

Media release

For immediate release

Tax increase prediction 2026: cloudy with a chance of meatballs

With the budget speech on the horizon, Pieter Faber, SAICA's Head for Taxation, offers a detailed analysis of the structural challenges and revenue trends that will influence this year's fiscal framework.

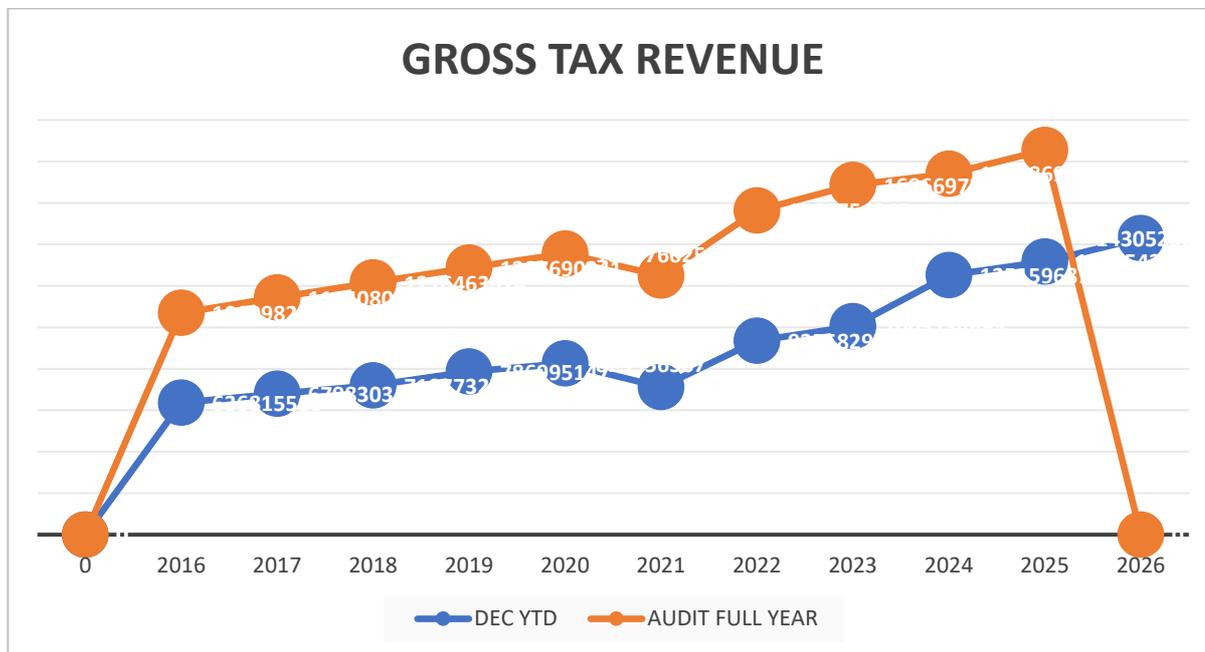
Tax increases through bracket creep for the last 15 years, but most prominently in the last two years across all tax bands, are starting to bite take home salaries hard across the income brackets. Consumers are under the highest financial stress since a decade ago and every cent adds up. All the public want to know is, will we get relief or even more tax increase pain in #Budget2026?

When your R2,3 trillion country budget is scrounging for 15 to 30 billion rands, making these calls is becoming more like predicting the weather.

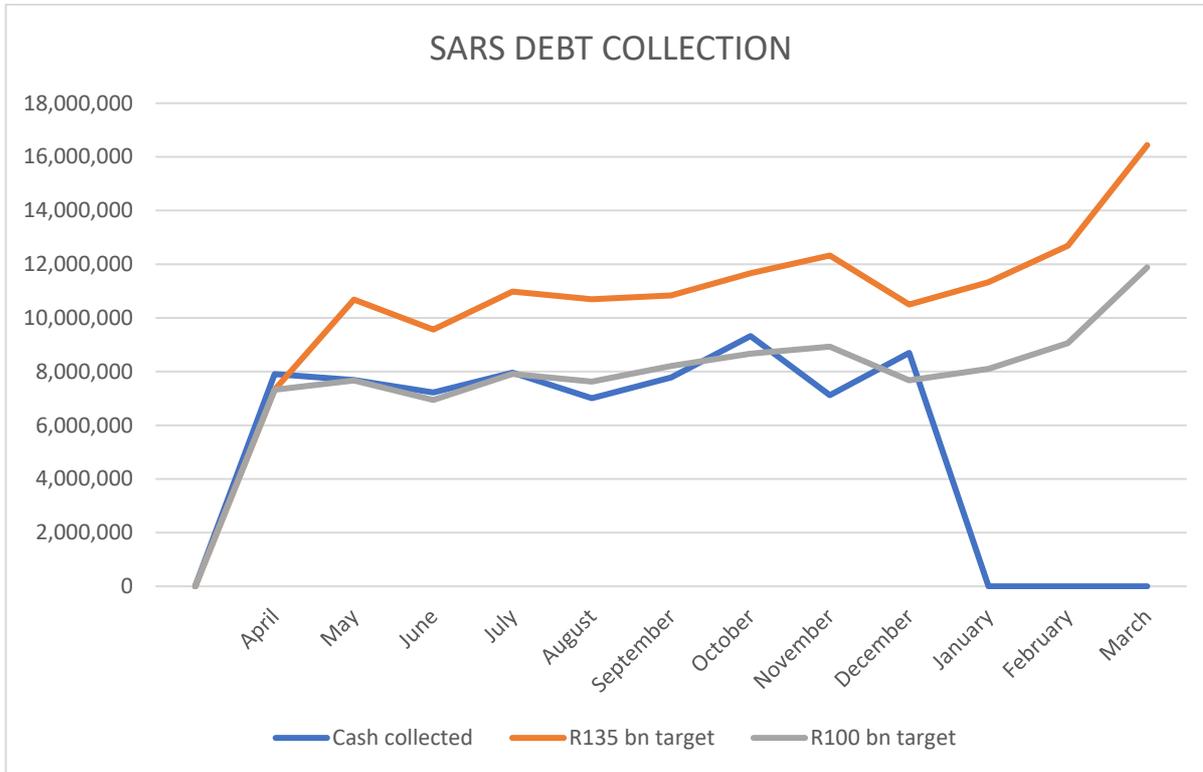
So, like the weatherman looks at high and low troughs and weather systems closing in, so in tax we look at a few key indicators to predict the "tax weather".

Revenue is the first metric. It is composed of the tax revenue for the year (on a cash basis) which is the expected current cash tax take and the promised reduction of the SARS historical debt book.

Based on cash tax collections trends for December YTD over the last decade (excluding COVID), SARS is going to collect between R1,98 (average for 10 years) and R2,01 trillion (average for the last two years). This will be just below the R2,05 trillion revised budget and will include none of the R35 billion extended collections target.



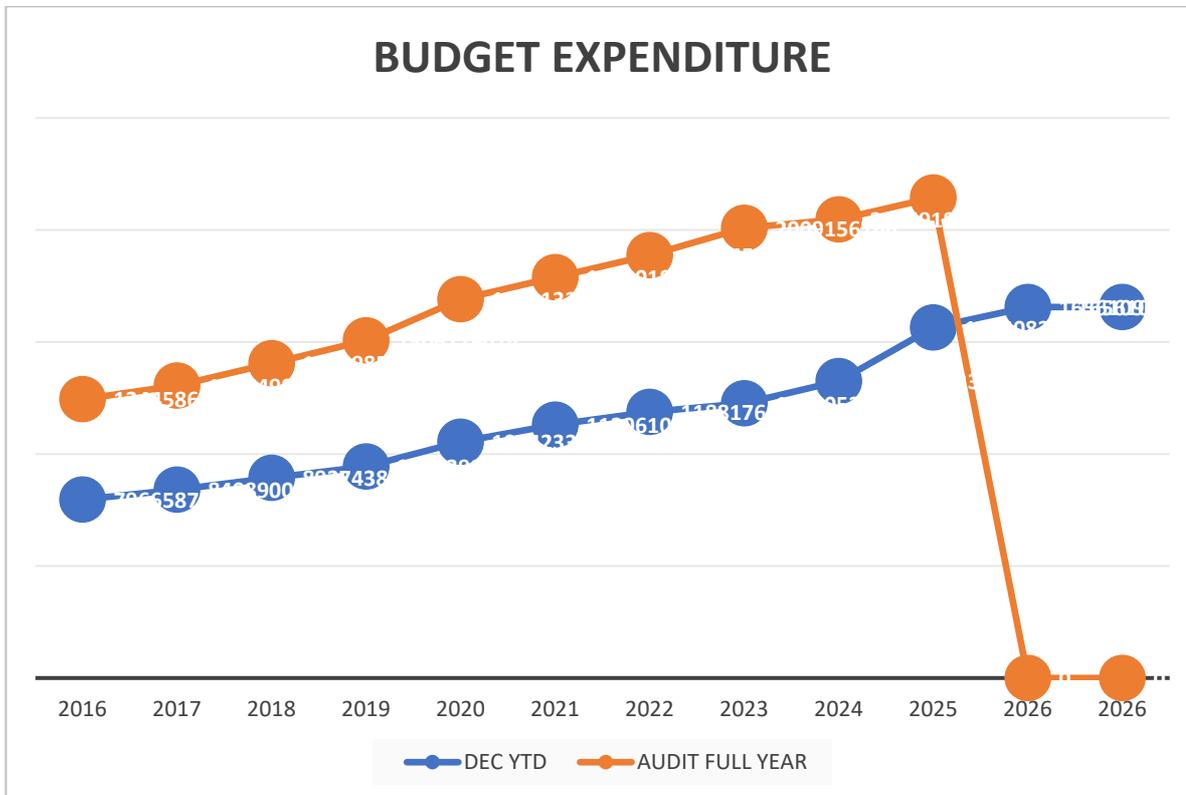
Treasury in its monthly tax debt update notes that the South African Revenue Service (SARS) are on target for the R100 billion cash collected over the 2025 baseline, however it also confirms that SARS will not meet any of the R35 billion extended target.



The SARS debt book does not contain a debt age analysis, so it is unclear how much of the debt SARS collected was historical vs that which is current. Given that the undisputed tax debt grew by R108 billion in just 10 months and is now double what it was in 2022 (at R523 billion), an age analysis would be beneficial. The disputed tax debt book has tripled over the same period and is now at R127 billion, raising further questions over how cash collectible the SARS debt book really is.

There is a “cold front bringing rain” to this hot seat that may realise before the end of the March 2026 fiscal year, and that is the upside from the booming commodities prices. Gold alone moved from \$3000 to \$5000 in 2025 (\$2000 in 2024) and it has been reported we may see up to R20 billion in upside (i.e. royalties and corporate taxes) for 2025/2026. Should the trend hold for 2026, it will give the Minister of Finance some temporary planning leeway for the next 12 months (R60 billion+ for 2026/2027).

However, SA Inc does not have a revenue problem, it has a spending problem. The YTD to Dec 25 cash flow trends show spending at R2.26 (2025) – R2,54 trillion (10-year average excluding COVID) compared to the actual budget of R2,31 trillion.



This year will be a litmus test on whether the Minister of Finance was successful in replicating the controlling of budgets and spending as in 2025. The strong ZAR and lower inflation has also made government debt cheaper, realising further unplanned savings. However, this upside is on uneasy ground, especially with the inflation target of 3% being undermined by ESKOM, Transnet and local government’s double-digit increases.

So “tax rain pain” seems unlikely, there is a chance of good weather and some “tax relief meatballs” to boost, though clouds remain on the horizon.

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