

From the Team

March 2023

RSA – Budget Speech 2023/2024 Changes

During the 2023 Budget Speech delivered to the National Assembly, the Minister of Finance, Mr. Enoch Godongwana, outlined the government's fiscal priorities and proposed tax relief measures for the year ahead. The following documents have been provided to assist in understanding the key highlights of the changes:

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- [Budget Speech 2023 Infographic](#)
- [Compact Payroll Guide](#)

Please click [here](#) to view the document providing insight into the various amendments affecting payroll for the 2023/2024 tax year.

Budget Highlights

Below is a summary of the changes affecting payroll:

- Personal income tax tables: The 2023/24 tax brackets will be adjusted in line with the expected inflation rate of 4.9%.
- Tax thresholds: The annual tax-free threshold increases will align with the inflation increase of the personal income tax tables.
- Medical scheme fees tax credits: Will adjust to R364 for each of the first two members and R246 for each additional member.
- Corporate income tax and PSP tax rates: 27% for companies with years of assessment ending on any date on or after 31 March 2023 and trusts (other than special trust) will be taxed at a flat rate of 45%.
- Subsistence allowances and advances: Overnight allowances will be adjusted to R522 for meals and incidentals and R161 for incidentals only. Daily allowances will be adjusted to R161 for meals and incidentals.
- Rate per kilometer for reimbursive travel allowance: Fixing the rate per kilometer in respect of motor vehicles at R4.64.
- Retirement tax tables: The brackets for retirement fund lump sum benefits and retirement fund lump sum withdrawal benefits will be adjusted upwards by 10% to compensate for inflation.
- The value of 'B' in the residential accommodation fringe benefit calculation will increase to R95 750.

Paymaster Impact

- All changes have been implemented on the system effective for the 2023/2024 tax year.
- March open runs will be recalculated on the evening of 01 March 2023.
- The COIDA earnings threshold will increase from R529 264 per annum to R563 520 per annum effective 01 March 2023.
- The "Free Or Cheap Accommodation Fringe Benefit" component will be made inactive on 01 March 2023.
 - Customer Action: If employees are linked to this component, ensure to remove the component and add the new "Free Or Cheap Accommodation Fringe Benefit (New)" component. The "Employee Rent Deduction" component must be completed where necessary. Refer to Release Notes #37515 and #31835 as well as the tax alert distributed on 06 October 2021.