

## **MEMORANDUM ON OBJECTS OF RATES AND MONETARY AMOUNTS AND AMENDMENT OF REVENUE LAWS BILL, 2025**

### **1. PURPOSE OF BILL**

The Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2025 (the “Bill”), seeks to fix the rates of normal tax; to amend the Transfer Duty Act, 1949, so as to amend transfer duty monetary thresholds; to amend the Income Tax Act, 1962, so as to amend certain provisions; to amend the Customs and Excise Act, 1964, so as to amend rates of duty in Schedule 1 to that Act; to amend the Employment Tax Incentive Act, 2013, so as to amend certain provisions; to amend the Carbon Tax Act, 2019, so as to amend an amount; to pre-empt the increase of the rate in terms of section 7 of the Value-Added Tax Act, 1991, announced by the Minister of Finance in the national annual budget of 2025; and to provide for matters connected therewith.

### **2. CLAUSE-BY-CLAUSE SUMMARY OF PROPOSED AMENDMENTS**

- 2.1 *Clause 1* of the Bill provides for the substitution of section 2 of the Transfer Duty Act, 1949, so as to provide the monetary thresholds for transfer duties and are adjusted by 10 per cent to compensate for inflation.
- 2.2 *Clause 2* of the Bill provides for the unchanged rates of tax fixed by Parliament in terms of section 5(2) of the Income Tax Act, 1962.
- 2.3 *Clause 3* of the Bill provides for the substitution of section 13<sup>quat</sup> of the Income Tax Act, 1962. The urban development zone tax incentive, established in 2003 to combat inner-city urban decay, is now being extended by five years, with the new sunset date set for 31 March 2030.
- 2.4 *Clause 4* of the Bill amends Schedule No. 1 to the Customs and Excise Act, 1964, as set out in Schedule II to this Act to cater for the increase of excise duties on alcoholic beverages by 6.75 per cent, tobacco products by 4.75 per cent and 6.75 per cent and vaping products by 4.75 per cent for 2025/26.
- 2.5 *Clauses 5–7* of the Bill provide for the substitution of sections 4, 6 and 7, respectively, of the Employment Tax Incentive Act, 2013, with effect from 1 April 2025 to adjust the formula to calculate the incentive and the eligible income bands, the maximum remuneration in respect of a qualifying employee and the amounts and percentages of the employment tax incentive available to an employer who employs a qualifying employee.
- 2.6 *Clause 8* of the Bill provides for the substitution of section 6 of the Carbon Tax Act, 2019, by changing the value of symbol ‘B’ from 0.69c/litre to 0.99c/litre from 1 January 2025.
- 2.7 *Clauses 9–12* of the Bill provide for the deletion of section 5 of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, Part VI of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2022, section 7(6) of the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023, and Part IV of Schedule II to the Rates and Monetary Amounts and Amendment of Revenue Laws Act, 2023.
- 2.8 *Clause 13* of the Bill seeks to pre-empt the increase of the rate in terms of section 7 of the Value-Added Tax Act, 1991, announced by the Minister of Finance in the national annual budget of 2025.
- 2.9 *Clause 14* of the Bill provides for the short title and commencement of the Bill.

### **3. ORGANISATIONS AND INSTITUTIONS CONSULTED**

The amendments proposed by this Bill were published on SARS' and National Treasury's websites for public comment. Comments by interested parties were considered. Accordingly, the general public and institutions at large have been consulted in preparing the Bill.

### **4. FINANCIAL IMPLICATIONS FOR STATE**

An account of the financial implications for the State was given in the 2025 Budget Review, tabled in Parliament on 12 March 2025.

### **5. PARLIAMENTARY PROCEDURE**

- 5.1 The State Law Advisers, the National Treasury and SARS are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution of the Republic of South Africa, 1996, since it is a money Bill as contemplated in section 77 of the Constitution.
- 5.2 The State Law Advisers and the National Treasury are of the opinion that it is not necessary to refer the Bill to the National House of Traditional and Khoi-San Leaders in terms of section 39(1)(a) of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), since it does not contain provisions pertaining to traditional or Khoi-San communities or customary law or customs of traditional or Khoi-San communities, nor any matter referred to in section 154(2) of the Constitution.

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