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## SOUTH AFRICA'S 2022 BUDGET IN A NUTSHELL

The 2022 budget speech, delivered by Finance Minister, Enoch Godongwana on 23 February 2022 saw taxpayers breathe a sigh of relief as there were no substantial tax hikes.

No further announcements were made in respect of the two-pot system, auto-enrolment or governance of umbrella funds. The comments which were provided by the industry are to be reviewed, followed by workshops and then draft legislation will follow.

Draft tax changes were previously proposed for individuals who have ceased to be tax resident in South Africa and who are still members of a fund in South Africa. The work required to renegotiate multiple tax treaties is starting this year.



### Personal Tax

The personal income tax brackets and rebates will see an inflationary adjustment of 4.5%.



- The Rand amount where income tax now starts increases to R91 259 per annum (for a person under the age of 65).
- Medical tax credits: increase from R332 to R347 per month for the first two members and from R224 to R234 for additional members.
- The annual tax-free threshold for a person under the age of 65 will increase to R91 250 (from R87 300).

### Social Grants

- The 2022 Budget provides for a 12-month extension of the R350 per month special COVID-19 social relief of distress grant.
- A new extended child support grant for double orphans will be initiated.
- Old age and disability grants will increase to R1 985 from R1 890 (5% increase).
- Grants for persons over the age of 75 and war veterans will increase to R2 005 from the current R1 910 (5% increase).
- Care dependency grant will increase from R1 890 to R1 985 (5% increase).
- Foster care grant will increase from R1 050 to R1 070 (1.9% increase).
- Child support grant will increase from R460 to R480.



### Technical Amendments to the Income Tax Act for Retirement Funds



- To allow retirement annuity fund members to transfer one or more contracts in a particular retirement annuity fund, subject to certain conditions.
- Transfers into public-sector funds of vested rights related to compulsory annuitisation will remain protected.
- To correct the anomaly whereby a member of a provident fund, who is younger than 55, retires from the provident fund for reasons other than ill health, any lump sum received is taxed as a withdrawal benefit rather than a retirement benefit.
- To ensure that contributions to a pension fund made before 1 March 2021 are also tax-neutral on transfer.