of 2019, section 30 of Act 23 of 2020, section 22 of Act 20 of 2021, section 15 of Act 20 of 2022, section 32 of Act 17 of 2023 and section 25 of Act 42 of 2024

25. Section 29A of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (11)(a) (iii) for the proviso of the following proviso:

“Provided that the amount of the deduction in terms of this subparagraph shall not exceed the taxable income of the policyholder fund before deducting an amount in terms of this subparagraph or section 18A, or setting off a balance of assessed loss under section 20(1)(a)(i);”.

Amendment of section 41 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 49 of Act 45 of 2003, section 32 of Act 32 of 2004, section 37 of Act 31 of 2005, section 28 of Act 20 of 2006, sections 32 and 103 of Act 8 of 2007, section 52 of Act 35 of 2007, section 25 of Act 3 of 2008, section 48 of Act 60 of 2008, section 47 of Act 17 of 2009, section 61 of Act 7 of 2010, section 67 of Act 24 of 2011, section 73 of Act 22 of 2012, section 90 of Act 31 of 2013, section 54 of Act 43 of 2014, section 61 of Act 25 of 2015, section 54 of Act 15 of 2016, section 50 of Act 17 of 2017, section 54 of Act 23 of 2018, section 39 of Act 34 of 2019 and section 24 of Act 20 of 2021

26. (1) Section 41 of the Income Tax Act, 1962, is hereby amended—

- (a) by the substitution in subsection (1) for the definition of “company” of the following definition:

“‘**company**’ does not include a headquarter company and, for the purposes of **[sections 42 and]** section 44, includes any portfolio of a collective investment scheme in securities or any portfolio of a hedge fund collective investment scheme;”.

- (b) by the substitution in subsection (1) for the definition of “equity share” of the following definition:

“‘**equity share**’, for the purposes of **[sections 42 and]** section 44, includes a participatory interest in a portfolio of a collective investment scheme in securities or in a portfolio of a hedge fund collective investment scheme;”; and

- (2) Subsection (1) comes into operation on 1 January 2027 and applies to years of assessments commencing on or after that date.

Amendment of section 42 of Act 58 of 1962, as substituted by section 34 of Act 74 of 2002 and amended by section 50 of Act 45 of 2003, section 33 of Act 32 of 2004, section 38 of Act 31 of 2005, section 29 of Act 20 of 2006, section 33 of Act 8 of 2007, section 53 of Act 35 of 2007, section 26 of Act 3 of 2008, section 49 of Act 60 of 2008, section 48 of Act 17 of 2009, section 62 of Act 7 of 2010, section 68 of Act 24 of 2011, section 74 of Act 22 of 2012, section 91 of Act 31 of 2013, section 55 of Act 43 of 2014, section 62 of Act 25 of 2015, section 51 of Act 17 of 2017, section 55 of Act 23 of 2018, section 40 of Act 34 of 2019, section 25 of Act 20 of 2021 and section 36 of Act 17 of 2023

27. Section 42 of the Income Tax Act, 1962, is hereby amended—

- (a) by the substitution in subsection (1) in the definition of “asset-for-share transaction” for the proviso to paragraph (a)(ii) of the following proviso:

“Provided that this subparagraph does not apply in respect of any transaction which meets the requirements of subparagraph (i) in terms of which a person holding less than 20 per cent of the **[disposes of—**

- (i) **an] equity [share] shares in a listed company [or in a portfolio of a collective investment scheme in securities or in a portfolio of a hedge fund collective investment scheme] disposes of an equity share in that company** to any other company and after that disposal, together with any other transaction that is concluded—

(aa) on the same terms as that transaction; and

(bb) within a period of 90 days after that disposal, that other company holds—

(A) at least 35 per cent of the equity shares of that listed company **[or portfolio];** or

(B) at least 25 per cent of the equity shares of that listed company **[or portfolio]** if no person other than that other company holds an equal or greater amount of equity shares in the listed company **[or portfolio]; or**

- (ii) **an asset to a portfolio of a hedge fund collective investment scheme]; or”;**

- (b) by the deletion in the definition of “qualifying interest” of paragraph (b);

- (c) by the deletion in the definition of “qualifying interest” of paragraph (e);

- (d) by the substitution in subsection (2) for the proviso to paragraph (b) of following proviso:

“Provided that this paragraph does not apply in respect of any asset-for-share transaction in terms of which a person holding less than 20 per cent of the **[disposes of an] equity [share] shares in a listed company [or in a portfolio of a collective investment scheme in securities] disposes of an equity share in that company** to any other company and after that disposal, together with any other asset-for-share transaction that is concluded—”;

- (e) by the substitution for the proviso to subsection (3A) of the following proviso:

“Provided that this subsection does not apply in respect of any asset-for-share transaction in terms of which a person holding less than 20 per cent of the equity shares in a listed company disposes of—

- (i) an equity share in **[a listed] that company [or in a portfolio of a collective investment scheme in securities or in a portfolio of**

a hedge fund collective investment scheme] to any other company and after that disposal, together with any other transaction that is concluded—

(aa) on the same terms as that transaction; and

(bb) within a period of 90 days after that disposal, that other company holds—

(A) at least 35 per cent of the equity shares of that listed company [or portfolio]; or

(B) at least 25 per cent of the equity shares of that listed company [or portfolio] if no person other than that other company holds an equal or greater amount of equity shares in the listed company [or portfolio]; or

(ii) an asset to a portfolio of a hedge fund collective investment scheme].”.

(2) Subsection (1)(a) and (e), to the extent of the amendment: “holding less than 20 per cent of the [disposes of an] equity [share] shares”, comes into operation on 1 January 2026 and applies in respect of years of assessment commencing on or after that date.

(3) Subject to subsection (2), subsection (1) comes into operation on 1 January 2027 and applies in respect of any transactions entered into on or after that date.

Amendment of section 64E of Act 58 of 1962, as substituted by section 53 of Act 17 of 2009 and amended by section 71 of Act 7 of 2010, section 76 of Act 24 of 2011, section 6 of Act 13 of 2012 and section 83 of Act 22 of 2012

28. Section 64E of the Income Tax Act, 1962, is hereby amended by the substitution in subsection (4)(a) for the words after subparagraph (ii)(cc) of the following words:

“in respect of a debt, that company must, for the purposes of this Part, be deemed to have paid a dividend to the person contemplated in subparagraph (i), if that debt arises by virtue of any share held directly or indirectly in that company by a person contemplated in subparagraph (i).”.

Amendment of paragraph 2 of Second Schedule to Act 58 of 1962, as substituted by section 57 of Act 17 of 2009 and amended by section 80 of Act 7 of 2010, section 92 of Act 22 of 2012, section 62 of Act 17 of 2017, section 48 of Act 34 of 2019, section 3 of Act 12 of 2024 and section 2 of Act 44 of 2024

29. (1) Paragraph 2(1)(b) of the Second Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for subitem (iA) of the following subitem:

“(iA) assigned in terms of a divorce order granted on or after 13 September 2007 under section 7(8)(a) of the Divorce Act, 1979 (Act No. 70 of 1979) or in terms of any order made by a court in respect of the division of assets of a marriage according to the tenets of a religion pursuant to its dissolution, to the extent that the amount so assigned—”.

(2) Subsection (1) is deemed to have come into operation on 1 September 2024.

Amendment of paragraph 6B of Second Schedule to Act 58 of 1962, as inserted by section 4 of Act 12 of 2024 and amended by section 3 of Act 44 of 2024

30. Paragraph 6B of the Second Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for the proviso of the following proviso:

“: Provided that subparagraphs (a), (b) or (c) only applies to an amount transferred on termination of membership in the transferor fund or an amount contemplated in paragraph 2(1)(b)(iA), and only if all the remaining components are transferred to the same transferee fund or if all the components are transferred on an [individual contract policy basis] individual policy contract basis to the same transferee fund”.

Amendment of paragraph 9 of Seventh Schedule to Act 58 of 1962, as amended by section 31 of Act 96 of 1985, section 34 of Act 65 of 1986, section 29 of Act 85 of 1987, section 59 of Act 101 of 1990, section 53 of Act 113 of 1993, section 33 of Act 21 of 1994, section 51 of Act 28 of 1997, section 55 of Act 30 of 1998, section 55 of Act 30 of 2000, section 57 of Act 31 of 2005, section 29 of Act 9 of 2006, section 2 of Act 8 of 2007, section 68 of Act 35 of 2007, sections 1 and 48 of Act 3 of 2008, section 65 of Act 17 of 2009, section 104 of Act 24 of 2011, section 7 of Act 13 of 2012, section 121 of Act 31 of 2013, section 97 of Act 25 of 2015 and section 68 of Act 15 of 2016 5

31. Paragraph 9 of the Seventh Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for subparagraph (2) of the following subparagraph: 10

“(2) The cash equivalent of the value of the taxable benefit derived from the occupation of residential accommodation as contemplated in paragraph 2(d) shall be the rental value of such accommodation (as determined under subparagraph (3), (3C), (4) or (5) of this paragraph in respect of the year of assessment) less any rental consideration given by the employee for such accommodation in respect of such year[. Any], any rental consideration given by him or her in respect of household goods supplied with such accommodation and any charge made to the employee by the employer in respect of power or fuel provided with the accommodation.”. 15

Amendment of paragraph 5 of Eighth Schedule to Act 58 of 1962, as amended by section 32 of Act 9 of 2006, section 2 of Act 8 of 2007, section 1 of Act 3 of 2008, section 67 of Act 17 of 2009, section 107 of Act 24 of 2011, section 8 of Act 13 of 2012, section 11 of Act 13 of 2016, section 75 of Act 23 of 2018, section 22 of Act 20 of 2022 and section 34 of Act 42 of 2024 20

32. Paragraph 5 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution in subparagraph (1) for the proviso of the following proviso: 25

“Provided that where any person’s year of assessment is less than a period of 12 months, the sum of the annual exclusions for years of [assessments] assessment ending during the period of 12 months commencing on 1 March and ending on the last day of February of the immediately following calendar year must per year of assessment and in aggregate not exceed R40 000.”. 30

Amendment of paragraph 61 of Eighth Schedule to Act 58 of 1962, as amended by section 102 of Act 60 of 2001, section 90 of Act 74 of 2002, section 75 of Act 17 of 2009, section 106 of Act 7 of 2010, section 120 of Act 22 of 2012 and section 141 of Act 31 of 2013 35

33. (1) Paragraph 61 of the Eighth Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

“(1) [A] Subject to paragraph 82A, a holder of a participatory interest in a portfolio of a collective investment scheme, other than a portfolio of a collective investment scheme in property, must determine a capital gain or capital loss in respect of the participatory interest only upon the disposal of that participatory interest.”. 40

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of disposals made on or after that date.

Insertion of paragraph 82A in Eighth Schedule to Act 58 of 1962 45

34. (1) The following paragraph is hereby inserted after paragraph 82 in the Eighth Schedule to the Income Tax Act, 1962:

“Capital distributions by collective investment schemes

82A. The distribution of any amount by a portfolio of a collective investment scheme, other than the distribution of an amount of gross income to a holder of a participatory interest in that portfolio, is treated as a capital gain for that holder of a participatory interest for the year of assessment in which that distribution accrues to that holder.”. 50

(2) Subsection (1) comes into operation on 1 March 2026 and applies in respect of distributions made on or after that date.

Amendment of Eleventh Schedule to Act 58 of 1962, as added by section 140 of Act 22 of 2012, amended by section 161 of Act 31 of 2013 and substituted by section 125 of Act 25 of 2015, section 56 of Act 23 of 2020, section 47 of Act 20 of 2021, section 23 of Act 20 of 2022 and section 39 of Act of 42 of 2024 5

36. (1) The Eleventh Schedule to the Income Tax Act, 1962, is hereby amended by the substitution for Item 7 of the following Item:

“7. **[Business Process Services]** Global Business Services received or accrued from the Department of Trade, Industry and Competition;” 10

(2) Subsection (1) is, in respect of any grant, deemed to have come into operation on the date on which that grant was awarded to the recipient thereof and applies in respect of any amount received or accrued in respect of that grant on or after that date.

Continuation of certain amendments of Schedules to Act 91 of 1964 and Act 89 of 1991 15

37. Every amendment or withdrawal of or insertion in Schedules No. 1 to 6, 8 and 10 to the Customs and Excise Act, 1964, made under section 48, 49, 56, 56A, 57, 60 or 75(15) of that Act during the period from and including 1 November 2024 up to and including 31 October 2025, shall not lapse by virtue of section 48(6), 49(5A), 56(3), 56A(3), 57(3), 60(4) or 75(16) of that Act and in Schedule No.1 to the Value-Added Tax Act, 1991, made under section 74(3)(a) of that Act during the period from and including 1 October 2024 up to and including 31 October 2025, shall not lapse by virtue of section 74(3)(b) of that Act. 20

Amendment of section 1 of Act 89 of 1991, as amended by section 21 of Act 136 of 1991, paragraph 1 of Government Notice 2695 of 8 November 1991, section 12 of Act 136 of 1992, section 1 of Act 61 of 1993, section 22 of Act 97 of 1993, section 9 of Act 20 of 1994, section 18 of Act 37 of 1996, section 23 of Act 27 of 1997, section 34 of Act 34 of 1997, section 81 of Act 53 of 1999, section 76 of Act 30 of 2000, section 64 of Act 59 of 2000, section 65 of Act 19 of 2001, section 148 of Act 60 of 2001, section 114 of Act 74 of 2002, section 47 of Act 12 of 2003, section 164 of Act 45 of 2003, section 43 of Act 16 of 2004, section 92 of Act 32 of 2004, section 8 of Act 10 of 2005, section 101 of Act 31 of 2005, section 40 of Act 9 of 2006, section 77 of Act 20 of 2006, sections 81 and 108 of Act 8 of 2007, section 104 of Act 35 of 2007, section 68 of Act 3 of 2008, section 104 of Act 60 of 2008, section 33 of Act 18 of 2009, section 119 of Act 7 of 2010, section 26 of Act 8 of 2010, section 129 of Act 24 of 2011, section 271 of Act 28 of 2011, read with item 108 of Schedule 1 to that Act, section 145 of Act 22 of 2012, section 165 of Act 31 of 2013, section 95 of Act 43 of 2014, section 128 of Act 25 of 2015, section 83 of Act 15 of 2016, section 77 of Act 17 of 2017, section 89 of Act 28 of 2018, section 66 of Act 34 of 2019, section 61 of Act 23 of 2020, section 27 of Act 20 of 2022, section 46 of Act 17 of 2023 and section 45 of Act 42 of 2024 25 30 35 40

38. (1) Section 1(1) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991), is hereby amended—

(a) by the substitution for the definition of “insurance” of the following definition:

“**‘insurance’** means insurance or guarantee against loss, damage, injury or risk of any kind whatever, whether pursuant to any contract or law, and includes reinsurance; and ‘contract of insurance’ includes a policy of insurance, an insurance cover, and a renewal of a contract of insurance: Provided that a premium is paid in respect of such insurance, guarantee or reinsurance: Provided further that nothing in this definition shall apply to any insurance specified in section 2;”; and 45 50

(b) by the insertion in subsection (1) after the definition of “precious metals” of the following definition:

“**‘premium’** means any direct consideration given or to be given, whether partially or fully subsidised, in return for an undertaking to meet insurance liabilities under a ‘contract of insurance’;” 55

(2) Subsection (1) comes into operation on 1 April 2026.

Amendment of section 8 of Act 89 of 1991, as amended by section 24 of Act 136 of 1991, paragraph 4 of Government Notice 2695 of 8 November 1991, section 15 of Act 136 of 1992, section 24 of Act 97 of 1993, section 11 of Act 20 of 1994, section 20 of Act 46 of 1996, section 25 of Act 27 of 1997, section 83 of Act 53 of 1999, section 67 of Act 19 of 2001, section 151 of Act 60 of 2001, section 166 of Act 45 of 2003, section 95 of Act 32 of 2004, section 102 of Act 31 of 2005, section 172 of Act 34 of 2005, section 42 of Act 9 of 2006, section 79 of Act 20 of 2006, section 27 of Act 36 of 2007, section 106 of Act 60 of 2008, section 91 of Act 17 of 2009, section 120 of Act 7 of 2010, section 131 of Act 24 of 2011, section 146 of Act 22 of 2012, section 166 of Act 31 of 2013, section 21 of Act 44 of 2014, section 129 of Act 25 of 2015, section 24 of Act 16 of 2016, section 78 of Act 17 of 2017, section 10 of Act 21 of 2018, section 68 of Act 34 of 2019, section 62 of Act 23 of 2020, section 48 of Act 17 of 2023 and section 46 of 42 of 2024

39. (1) Section 8 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the addition after subsection (2G) of the following subsection:

“(2H) Subject to section 24(3), where a supply is deemed to have been made by a vendor in terms of subsection (2) and that vendor ceases to be a vendor on 1 January 2026 for the sole reason of the exemption contemplated in section 12(h)(ii), the tax payable in respect of the deemed supply shall be paid in 12 equal monthly instalments or in so many monthly instalments as the Commissioner may allow, commencing 1 January 2027.”;

(b) by the substitution for subsection (23) of the following subsection:

“(23) For the purposes of this Act, a vendor shall be deemed to supply services to any public authority or municipality to the extent of any payment made **[to or on behalf of that vendor in terms of a national housing programme contemplated]** in terms of the Housing Subsidy Scheme referred to in section 3(5)(a) of the Housing Act, 1997 (Act No. 107 of 1997), to or on behalf of that vendor in respect of the taxable supply of goods and services by the vendor.”; and

(c) by the addition after subsection (30) of the following subsection:

“(31) For the purposes of this Act, where a registered vendor supplies an airtime voucher that can only be used to obtain telecommunications services outside the Republic as provided by an International Telecommunications Service Provider that is not a resident of the Republic and not a vendor, to any person in the Republic, such supply shall, notwithstanding section 10(18) or 10(19), be disregarded for the purposes of this Act: Provided that any amount retained by such vendor is deemed to be consideration contemplated in section 10(30) in respect of a supply of distribution services.”.

(2) Paragraph (a) of subsection (1) comes into operation on 1 January 2026.

(3) Paragraphs (b) and (c) of subsection (1) come into operation on 1 April 2026.

Amendment of section 9 of Act 89 of 1991, as amended by section 25 of Act 136 of 1991, section 25 of Act 97 of 1993, section 21 of Act 46 of 1996, section 26 of Act 27 of 1997, section 167 of Act 45 of 2003, section 96 of Act 32 of 2004, section 103 of Act 31 of 2005, section 172 of Act 34 of 2005, section 28 of Act 36 of 2007, section 27 of Act 8 of 2010, section 167 of Act 39 of 2013, section 130 of Act 25 of 2015, section 79 of Act 17 of 2017, section 50 of Act 20 of 2021 and section 28 of Act 20 of 2022

40. (1) Section 9 of the Value-Added Tax Act, 1991, is hereby amended by the addition after subsection (13) of the following subsection:

“(14) The supply of goods or services, which is deemed to be made by any vendor as contemplated in section 8(2E) or 8(2H), shall be deemed to take place when and to the extent that any payment in terms of the agreement or regulation, as contemplated in section 8(2E) or 8(2H), is due, prescribed or is received, whichever is the earliest.”.

(2) Subsection (1) comes into operation on 1 January 2026.

Amendment of section 10 of Act 89 of 1991, as amended by section 26 of Act 136 of 1991, paragraph 5 of Government Notice 2695 of 8 November 1991, section 16 of Act 136 of 1992, section 26 of Act 97 of 1993, section 12 of Act 20 of 1994, section 21 of Act 37 of 1996, section 22 of Act 46 of 1996, section 27 of Act 27 of 1997, section 84 of Act 53 of 1999, section 68 of Act 19 of 2001, section 152 of Act 60 of 2001, section 168 of Act 45 of 2003, section 97 of Act 32 of 2004, section 104 of Act 31 of 2005, section 43 of Act 9 of 2006, section 80 of Act 20 of 2006, section 82 of Act 8 of 2007, section 107 of Act 60 of 2008, section 122 of Act 7 of 2010, section 133 of Act 24 of 2011, section 168 of Act 39 of 2013, section 131 of Act 25 of 2015, section 80 of Act 17 of 2017, section 63 of Act 23 of 2020, section 51 of Act 20 of 2021 and section 49 of Act 17 of 2023

41. (1) Section 10 of the Value-Added Tax Act, 1991, is hereby amended by the addition after subsection (29) of the following subsection:

“(30) Where services are deemed to be supplied by a vendor in terms of section 8(31), the value of the supply shall be deemed to be made for a consideration in money equal to the difference between the purchase price and selling price of the airtime voucher.”.

(2) Subsection (1) comes into operation on 1 April 2026.

Amendment of section 11 of Act 89 of 1991, as amended by section 27 of Act 136 of 1991, Government Notice 2695 of 8 November 1991, section 17 of Act 136 of 1992, section 27 of Act 97 of 1993, section 13 of Act 20 of 1994, section 28 of Act 27 of 1997, section 89 of Act 30 of 1998, section 85 of Act 53 of 1999, section 77 of Act 30 of 2000, section 43 of Act 5 of 2001, section 153 of Act 60 of 2001, section 169 of Act 45 of 2003, section 46 of Act 16 of 2004, section 98 of Act 32 of 2004, section 21 of Act 9 of 2005, section 105 of Act 31 of 2005, section 44 of Act 9 of 2006, section 81 of Act 20 of 2006, section 105 of Act 35 of 2007, section 29 of Act 36 of 2007, Government Notice R.1024 in *Government Gazette* No. 32664 of 30 October 2009, section 134 of Act 24 of 2011, section 169 of Act 31 of 2013, section 96 of Act 43 of 2014, section 132 of Act 25 of 2015, section 81 of Act 17 of 2017, section 54 of Act 34 of 2019, section 64 of Act 23 of 2020, section 52 of Act 20 of 2021 and section 48 of Act 42 of 2024

42. (1) Section 11 of the Value-Added Tax Act, 1991, is hereby amended—

(a) by the addition in subsection (1) after paragraph (w) of the following paragraph:

“(x) The goods have been supplied in the course of supplying testing services referred to in section 11(2)(z) and the goods supplied, being consumable goods—

- (i) become unusable or have no commercial value as a direct result of being used in the supply of those testing services; and
- (ii) are necessary for the supply of the testing services.”;

(b) by the addition in subsection (2) after paragraph (y) of the following paragraphs:

“(z) the services comprise of testing services supplied to a person who is not a resident of the Republic and that is not a vendor, not being testing services that are supplied directly—

- (i) in connection with moveable property situated in the Republic at the time the services are rendered, except moveable property that is—
 - (aa) referred to in section 11(1)(x); or
 - (bb) exported to the said person subsequent to the supply of such services;
- (ii) to the said person if the said person is in the Republic at the time when the services are rendered;

(zA) the supply of distribution services deemed to be made under section 8(31).”.

(2) Subsection (1) comes into operation on 1 April 2026.

Amendment of section 12 of Act 89 of 1991, as amended by section 18 of Act 136 of 1992, section 14 of Act 20 of 1994, section 22 of Act 37 of 1996, section 69 of Act 19 of 2001, section 154 of Act 60 of 2001, section 117 of Act 74 of 2002, section 99 of Act 32 of 2004, section 45 of Act 9 of 2006, section 82 of Act 20 of 2006, section 109 of Act 60 of 2008, section 147 of Act 22 of 2012, section 170 of Act 31 of 2013 and section 97 of Act 43 of 2014 5

43. (1) Section 12 of the Value-Added Tax Act, 1991, is hereby amended—
- (a) by the substitution in paragraph (h)(i) for item (aa) of the following item:
 - “(aa) provided by **[the State or a school registered or provisionally registered under the South African Schools Act, 1996 (Act No. 84 of 1996), or]** a public college or private college established, declared **[or]**, registered or provisionally registered as such under the **[Further Education and Training Colleges Act,]** Continuing Education and Training Act, 2006 (Act No. 16 of 2006);” 10
 - (b) by the substitution in paragraph (h)(i) for item (bb) of the following item: 15
 - “(bb) by an institution that provides higher education on a full time, part-time or distance basis and which is established or deemed to be established as a public higher education institution under the Higher Education Act, 1997 (Act No. 101 of 1997), or is declared as a public higher education institution under that Act, or is 20 registered or **[conditionally]** provisionally registered as a private higher education institution under that Act; or”;
 - (c) by the substitution in paragraph (h) for subparagraph (ii) of the following subparagraph:
 - “(ii) the supply by a **[school,]** university, technikon or college solely 25 or mainly for the benefit of its learners or students of goods or services (including domestic goods and services) necessary for **[and]** or subordinate and incidental to the supply of services referred to in subparagraph (i) of this paragraph, if such goods or services are supplied for a consideration in the form of **[school 30 fees,]** tuition fees or payment for lodging or board and lodging; **[or]**”; and
 - (d) by the substitution at the end of subparagraph (iii) for “:” of “; or”; and
 - (e) by the addition in paragraph (h) after subparagraph (iii) of the following subparagraph: 35
 - “(iv) the supply of any goods or services by a school registered or provisionally registered under the South African Schools Act, 1996 (Act No. 84 of 1996), excluding supplies made in respect of welfare activities carried on by a welfare organisation, as confirmed in a ruling issued by the Commissioner in terms of 40 section 41B of this Act.”.
- (2) Subsection (1) comes into operation on 1 January 2026.

Amendment of section 18D of Act 89 of 1991, as inserted by section 54 of Act 20 of 2021 and section 50 of Act 17 of 2023

44. (1) Section 18D of the Value-Added Tax Act, 1991, is hereby amended— 45
- (a) by the substitution for subsection (3) of the following subsection:
 - “(3) Where a vendor who is a developer subsequently supplies fixed property contemplated in subsection (2)**[(b)]** by way of a sale within the period that the fixed property is temporarily applied, such supply shall be a taxable supply in the course or furtherance of the vendor’s enterprise 50 and shall take place in accordance with section 9(3)(d).”;
 - (b) by the substitution in subsection (5) for paragraph (b) of the following paragraph:
 - “(b) is temporarily applied as contemplated in subsection (2)**[(b)]** and is no longer applied in supplying accommodation in a dwelling 55 immediately after the expiry of the ‘temporarily applied’ period;”;
 - (c) by the addition in subsection (5) of “or” at the end of paragraph (b);

(d) by the addition after paragraph (c) of the following paragraph:

“(d) is deemed to have been supplied under section 18(1) in circumstances contemplated in subsection (6).”; and

(e) by the substitution for subsection (6) of the following subsection:

“(6) The fixed property contemplated in subsection (2)[(b)] shall be deemed to have been supplied by the developer by way of a taxable supply under section 18(1) for a consideration as contemplated in section 10(7) in the course or furtherance of that vendor’s enterprise at the earlier of—”.

(2) Subsection (1) comes into operation on 1 April 2026. 10

Amendment of section 21 of Act 89 of 1991, as amended by section 26 of Act 136 of 1992, section 34 of Act 97 of 1993, section 176 of Act 45 of 2003, section 48 of Act 16 of 2004, section 36 of Act 18 of 2009, section 150 of Act 22 of 2012, section 27 of Act 23 of 2015, section 136 of Act 25 of 2015, section 2 of Act 22 of 2018 and section 51 of Act 17 of 2023 15

45. (1) Section 21 of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (1)(d) for subparagraph (ii) of the following subparagraph:

“(ii) a vendor, where a supply of an enterprise as a going concern, contemplated in section 11(1)(e) or section 8(25) of this Act, was made to that vendor, the vendor in such case being deemed for purposes of this Act to have made the supply of the goods or services to the recipient, whether the supply was made by him or the other vendor that made the supply of that enterprise as a going concern.”.

(2) Subsection (1) comes into operation on 1 April 2026.

Insertion of sections 40E and 40F in Act 89 of 1991 25

46. (1) The Value-Added Tax Act, 1991, is hereby amended by the insertion after section 40D of the following sections:

“Liability for tax and limitation of refunds in respect of supplies by school

40E. (1) This section applies in respect of the supply of services by a school contemplated in section 12(h)(ii) before 1 January 2026. 30

(2) Where the Commissioner issued any assessment relating to tax periods ending before 1 January 2026 for an amount of tax or penalty in respect of any supply of services, as contemplated in subsection (1), in respect of the application of the provisions, as contemplated in section 12(h)(ii), in respect of that supply, the Commissioner must, on written application by the vendor, amend that assessment to the extent that the amount of tax, penalty or interest that arose as a result of that assessment, has not yet been paid on that date: Provided that the assessment does not result in a refund to the vendor. 35 40

(3) The Commissioner may not make any assessment for tax periods ending before 1 January 2026 in respect of the supply of services contemplated in subsection (1).

(4) If the vendor has charged tax at the rate referred to in section 7(1) in respect of the supply contemplated in subsection (1), the Commissioner may not refund any such tax, penalty or interest that arose as a result of the late payment to such tax, paid by the vendor to the Commissioner. 45

Liability for tax and limitation of refunds in respect of National Housing Programmes

40F. (1) This section applies in respect of the supply of services deemed to be made by the vendor in terms of section 8(23) which services were supplied before 1 April 2026. 50

(2) Where the Commissioner issued any assessment relating to tax periods ending before 1 April 2026 for an amount of tax or additional tax in respect of any supply of services as contemplated in subsection (1) in 55

respect of application of the provisions as contemplated in section 11(2)(s) in respect of that supply, the Commissioner must, on written application by the vendor, amend that assessment to the extent that the amount of tax, additional tax, penalty or interest that arose as a result of that assessment has not yet been paid on that date: Provided that the assessment does not result in a refund to the vendor. 5

(3) The Commissioner may not make any assessment for tax periods ending before 1 April 2026 in respect of the deemed supply of services contemplated in subsection (1).

(4) If the vendor has charged tax at the rate referred to in section 7(1) instead of the rate of tax in terms of section 11(2)(s) in respect of the supply contemplated in subsection (1), the Commissioner may not refund any such tax or any penalty or interest that arose as a result of the late payment of such tax, paid by the vendor to the Commissioner.”. 10

(2) Subsection (1), to the extent that it inserts section 40E, comes into operation on 1 January 2026 and, to the extent that it inserts section 40F, comes into operation on 1 April 2026. 15

Amendment of section 50 of Act 89 of 1991, as amended by section 38 of Act 136 of 1991, section 271 of Act 28 of 2011, section 13 of Act 22 of 2018, section 72 of Act 34 of 2019 and section 50 of Act 42 of 2024 20

47. (1) Section 50 of the Value-Added Tax Act, 1991, is hereby amended by the substitution in subsection (2A) for the proviso of the following proviso:

“: Provided that such implementing agency shall maintain and retain, (in addition to the other requirements under this Act),—

- (i) an independent system of accounting for each foreign donor funded project; 25
- (ii) an annual list of all the registered projects along with the respective foreign donor funded project reference numbers, their commencement and end dates, that are accounted for under such separately registered single branch during the financial year;
- (iii) a reconciliation of the values submitted for each tax period of the separately registered branch with the values of each foreign donor funded project respectively; and 30
- (iv) written confirmation from the Minister that the foreign donor funded project is a project established in terms of an official development assistance agreement, as contemplated in the definition of ‘foreign donor funded project’ in section 1(1) for each foreign donor funded project accounted for under the separately registered branch.”. 35

(2) Subsection (1) comes into operation on 1 April 2026.

Amendment of section 54 of Act 89 of 1991, as amended by section 40 of Act 136 of 1991, section 34 of Act 136 of 1992, section 25 of Act 20 of 1994, section 46 of Act 27 of 1997, section 100 of Act 53 of 1999, section 51 of Act 16 of 2004, section 102 of Act 43 of 2014, section 34 of Act 44 of 2014, section 12 of Act 21 of 2018, section 52 of Act 17 of 2023 and section 51 of Act 42 of 2024 40

48. (1) Section 54 of the Value-Added Tax Act, 1991, is hereby amended—

- (a) by the deletion of subparagraph (ii) of subsection (2B)(a); 45
- (b) by the substitution for subsection (2C) of the following subsection:

“(2C) For the purposes of this Act, where gold is supplied as contemplated in section 11 (1) (f) or where gold or silver is exported from the Republic in the circumstances contemplated in paragraph (a) or (d) of the definition of ‘exported’ in section 1(1) and, in the case of gold, in accordance with section 12 of the of the Precious Metals Act, 2005 (Act No. 37 of 2005), by an agent who is acting on behalf of another person who is the principal for the purposes of that supply and—

- (a) the agent is a registered vendor; and
- (b) the principal is a resident of the Republic and a registered vendor, the agent must obtain and retain documentary proof as is acceptable to the Commissioner: Provided that the agent will— 55
- (aa) not be required to provide the principal with copies of the documentary evidence as prescribed; and

(bb) be liable to account for output tax in the event that the agent is not in possession of the requisite documents, other than zero-rated tax invoices in circumstances where the principal supplied its gold or silver directly to the purchaser, to substantiate the application of the zero rate in respect of supplies made by the agent on behalf of a principal.”. 5

(2) Subsection (1) comes into operation on 1 April 2026.

Amendment of Schedule 1 to Act 89 of 1991, as amended by section 48 of Act 136 of 1991, section 43 of Act 136 of 1992, Government Notice No. 2244 of 31 July 1992, section 44 of Act 97 of 1993, Government Notice No. 1955 of 7 October 1993, section 32 of Act 20 of 1994, section 32 of Act 37 of 1996, section 53 of Act 27 of 1997, substituted by section 177 of Act 60 of 2001 and amended by section 58 of Act 30 of 2002, section 121 of Act 74 of 2002, Government Notice No. R.111 in *Government Gazette* No. 24274 of 17 January 2003, section 189 of Act 45 of 2003, sections 52 to 55 of Act 16 of 2004, section 108 of Act 32 of 2004, sections 111 to 123 of Act 31 of 2005, sections 52 to 53 of Act 9 of 2006, section 89 of Act 20 of 2006, section 109 of Act 8 of 2007, section 85 of Act 8 of 2007, Government Notice No. R.958 in *Government Gazette* No. 30370 of 12 October 2007, section 107 of Act 35 of 2007, Government Notice No. R.766 in *Government Gazette* No. 32416 of 24 July 2009, Government Notices Nos. R.154 and R.157 in *Government Gazette* No. 34046 of 1 March 2011, section 143 of Act 24 of 2011, Government Notice No. R.187 in *Government Gazette* No. 35102 of 2 March 2012, Government Notice No. R.506 in *Government Gazette* No. 35481 of 6 July 2012, Government Notice No. 995 in *Government Gazette* No. 35932 of 7 December 2012, Government Notice No. R.1072 in *Government Gazette* No. 36002 of 14 December 2012, section 181 of Act 31 of 2013, Government Notice No. R.288 in *Government Gazette* No. 37554 of 17 April 2014, section 107 of Act 43 of 2014, Government Notice No. R.723 in *Government Gazette* No. 39100 of 14 August 2015, Government Notice No. R.558 in *Government Gazette* No. 40004 of 20 May 2016, section 87 of Act 15 of 2016, section 31 of Act 16 of 2016, section 74 of Act 34 of 2019, Government Notice No. R.226 in *Government Gazette* No. 43051 of 28 February 2020, Government Notice No. R.1069 in *Government Gazette* No. 43781 of 9 October 2020, section 25 of Act 16 of 2022, Government Notice No. R.3780 in *Government Gazette* No. 49104 of 11 August 2023, section 53 of Act 17 of 2023 and section 52 of Act 42 of 2024 10 15 20 25 30

49. (1) Schedule 1 to the Value-Added Tax Act, 1991, is hereby amended— 35
 (a) by the substitution in paragraph 1 for subparagraphs (iii) and (iv) of the following subparagraphs:
 “(iii) goods which in the opinion of the Commissioner are of no commercial value; and
 (iv) goods imported under an international carnet[;and].”; 40
 (b) by the deletion in paragraph (1) of subparagraph (v); and
 (c) by the deletion of paragraph 2.
 (2) Subsection (1) comes into operation on a date to be determined by the Minister.

Amendment of section 8 of Act 25 of 2007, as amended by section 73 of Act 3 of 2008, section 127 of Act 60 of 2008, section 97 of Act 17 of 2009, section 127 of Act 7 of 2010, section 148 of Act 24 of 2011, section 155 of Act 22 of 2012, section 183 of Act 31 of 2013, section 138 of Act 25 of 2015, section 15 of Act 22 of 2018, section 68 of Act 23 of 2020, section 57 of Act 20 of 2021 and section 54 of Act 42 of 2024 45

50. Section 8 of the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007), is hereby amended— 50
 (a) by the deletion in subsection (1) at the end of paragraph (q) of the “or”;
 (b) by the deletion in subsection (1) at the end of paragraph (s) of the “or”;
 (c) by the deletion in subsection (1) at the end of paragraph (u) of the “or”;
 (d) by the deletion in subsection (1) at the end of paragraph (w) of the d “or”;
 (e) by the substitution in subsection (1) after paragraph (x) for “.” of “; or”; and 55
 (f) by the addition in subsection (1) after paragraph (x) of the following paragraph:
 “(y) if that security is transferred to a ‘portfolio of a collective investment scheme’, as defined in section 1(1) of the Income Tax

Act, by a person in return for a participatory interest in that scheme.”.

(2) Subsection (1) comes into operation on 1 January 2027.

Amendment of section 13 of Act 31 of 2013, as amended by section 144 of Act 25 of 2015, section 98 of Act 15 of 2016, section 93 of Act 17 of 2017, section 98 of Act 23 of 2018, section 82 of Act 34 of 2019, section 71 of Act 23 of 2020, section 60 of Act 20 of 2021, section 35 of Act 20 of 2022 and section 60 of Act 17 of 2023

51. (1) Section 13 of the Taxation Laws Amendment Act, 2013 (Act No. 31 of 2013), is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 January [2026] 2027 and applies in respect of amounts incurred on or after that date.”.

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 15 of Act 31 of 2013, as amended by section 145 of Act 25 of 2015, section 99 of Act 15 of 2016, section 94 of Act 17 of 2017, section 99 of Act 23 of 2018, section 83 of Act 34 of 2019, section 72 of Act 23 of 2020, section 61 of Act 20 of 2021, section 36 of Act 20 of 2022 and section 61 of Act 17 of 2023

52. (1) Section 15 of the Taxation Laws Amendment Act, 2013, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 January [2026] 2027 and applies in respect of amounts incurred on or after that date.”.

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 62 of Act 31 of 2013, as amended by section 148 of Act 25 of 2015, section 100 of Act 15 of 2016, section 100 of Act 23 of 2018, section 84 of Act 34 of 2019, section 73 of Act 23 of 2020, section 62 of Act 20 of 2021, section 37 of Act 20 of 2022 and section 63 of Act 17 of 2023

53. (1) Section 62 of the Taxation Laws Amendment Act, 2013, is hereby amended by the substitution for subsection (2) of the following subsection:

“(2) Subsection (1) comes into operation on 1 January [2026] 2027 and applies in respect of amounts of interest incurred on or after that date.”.

(2) Subsection (1) is deemed to have come into operation on 12 December 2013.

Amendment of section 1 of Act 15 of 2019, as amended by section 89 of Act 34 of 2019

54. (1) Section 1 of the Carbon Tax Act, 2019 (Act No. 15 of 2019), is hereby amended by the substitution in subsection (1) for the definition of “carbon budget” of the following definition:

“‘**carbon budget**’ means an assigned amount of greenhouse gas emissions [permitted, against which] allocated to a person, as contemplated in section 27 of the Climate Change Act, 2024 (Act No. 22 of 2024), for direct emissions arising from the operations of [a] that person [during] over a defined time period [will be accounted for];”.

(2) Subsection (1) comes into operation with effect from a date determined by the Minister of Finance by notice in the *Gazette*.

Amendment of section 4 of Act 15 of 2019, as amended by section 91 of Act 34 of 2019

55. (1) Section 4 of the Carbon Tax Act, 2019, is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

“(1) Notwithstanding subsection (2), the carbon tax must be levied in respect of the sum of the greenhouse gas emissions of a taxpayer in respect of a tax period expressed as the carbon dioxide equivalent of those greenhouse gas emissions resulting from fuel combustion and industrial processes, and fugitive emissions in accordance with an emissions determination methodology approved by the [Department

of Environmental Affairs] Department of Forestry, Fisheries and the Environment.”;

- (b) by the substitution in subsection (2)(b) for the first formula in respect of fugitive emissions of the following formula:

$$F = (N \times Q)$$

in which formula—

- (i) ‘F’ represents the number to be determined;
 - (ii) ‘N’ represents the mass expressed in tonne in the case of solid fuels or the volume of each type of fuel expressed in cubic metres in the case of fuels other than solid fuels[,], or the amount of syngas produced in (TJ) with respect to coal to liquids or total amount of natural gas input with respect to gas to liquids; or mass of product produced expressed in tonne in respect of which the greenhouse gas is emitted, mass of fuel wood expressed in tonne that is the source of greenhouse gas emission, in respect of the greenhouse gas emission; and
 - (iii) ‘Q’ represents the greenhouse gas emission factor in carbon dioxide equivalent per tonne [or], cubic metres or product produced—”;
- (c) by the substitution in subsection (2)(b) (iii) for item (aa) of the following item: “(aa) in the case of oil and natural gas, biochar, coke and charcoal production (per charcoal produced), that must be determined in accordance with the formula:”; and

- (d) by the addition in subsection (2)(b) (iii) after item (bb) of the following items: “(cc) in the case of charcoal production (fuelwood input), that must be determined in accordance with the formula:

$$X = [(C \times 1) + (M \times 23) + (N \times 296) \times D] / Y$$

in which formula—

- (a) ‘X’ represents the number to be determined;
 - (b) ‘C’ represents carbon dioxide emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘CO2’ of that table;
 - (c) ‘M’ represents methane emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘CH4’ of that table;
 - (d) ‘N’ represents Nitrous Oxide emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘N2O’ of that table;
 - (e) ‘D’ represents Net Calorific Value in the range of 0.0149 to 0.058 (TJ/TONNE); and
 - (f) ‘Y’ represents the number 1000; and
- (dd) in the case of coal and gas to liquids and other solid fuel transformation activities, which must be determined in accordance with the formula:

$$X = [(C \times 1) + (M \times 23) + (N \times 296)$$

in which formula—

- (a) ‘X’ represents the number to be determined;
- (b) ‘C’ represents carbon dioxide emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘CO2’ of that table;
- (c) ‘M’ represents methane emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘CH4’ of that table; and
- (d) ‘N’ represents Nitrous Oxide emissions of a fuel type determined by matching the fuel type listed in the column ‘fuel type’ in Table 2 of Schedule 1 with the number in the corresponding line of the column ‘N2O’ of that table; and”, and

(e) by the addition after subsection (2) of the following subsection:

“(3) The Minister may, by notice in the *Gazette*, amend Table 1, Table 2 and Table 3 to Schedule No.1—

- (a) in order to give effect to any amendments to the emission factors and net calorific values for fuel types and emission activities as approved by the Department of Forestry, Fisheries and the Environment; and
- (b) any notice under this section in any calendar year shall, unless Parliament otherwise provides, lapse on the last day of the next calendar year, but without detracting from the validity of such notice before it has so lapsed.”.

(2) Subsection (1) is deemed to have come into operation on 1 January 2024.

Amendment of section 5 of Act 15 of 2019, as amended by section 92 of Act 34 of 2019, section 10 of Act 22 of 2020, section 6 of Act 19 of 2021 and section 38 of Act 20 of 2022

56. (1) Section 5 of the Carbon Tax Act, 2019, is hereby amended by the addition after subsection (4) of the following subsection:

“(5) The carbon tax rate of R640/tCO₂e will apply to greenhouse gas emissions above the carbon budget as approved by the Department of Forestry, Fisheries and the Environment.”.

(2) Subsection (1) comes into operation with effect from a date determined by the Minister of Finance by notice in the *Gazette*.

Amendment of section 6 of Act 15 of 2019, as amended by section 93 of Act 34 of 2019, section 77 of Act 23 of 2020, section 63 of Act 20 of 2021, section 39 of Act 20 of 2022 and section 62 of Act 42 of 2024

57. (1) Section 6 of the Carbon Tax Act, 2019, is hereby amended—

(a) by the insertion after subsection (1) of the following subsection:

“(1A) The taxpayer must only be allowed a deduction as contemplated in subsection (1)(c) and defined in subsection (4)(a) if the Department of Forestry Fisheries and the Environment confirms, in writing, the specific amount of the greenhouse emissions sequestered in tonnes of carbon dioxide equivalent for a tax period.”;

(b) by the substitution for subsection (2) of the following subsection:

“(2) The amount of tax payable by a taxpayer in respect of the generation of electricity from fossil fuels conducting activities under the IPCC codes 1A1 for energy industries (including heat and electricity recovery from Waste), 1A2 for manufacturing industries and construction (including heat and electricity recovery from Waste) and 1A4 for other sectors (including heat and electricity recovery from Waste) in respect of a tax period must be calculated in accordance with the formula:

$$X = A - B [-C]$$

in which formula—

- (a) ‘X’ represents the amount to be determined that must not be less than zero;
- (b) ‘A’ represents the amount of tax payable in respect of a tax period determined in terms of subsection (1);
- (c) ‘B’ represents an amount equal to the quantity of renewable electricity (kWh) purchased under a power purchase agreement multiplied by the renewable energy premium determined by the Minister by notice in the *Gazette* in respect of a tax period, until 31 December [2025; and] 2030: Provided that the amount may not exceed the amount determined in terms of the following formula:

$$B_{\max} = A1A1 - (E_{\text{gen}} \times R_x).$$

in which formula—

- (i) ‘B_{max}’ is the amount to be determined;
- (ii) ‘A1A1’ represents carbon tax liability specifically for electricity generators under IPCC code 1A1;

- (iii) **‘Egen’** represents amount of electricity generated by that entity/taxpayer (in kWh) from coal, petroleum-based liquid fuels and natural gas; and
 - (iv) **‘Rx’** represents an amount of R0.035/kWh (3.5 cents per kWh).
- [(d) **“C”** represents an amount equal to the environmental levy contemplated in respect of electricity generated in the Republic in Section B of Part 3 of Schedule 1 to the Customs and Excise Act, 1964 (Act No. 91 of 1964), paid in respect of a tax year, until 31 December 2025.]”;
- (c) by the substitution for subsection (4) of the following subsection:
- “(4) For the purposes of this section ‘sequesterate’ means—
- (a) the process of storing a greenhouse gas in forestry plantations and harvested wood products within the operational control of the taxpayer and third-party timber production in respect of fuel combustion emissions declared in terms of IPCC codes 1A2d for pulp, paper and print and 1A2j for wood and wood products in terms of section 4(1); or
 - (b) the process of storing a greenhouse gas in forestry plantations and harvested wood products within the operational control of the taxpayer and third-party timber production in respect of fuel combustion emissions declared in terms of IPCC codes 1A2d for pulp, paper and print and 1A2j for wood and wood products or increasing the carbon content of a carbon reservoir other than the atmosphere in respect of fuel combustion emissions declared in terms of section 4(2)(a).”;
- (d) by the addition after subsection (5) of the following subsection:
- “(6) $TP = (E_{actual} - E_{budget}) \times R_{tax}$ in which formula—
- (a) **‘TP’** represents the tax payable;
 - (b) **‘E_{actual}’** represents the greenhouse gas emissions reported to the Department of Forestry, Fisheries and the Environment, as contemplated in section 30(2)(a)(i) of the Climate Change Act, 2024;
 - (c) **‘E_{budget}’** represents an amount of carbon budget contemplated in section 27 of the Climate Change Act, 2024 and determined in accordance with section 30(2)(a)(i) of that Act; and
 - (d) **‘R_{tax}’** represents a rate of tax of (R640/tCO_{2e}).”.
- (2) Paragraphs (a) to (c) come into operation on 1 January 2026.
- (3) Paragraph (d) comes into operation with effect from a date determined by the Minister of Finance by notice in the *Gazette*.

Amendment of section 12 of Act 15 of 2019, as amended by section 64 of Act 20 of 2021 and section 66 of Act 17 of 2023

- 58.** (1) Section 12 of the Carbon Tax Act, 2019, is hereby amended—
- (a) by the substitution for subsection (1) of the following subsection:

“(1) Subject to subsection (2), a taxpayer that conducts an activity that is listed in Schedule 2 in the column ‘Activity/Sector’ and participates in the carbon budget system from 1 January 2021 to 31 December [2024]2025, must receive an additional allowance of five per cent of the total greenhouse gas emissions in respect of a tax period ending on or before 31 December 2025.”;
 - (b) by the substitution for subsection (2) of the following subsection:

“(2) A taxpayer must only receive the allowance as contemplated in subsection (1) if the [Department of Environmental Affairs] Department of Forestry, Fisheries and the Environment confirms in writing that that taxpayer is participating in the carbon budget system as referred to in subsection (1).”.
- (2) Subsection (1) is deemed to have come into operation on 1 January 2025.

Amendment of section 14 of Act 15 of 2019

59. (1) Section 14 of the Carbon Tax Act, 2019, is hereby amended by the insertion after section 14 of the following section:

“**14A.** Where emissions are above the carbon budget as approved by the Department of Forestry, Fisheries and the Environment, no allowances contemplated in Part II in respect of a tax period will apply.”. 5

(2) Subsection (1) comes into operation with effect from a date determined by the Minister of Finance by notice in the *Gazette*.

Insertion of section 17A in Act 15 of 2019

60. (1) The following section is hereby inserted to the Carbon Tax Act, 2019, after section 17: 10

“Refund in respect of carbon budget compliance

17A. (1) Subject to subsections (2) and (3), a taxpayer will be allowed a refund of carbon tax paid under section 6(6) in respect of the quantity of the carbon dioxide equivalent of greenhouse gas emissions that exceeds the allocated carbon budget for a tax period: Provided that the conditions set out in this section are met. 15

(2) A refund of tax paid as contemplated in subsection (1) will be allowed in respect of the first two tax periods of a carbon-budgeting period, as determined by the Department of Forestry, Fisheries and the Environment, if the cumulative actual emissions of that taxpayer for the first two tax periods and the immediately preceding tax period, as verified by the Department of Forestry, Fisheries and the Environment, are less than or equal to the cumulative carbon budget allocated to that taxpayer by the Department of Forestry, Fisheries and the Environment for the corresponding three tax periods. 20 25

(3) A refund of tax paid, as contemplated in subsection (1), will be allowed in respect of the remainder of the carbon budgeting period, commencing from the third tax period, if the cumulative actual emissions of that taxpayer for the tax period in question and all subsequent tax periods within the carbon budgeting period are less than or equal to the cumulative carbon budget allocated to that taxpayer by the Department of Forestry, Fisheries and the Environment for those respective tax periods. 30

(4) The claim for a refund in terms of this section must be—
(a) supported by written confirmation from the Department of Forestry, Fisheries and the Environment certifying the cumulative actual emissions and the allocated carbon budget for the relevant periods; and 35

(b) made within the year following the end of the carbon budget period, in such form and manner as the Commissioner may prescribe.”. 40

(2) Subsection (1) comes into operation with effect from a date determined by the Minister of Finance by notice in the *Gazette*.

Amendment of Schedule 1 to Act 15 of 2019, as amended by section 98 of Act 34 of 2019, section 67 of Act 17 of 2023 and section 62 of Act 42 of 2024

61. (1) Schedule 1 to the Carbon Tax Act, 2019, is hereby amended— 45

(a) by the substitution in the line corresponding to Fuel Type “Methane Rich Gas” for the value in the column “CO₂ (KGCO₂/TJ)” of the following value: “[54 888] 54 891”; 50

(b) by the substitution in the line corresponding to Fuel Type “Methane Rich Gas” for the value in the column “Lower Limit of the 95% Confidence Interval” of the following value: “[0.0465] 0.0368”; 55

(c) by the substitution in the line corresponding to Fuel Type “Natural Gas” for the value in the column “CO₂ (KGCO₂/TJ)” of the following value: “[56 100] 55 664”; 55

- (d) by the substitution in the line corresponding to Fuel Type “Natural Gas” for the value in the column “Lower Limit of the 95% Confidence Interval” of the following value:
“~~[0.0465]~~ 0.0410”;
 - (e) by the substitution in the line corresponding to Fuel Type “Natural Gas” for the value in the column “Upper Limit of the 95% Confidence Interval” of the following value:
“~~[0.0504]~~ 0.0527”;
 - (f) by the substitution in the line corresponding to Fuel Type “Sub-bituminous coal” for the value in the column “CO₂ (KGCO₂/TJ)” of the following value:
“~~[96 100]~~ 96 777”;
 - (g) by the substitution in the line corresponding to Fuel Type “Sub-bituminous coal” for the value in the column “Net Calorific Value” of the following value:
“~~[0.0192]~~ 0.01914”;
 - (h) by the substitution in the line corresponding to Fuel Type “Other bituminous coal” for the value in the column “CO₂ (KGCO₂/TJ)” of the following value:
“~~[94 600]~~ 82 912”; and
 - (i) by the substitution in the line corresponding to Fuel Type “Other bituminous coal” for the value in the column “Net Calorific Value” of the following value:
“~~[0.0192]~~ 0.02651”.
- (2) Subsection (1) comes into operation on 1 January 2026.

Amendment of Schedule 2 to Act 15 of 2019, as amended by section 99 of Act 34 of 2019, section 65 of Act 20 of 2021 and section 64 of Act 42 of 2024

- 62.** (1) Schedule 2 to the Carbon Tax Act, 2019, is hereby amended—
- (a) by the substitution in the line corresponding to IPCC Codes “1A1a” to “1A5c” (except for 1A4b), Activity/Sector “Fuel Combustion Activities” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[10]~~ 15”;
 - (b) by the substitution in the line corresponding to IPCC Code “1B1a” to “1B3c” (except for 1B1b), Activity/Sector “Fugitive Emissions from Fuels” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[5]~~ 10 ”;
 - (c) by the substitution in the line corresponding to IPCC Code “1C1” to “1C3”, Activity/Sector “Carbon Dioxide Transport and Storage” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[5]~~ 10”;
 - (d) by the substitution in the line corresponding to IPCC Code “2A1” to “2A4d”, Activity/Sector “Mineral Industry” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[5]~~ 10”;
 - (e) by the substitution in the line corresponding to IPCC Code “2A5” and Activity/Sector “Other (please specify)” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[10]~~ 15”;
 - (f) by the substitution in the line corresponding to IPCC Code “2B1” to “2B10”, Activity/Sector “Chemical Industry” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[5]~~ 10”;
 - (g) by the substitution in the line corresponding to IPCC Code “2C1” to “2C6”, Activity / Sector “Metal Industry” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[5]~~ 10”;
 - (h) by the substitution in the line corresponding to IPCC Code “2C7” and Activity / Sector “Other (please specify)” for the allowance in the column “Offsets allowance %” of the following allowance:
“~~[10]~~ 15”;

- (i) by the substitution in the line corresponding to IPCC Code “2D1” to “2D4”, Activity/ Sector “Non-Energy Products from Fuels and Solvent Use” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”;
 - (j) by the substitution in the line corresponding to IPCC Code “2E.1” to “2E.5”, Activity/ Sector “Electronics Industry” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”;
 - (k) by the substitution in the line corresponding to IPCC Code “2F1a” to “2F6”, Activity/ Sector “Product Uses as Substitutes for Ozone Depleting Substances” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”;
 - (l) by the substitution in the line corresponding to IPCC Code “2G1a” to “2G4”, Activity/ Sector “Other Product Manufacture and Use” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”;
 - (m) by the substitution in the line corresponding to IPCC Code “2H1” to “2H3”, Activity/ Sector “Other” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”;
 - (n) by the substitution in the line corresponding to IPCC Code “4C1” and Activity/ Sector “Waste Incineration” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”; and
 - (o) by the substitution in the line corresponding to IPCC Code “5A” and “5B”, Activity/ Sector “Other” for the allowance in the column “Offsets allowance %” of the following allowance:
“[10] 15”.
- (2) Subsection (1) comes into operation on 1 January 2026.

Amendment of section 46 of Act 42 of 2024

- 63.** Section 46 of the Taxation Laws Amendment Act, 2024, is hereby amended—
- (a) by the substitution for subsection (2) of the following subsection:
“(2) Paragraph (a) of subsection (1) comes into operation on 1 January 2023.”; and
 - (b) by the addition after subsection (3) of the following subsection:
“(4) Paragraph (c) of subsection (1) comes into operation on 1 January 2025.”.

Amendment of section 1 of Act 46 of 2024

- 64.** (1) Section 1 of the Global Minimum Tax Act, 2024 (Act No. 46 of 2024), is hereby amended—
- (a) by the insertion after paragraph (c) of the definition of “Administrative Guidance to the GLoBE Model Rules” of the following paragraph:
“(cA) OECD (2024), Tax Challenges Arising from the Digitalisation of the Economy – Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), June 2024, OECD/G20 Inclusive Framework on BEPS, OECD, Paris;”;
 - (b) by the substitution for paragraph (b) of the definition of “Global Anti-Base Erosion Model Rules” or “GloBE Model Rules” of the following paragraph:
“(b) as amended and released from time to time, except any amendments to the definition of minimum rate in Article 10.1.1 of the GloBE Model Rules referred to in paragraph (a), as specified under section 23;”.
- (2) Subsection (1) is deemed to have come into operation on 1 January 2024.

Amendment of section 2 of Act 46 of 2024

65. (1) Section 2 of the Global Minimum Tax Act, 2024, is hereby substituted by the following section:

“**2.** For purposes of this Act, the GloBE Model Rules apply for a Fiscal Year on the basis of the— 5

(a) GLoBE Model Rules as amended and released before the start of the Fiscal Year;

(b) Commentary to the GloBE Model Rules released before the start of the Fiscal Year;

[(b)](c) Administrative Guidance to the GloBE Model Rules released before the start of the Fiscal Year: Provided that paragraph (cA) of the definition of “Administrative Guidance to the GLoBE Model Rules” will apply for fiscal years commencing on or after 1 January 2024; and 10

[(c)](d) Safe Harbours released before the start of the Fiscal Year.”. 15

(2) Subsection (1) is deemed to have come into operation on 1 January 2024.

Continuation of certain changes in terms of section 23 of Act 46 of 2024

66. Changes to “Administrative Guidance to the GloBE Model Rules” and “Commentary to the GloBE Model Rules”, as contemplated in the Global Minimum Tax Act, 2024, made by Government Notice No. 6461, published in *Government Gazette* 20 No. 53096 of 31 July 2025, shall not lapse by virtue of section 23(2) of that Act.

Short title

67. This Act is called the Taxation Laws Amendment Act, 2025.

Printed by Creda Communications

ISBN 978-1-4850-1051-7