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Smart Tax-Saving Strategies for the 2026 Tax Filing

"In this world nothing can be said to be certain, except death and taxes." – Benjamin Franklin

✓ Submit Tax Returns on Time

✓ Maximise Retirement Fund Contributions

✓ Claim Medical Tax Credits

✓ Deduct Qualifying Medical Expenses

✓ Claim Charitable Donation Deductions

✓ Maintain Your Travel Logbook

✓ Reduce Tax on Interest Income

✓ Utilise Tax-Free Savings Accounts

✓ Claim Business & Rental Property Expenses

✓ Benefit from Small Business Tax Incentives

✓ Review Your Overall Tax Strategy

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SMART TAX-SAVING STRATEGIES FOR THE 2026 TAX FILING SEASON

While taxation is unavoidable, there are many legitimate and effective ways to reduce your tax burden through careful planning and by making full use of the deductions, exemptions and credits available under South African tax legislation.

The following tax-saving strategies are entirely legal and may help you optimise your tax position for the current tax year.

Meet the Filing Deadlines and Avoid Costly Penalties

One of the easiest ways to save money is simply by submitting your tax returns on time.

SARS imposes administrative penalties for outstanding tax returns, which can range from R250 to R16,000 per month, depending on your taxable income. These penalties continue accumulating until all outstanding returns have been submitted.

Tip: Ensure that all your tax returns are up to date and submitted before the applicable SARS deadlines. This can save you thousands of rands in unnecessary penalties and interest.

Maximise Your Retirement Contributions

Contributions to approved retirement funds remain one of the most effective tax-saving tools available.

Contributions to Retirement Annuities (RAs), Pension Funds and Provident Funds are deductible up to 27.5% of taxable income or remuneration, subject to an annual cap of R430,000.

Any excess contributions are carried forward and may be claimed in future years or taken into account at retirement.

Tip: Even if you belong to a company pension or provident fund, additional contributions to a Retirement Annuity may provide valuable tax deductions while helping you build long-term wealth.

If you would like assistance calculating your maximum deductible contribution or setting up a Retirement Annuity, please contact us.

Claim Your Medical Tax Credits and Qualifying Medical Expenses

Medical aid contributions qualify for Medical Scheme Fees Tax Credits, which reduce your tax liability directly.

In addition, qualifying out-of-pocket medical expenses that are not reimbursed by your medical scheme may qualify for additional tax relief, particularly for taxpayers over age 65 or those with disabilities.

Tip: Keep all medical invoices, pharmacy slips and proof of payment for medical expenses not covered by your medical aid, as these may result in additional tax benefits.

Make Use of Charitable Donation Deductions

Donations made to approved Public Benefit Organisations (PBOs) that can issue Section 18A certificates are tax deductible.

The deduction is limited to 10% of taxable income, with any excess carried forward to future tax years.

Tip: Always obtain and retain your Section 18A certificate as proof of the donation. Without this certificate, SARS may disallow the deduction.

Travel Allowances and Business Travel Claims

Employees and business owners who receive travel allowances may be able to claim a substantial portion of their business travel expenses.

To support a claim, SARS requires a detailed and accurate logbook recording:

- Dates of travel
- Destinations visited
- Business purpose of each trip
- Opening and closing odometer readings

Tip: Maintain your logbook throughout the year rather than trying to reconstruct it at year-end.

Reduce Tax on Interest Income

South African taxpayers receive an annual exemption on local interest income.

For the current tax year, the exemption remains:

- R23,800 for taxpayers under age 65

- R34,500 for taxpayers aged 65 and older

Interest earned above these thresholds is generally taxable.

Tip: Consider using tax-efficient investment vehicles such as:

- Tax-Free Savings Accounts (TFSAs)
- Retirement Funds
- Capital Gains Tax planning strategies
- Tax-efficient discretionary investment structures

A review of your investment portfolio may help reduce unnecessary tax exposure.

Claim Legitimate Business and Rental Property Expenses

Taxpayers who earn income from a trade may deduct qualifying expenses incurred in the production of that income.

This may apply to:

- Sole proprietors
- Independent contractors
- Commission earners
- Freelancers
- Rental property owners

Examples of deductible expenses may include:

- Accounting fees
- Advertising costs
- Bank charges
- Office expenses
- Repairs and maintenance
- Property management fees
- Certain vehicle expenses

Tip: Keep accurate records and supporting documentation for all expenses claimed.

Small Business Corporation (SBC) Tax Benefits

Many small companies qualify for preferential tax rates under the Small Business Corporation regime.

To qualify, a company generally must:

- Be a South African resident company
- Have gross income not exceeding R20 million per year
- Meet certain shareholder and business activity requirements

Qualifying SBCs benefit from reduced tax rates compared to the standard corporate income tax rate.

Tip: Review your company's structure and tax status annually to ensure you are taking advantage of all available SBC benefits.

Final Thoughts

Good tax planning should take place throughout the year—not only when it is time to submit your tax return.

By making full use of available deductions, exemptions and tax credits, you may significantly reduce your tax liability while remaining fully compliant with SARS requirements.

If you would like a personalised tax review, assistance with your tax return, retirement planning, investment structuring, or identifying additional tax-saving opportunities, please contact us. We would be happy to help you optimise your tax position and ensure that you are making the most of the benefits available under current South African tax legislation.