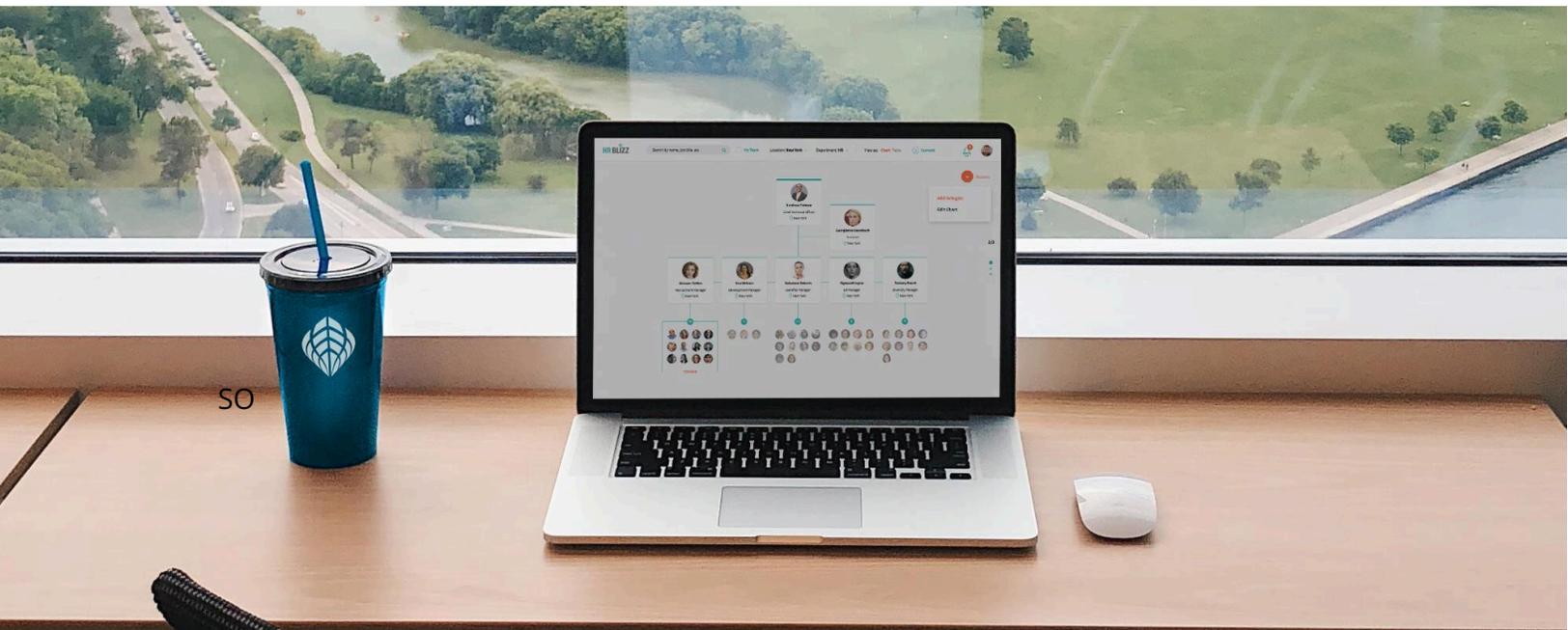




Simplifying Employment
Tasks Worldwide

Statutory Change Alert

South Africa – Budget 2026 Changes



SOUTH AFRICA



Feb 25, 2026

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We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



Global Payroll Solutions – Boost your HR brand and employee satisfaction

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



PEO/GEO Services – Easily hire, deploy and manage your workforce abroad

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



Global Talent Acquisition – Quickly fill vacancies with only the best candidates

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization and populate your pipeline of prequalified talents.



BPO Services – Reclaim the focus on your core activities to expand your business

Concentrate on the essentials: outsource non-primary activities and your front- and back-office functions to Mercans. Save the time, money, and energy needed to refine the value chain engagement of your customers and suppliers and increase revenue.



HR Management SaaS – Access customizable cloud-based online platforms

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Local Statutory Compliance – Forget the hassle of setting up branches abroad

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.



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Mercans at a Glance

160+ Countries	20 Years of Success	1K+ Payroll and HR Specialists
22k+ Clients Worldwide	97% Client Retention Rate	1.5X Annual Revenue Growth
95k+ Largest Single Country Payroll	25M+ Pay Slips per Annum	0 Security Breaches

Number one for outsourced payroll services, we are endorsed by international authorities.



Mercans has the highest industry quality and IT security certificate certificate





South Africa - Regulations Change - 1 March 2025

On 25 February 2026, the Minister of Finance presented the National Budget for the 2026/27 fiscal year, introducing inflation-aligned adjustments to personal income tax and related payroll parameters effective 1 March 2026 as follows:

A. Income Tax Slabs

Taxable Income (R)	Rate of Tax
1 – 245 100	18% of taxable income
245 101 – 383 100	44 118 + 26% of taxable income above 245 100
383 101 – 530 200	79 998 + 31% of taxable income above 383 100
530 201 – 695 800	125 599 + 36% of taxable income above 530 200
695 801 – 887 000	185 215 + 39% of taxable income above 695 800
887 001 – 1 878 600	259 783 + 41% of taxable income above 887 000
1 878 601 and above	666 339 + 45% of taxable income above 1 878 600

B. Tax Rebates

Rebate	Amount
Primary	R17 820
Secondary (Persons 65 years and older)	R9 765
Tertiary (Persons 75 years and older)	R3 249



C. Tax Threshold

Age	Amount
Below age 65	R99 000
Age 65 to below 75	R153 250
Age 75 and above	R171 300

Additionally, the South African Revenue Services (SARS) issued a notice announcing new rates for subsistence and travel allowance rates as per below. The new rates are effective from 1 March 2026.

D. Medical scheme fees tax credit (MTC)

Monthly medical scheme fees tax credits increased for the 2027 tax year as follows:

- Taxpayer (or single covered person): R364 → **R376**
- Taxpayer + 1 dependant (or two covered persons): R728 → **R752**
- Each additional dependant: R246 → **R254**

E. Subsistence Allowance:

- Overnight Trips - Meals and incidentals: Increased from R570 to **R595**.
- Overnight Trips - Incidentals only: Increased from R176 to **R184**.
- Day Trips - Meals and incidentals: Increased from R176 to **R184**.

F. Travel Allowances

Motor vehicle rate per kilometre - Increased from R4.76 to **R4.95**.

Table for Determining Travel Allowance

Where the value of the vehicle -	Fixed Cost R	Fuel Cost (c/km)	Maintenance Cost (c/km)
Does not exceed R 115 000	38 344	132.9	49.1
Exceeds R115 001 but does not exceed R230 000	68 487	148.4	61.4
Exceeds R230 001 but does not exceed R345 000	98 689	161.2	67.8
Exceeds R345 001 but does not exceed R460 000	125 393	173.4	74.0
Exceeds R460 001 but does not exceed R575 000	152 097	185.5	86.9
Exceeds R575 001 but does not exceed R690 000	180 078	212.8	102.0
Exceeds R690 001 but does not exceed R805 000	208 106	216.5	114.5
Exceeds R805 001 but does not exceed R920 000	237 679	220.1	126.9
Exceeds R920 000	237 679	220.1	126.9



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G. Retirement fund contribution deduction cap (PAYE allowable deduction)

The annual monetary cap on deductible retirement fund contributions increased from R350,000 → **R430,000** (limit remains “lower of cap or 27.5% of relevant base”).

Please contact your Mercans' services delivery team for any additional information regarding the implications of the above change

They already trust Mercans





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What Makes Mercans your HR and Payroll Partner of Choice?

We Simplify Employment Tasks Worldwide

Everywhere for Everyone

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

Local Presence. Regional Strategy. Global Success

Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

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Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

Trailblazing Cloud-Based SaaS Products

HR Blizz & Mesar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.



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+1 877 MERCANS (637 2267) | Toll-Free

Europe: +44 20 328 777 62
Americas: +1 646 798 5541
Middle East: +971 43 999 260
Asia: +81 50 5539 5354

info@mercans.com | mercans.com

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