ENGLISH

21 MAY | PEOPLE'S GUIDE

#RSABUDGET2025

A joint publication between National Treasury and South African Revenue Service

#RSA Budget | #RSABudget2025

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INFO

WHAT IS THE BUDGET?

Before the start of each financial year, the Finance Minister tables the national budget, whereby he announces government's spending, tax and borrowing plans for the next three years. The national budget divides money between national departments, provinces and municipalities.

HOW IS THE BUDGET PUT TOGETHER?

1. Departmental guidelines indicating budget information requirements are issued
2. Departments prioritise their programmes and compile spending plans and service delivery commitments
3. Budget proposals are submitted to the National Treasury and deliberated on
4. Allocation proposals are considered by interdepartmental committees of Directors-General
5. Budget recommendations are made to Ministers' Committee
6. Medium-Term Budget Policy Statement signals the upcoming Budget
7. Final allocations are decided in Cabinet
8. Budget documents are prepared
9. Main Budget is tabled
10. Parliament deliberates and adopts a Budget
11. Budget is sent to the President for signing into law

PAVING THE WAY TO INCLUSIVE GROWTH AND ECONOMIC STABILITY

MR. ENOCH GODONGWANA
MINISTER OF FINANCE

To address its biggest social challenges and improve the quality of life in the country, South Africa needs faster economic growth and more jobs to be created. This in turn requires stable prices and public finances, more electricity and faster movement of goods, reliable government services and stronger investment in infrastructure projects.

> "Government will maintain support to the poor and vulnerable with large allocations to education, healthcare and social development"

The 2025 Budget makes strategic investments to achieve faster economic growth, focusing on electricity, rail, water and transportation infrastructure projects.

Although economic performance was not strong in 2024, the outlook appears to be better from 2025 onwards. Over the medium-term, the economy is projected to grow by 1.6 per cent annually, and successful implementation of reforms could lead to higher growth. The electricity and transport sectors are making progress, while new reforms target the stabilisation and improvement of water supply. An estimated R1.03 trillion will be spent over the next three years on various infrastructure projects.

Government will maintain support to the poor and vulnerable with large allocations to education, healthcare and social development.

Over the medium-term, government plans to invest in improving early childhood development (ECD) so that more children have access to quality ECD. It also aims to employ unemployed doctors who have completed their community service.

The temporary *COVID-19 social relief of distress* will be extended until March 2026, with provisional allocations in 2026/27 and 2027/28.

Reducing the debt burden will also eventually reduce the amount that government spends on servicing that debt. Over time this reduction in interest payments will help government manage the public finances better and help the economy grow. As the interest paid on debt decreases, more revenue will become available for government to spend on areas such as education, healthcare and infrastructure.

Since 1 December 2024, South Africa has held the presidency of the G20. South Africa's one-year presidency will focus on promoting inclusive and sustainable economic growth and tackling poverty. The presidency is expected to boost economic activity, especially in sectors such as tourism and hospitality.

INFRASTRUCTURE INVESTMENT TO SUPPORT GROWTH

Over the medium-term, both public- and private-sector investment will increase as a percentage of GDP, marking a step forward in the country's efforts to boost economic growth.

However, faster growth is needed to address persistent challenges of low growth, high unemployment and poverty.

Government is implementing reforms to increase infrastructure investment and encourage private sector participation. These reforms include making it easier for a private company to partner with a government agency to deliver projects, improving how government plans for infrastructure and enhancing the accountability of departments and institutions of the state. Collectively, the proposed infrastructure reforms will improve the planning, funding and execution of infrastructure projects, ensuring quicker delivery of infrastructure that supports economic growth, expands access to basic services and creates jobs.

The public sector will spend R1.03 trillion on infrastructure over the medium-term. Investment in economic infrastructure, mainly by state-owned companies, accounts for 81.5 per cent of the medium-term estimate. These funds will be used to expand power-generation capacity, upgrade and expand the transport network, and improve sanitation and water services. Social services infrastructure, including healthcare and education, accounts for 15.5 per cent of total spending. Some of these projects will require additional funding from private investors, while others will be executed jointly by private companies and government institutions.

> "...quicker delivery of infrastructure will boost growth, and create jobs"

2025 BUDGET HIGHLIGHTS

1. The social wage – including community development, employment programmes, health, education and social protection – will make up an average of 61 per cent of non-interest spending over the medium-term.
2. Permanent social grants will increase above inflation and the *COVID-19 social relief of distress* will continue until 31 March 2026.
3. Economic development is the fastest growing function at an annual average of 8.2 per cent over the medium-term, driven by higher infrastructure allocations.
4. The main tax proposals include no inflationary adjustments to tax brackets, rebates and medical tax credits; inflationary adjustment to fuel levy; and above-inflation increases in excise duties.
5. In 2025/26, government debt will stabilise at 77.4 per cent of GDP.
6. Real economic growth is forecast to rise to 1.4 per cent in 2025.
7. Spending pressures of R180.1 billion are funded over the medium-term, including provisional allocations for frontline service delivery departments.

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BOOSTING GROWTH THROUGH STRUCTURAL REFORMS

South Africa's economy faces challenges such as electricity cuts, a weak transport system and high levels of crime and corruption, which have eroded confidence in the economy and caused declines in productivity.

The first phase of Operation Vulindlela aimed to reduce power cuts, fix the transport system, lower data costs, increase water supply, attract skills and support tourism. Upcoming reforms will focus on making it easier to find work and hire people – particularly by addressing spatial inequalities, using cities to drive economic activity and improving municipal service delivery.

PUBLIC EMPLOYMENT PROGRAMMES GET A BOOST

Although the number of people employed was 16.8 million in the first quarter of 2025, South Africa's unemployment rate remained very high at 32.9 per cent.

Public employment programmes (PEPs) are crucial to address persistently high unemployment.

PEPs will receive additional funding of R8.8 billion in 2025/26. Key beneficiaries include:

- **Department of Basic Education:** R5.8 billion for the basic education schools employment initiative.
- **Department of Sport, Arts and Culture:** R0.35 billion for the creative industry stimulus.
- **Department of Trade, Industry and Competition:** R1.3 billion for the Social Employment Fund.
- **National Treasury:** R0.45 billion for the Cities Employment Programme.
- **National Youth Development Agency:** R0.55 billion for the National Youth Service.
- **Department of Employment and Labour:** R0.35 billion for initiatives such as the National Pathway Management Network, Innovation Fund and internships.

In addition, the National Treasury and the Presidency, working with other state institutions, have begun a comprehensive review of active labour market programmes, PEPs and the social support system to improve efficiency and effectiveness.

With these efforts, government hopes to make significant strides in reducing unemployment.

1 SOURCES OF GOVERNMENT INCOME IN 2025/26

R 2 021.1bn	78.4%	TAXES
R 377.9bn	14.6%	BORROWING
R 179.7bn	7.0%	NON-TAX REVENUE

2 GOVERNMENT SPENDING IN 2025/26

R 426.3bn	16.5%	DEBT-SERVICE COSTS
R 420.1bn	16.3%	SOCIAL DEVELOPMENT
R 346.5bn	13.4%	BASIC EDUCATION
R 296.1bn	11.5%	HEALTH
R 289.8bn	11.2%	ECONOMIC DEVELOPMENT
R 280.4bn	10.9%	COMMUNITY DEVELOPMENT
R 263.2bn	10.2%	PEACE & SECURITY
R 146.6bn	5.7%	POST-SCHOOL EDUCATION & TRAINING

3 SOCIAL GRANTS

	2024/25	2025/26
OLD AGE GRANT	R2 185	R2 315
WAR VETERANS GRANT	R2 205	R2 335
DISABILITY GRANT	R2 185	R2 315
FOSTER CARE GRANT	R1 180	R1 250
CARE DEPENDENCY GRANT	R2 185	R2 315
CHILD SUPPORT GRANT	R530	R560
GRANT-IN-AID	R530	R560

19.3 million
people to receive social grants by **March 2028**

The Budget will increase the values of permanent grants above inflation in 2025/26.

4 THE BUDGET SUPPORTS ECONOMIC GROWTH, JOB CREATION AND SOCIAL DEVELOPMENT

1.4 per cent
real GDP growth is expected in 2025.

61 per cent
of government expenditure goes to **community development, jobs, health, education and social protection** over the medium-term.

R35.2 billion
additional funding is allocated to extend the ***COVID-19 social relief of distress*** until March 2026.

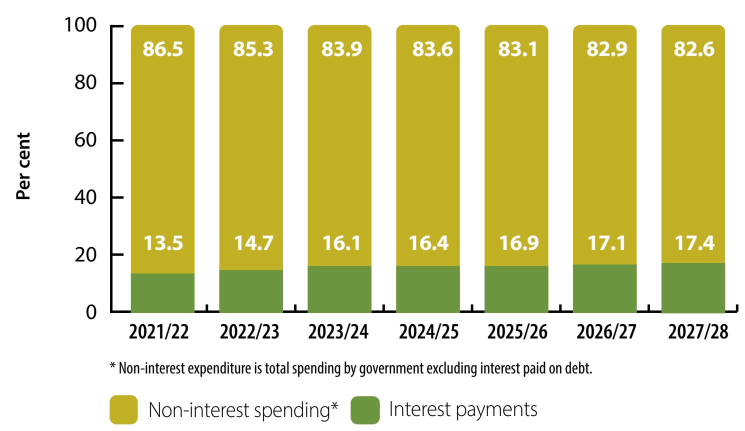
R871.3 billion
is allocated for **basic services, housing and public transport, and spatial transformation and urban development** over the medium-term.

R900.5 billion
for **manufacturing, small enterprises and public employment** programmes over the medium-term to stimulate economic growth and employment.

5 PUBLIC EMPLOYMENT PROGRAMMES

R8.8 billion
additional funding has been allocated for the public employment programmes in 2025/26 **to support livelihoods, drive structural reforms and enable job creation.**

6 GOVERNMENT NON-INTEREST & INTEREST PAYMENTS AS A SHARE OF TOTAL EXPENDITURE



* Non-interest expenditure is total spending by government excluding interest paid on debt.

2025 TAX PROPOSALS

SARS
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PERSONAL INCOME TAX

HOW DO THE PERSONAL INCOME TAX RATES AFFECT YOU?

Personal income tax brackets and rebates have not been adjusted since 2023. The amount an individual can earn before being required to pay tax for the tax year from 1 March 2025 to 28 February 2026 is as follows:

TAX THRESHOLDS	TAX YEAR: 2025/26
Below age 65	R95 750
Age 65 to 74	R148 217
Age 75 and over	R165 689

The tax rebates for individual taxpayers are as follows:

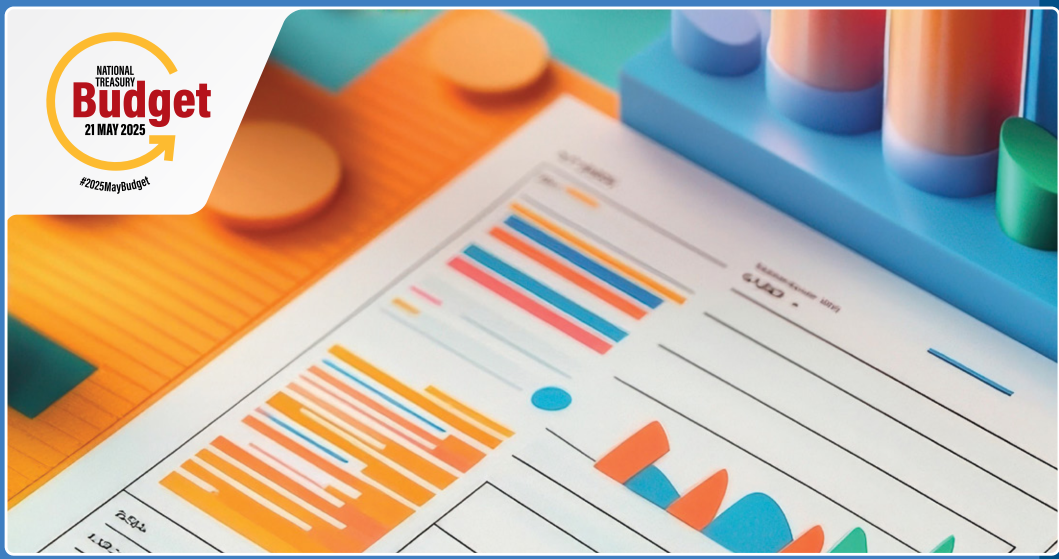
TAX REBATES	TAX YEAR: 2025/26
Primary (all individuals)	R17 235
Secondary (age 65 and over)	R9 444
Tertiary (age 75 and over)	R3 145

SIN TAXES

INCREASES IN ALCOHOL AND TOBACCO DUTIES

Specific excise duties on alcoholic beverages increased by 6.75 per cent and tobacco products by between 4.75 per cent and 6.75 per cent, with effect from 12 March 2025.

	INCREASES BY:
Malt beer	16c per 340ml can
Unfortified wine	29c per 750ml bottle
Fortified wine	48c per 750ml bottle
Sparkling wine	90c per 750ml bottle
Ciders and alcoholic fruit beverages	16c per 340ml can
Spirits	R5.97 per 750ml bottle
Cigarettes	R1.04 per packet of 20
Heated tobacco product sticks	77c per packet of 20
Cigarette tobacco	R1.16 per 50g
Pipe tobacco	50c per 25g
Cigars	R8.49 per 23g
Nicotine and non-nicotine solution for electronic delivery systems	14c per ml



TAX RATES

INCOME TAX: INDIVIDUALS

Tax payable by individuals for the tax year ending between 1 March 2025 and 28 February 2026.

Taxable Income (R)	Rate of Tax (R)
R0 to R237 100	18% of taxable income
R237 101 to R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 to R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 to R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 to R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 to R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

Source: National Treasury

TRANSFER DUTIES

The duty rate table is adjusted with effect from 1 April 2025. The first R1 210 000 of the value of property acquired is free from transfer duty. The new rate table is as follows:

Value of Property	Rate of Duty
R0 to R1 210 000	0% of property value
R1 210 001 to R1 663 800	3% of property value above R1 210 000
R1 663 801 to R2 329 300	R13 614 + 6% of property value above R1 663 800
R2 329 301 to R2 994 800	R53 544 + 8% of property value above R2 329 300
R2 994 801 to R13 310 000	R106 784 + 11% of property value above R2 994 800
R13 310 001 and above	R1 241 456 + 13% of property value above R13 310 000

Source: National Treasury

GENERAL FUEL LEVY

The general fuel levy on petrol increases by 16c to R4.01 per litre and on diesel by 15c to R3.85 per litre on 4 June 2025.

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YOUR OPINION MATTERS

DID YOU FIND THIS PEOPLE'S GUIDE TO THE BUDGET USEFUL?

We are constantly looking for new ways to improve this guide and would appreciate it if you could send your **feedback and suggestions** to Media@treasury.gov.za