



## MAKE YOUR 2026 TAX ALLOWANCES COUNT

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### Make your 2026 tax allowances count

As we approach the end of the South African tax year, now is the ideal moment to review your financial planning and ensure you've taken advantage of all available tax benefits. With the tax year closing on 28 February 2026, there is still time to top up contributions, make final payments, and ensure you've optimised every allowable concession. A few small, timely actions can have a big impact on your long-term financial well-being - and this guide is here to help you do just that.

### Boost your retirement funding contributions

Tip: If you haven't yet reached the full 27.5% (up to R350,000) allowable contribution for the year, consider topping up your Retirement Annuity (RA).

Since 1 March 2016, changes to the Income Tax Act have allowed individuals to contribute up to 27.5% of their taxable income or salary (whichever is greater), capped at R350,000 per year, across all retirement funds - including pension, provident, and RA products.

Key reminders:

- Contributions are tax-deductible up to the annual limit.
- You can invest in multiple retirement funds, but limits apply collectively, not per fund.
- The tax-free lump sum at retirement can only be claimed once per lifetime.

### Maximise Your Tax-Free Savings Account (TFSA)

TFSAs remain an excellent long-term, tax-efficient savings tool. For this tax year, you may contribute up to R36,000, with a lifetime limit of R500,000.

Overcontributions are costly: SARS applies a 40% penalty on any excess.

A TFSA's major advantage is that all growth - interest, dividends, and capital gains - is completely tax-free. If you haven't yet made full use of your annual allowance, now is the perfect time to top up.

### Don't miss eligible annual deductions

Deductions reduce your taxable income - meaning you pay less tax. Review your possible claims carefully.

For salaried employees, common deductions include:

- Medical aid contributions and qualifying medical expenses
- Work-from-home expenses, such as rent, interest on your bond, electricity, and rates (only if you work mainly from a dedicated, exclusive-use home office)



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For commission earners, you may also claim:

- Business travel expenses, if you maintain a complete logbook
- Costs incurred to earn commission, such as client entertainment

For entrepreneurs and small business owners, in addition to the above<sup>1</sup>:

- Business running costs (e.g., salaries, office expenses)
- Wear and tear on equipment, furniture, or devices used in your business

### Donations

Donations to qualifying Public Benefit Organisations may be deducted from your taxable income through a Section 18A certificate.

You may also donate up to R100,000 per year tax-free to individuals such as family members. There are no limits or donation tax on transfers between spouses.<sup>2</sup>

### Capital Gains Tax (CGT)

A CGT event occurs when you dispose of an asset, such as shares or unit trust units.

Annual allowances include:

- R40,000 annual exclusion (R300,000 in the year of death)
- 40% of the net capital gain is included in taxable income and taxed at your marginal rate

If you plan to rebalance your portfolio or withdraw funds, speak to your financial adviser about timing CGT events prudently.

### Offshore Allowances

South Africans may transfer money offshore using:

- R1,000,000 discretionary allowance (no SARS approval required)
- R10,000,000 foreign investment allowance, with SARS approval

If you intend to externalise funds, consider using your 2026 allowances before the tax year closes.

### In Closing

The final stretch of the tax year is your opportunity to reassess, top up, and ensure you've made the most of your available tax benefits. Whether it's retirement contributions, TFSA's, deductible expenses, donations, or CGT planning, these actions can meaningfully improve your financial outlook. Make use of the remaining time in February - your future self will thank you.

<sup>1</sup> Source: Tax Tim "The complete tax deductibles guide"

<sup>2</sup> Source: Tax Tim "Donations Tax"



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