RETIREMENT FUNDS NEWSLETTER

October 2026

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TREVETHAN FINANCIAL SERVICES

EMPLOYEE BENEFITS

We take care of over 35 Pension and Provident Funds, ranging from five to over a thousand members and strive to keep our finger on the pulse of fund administration. Our passion is taking on much of the burden of looking after day-to-day activities as well as monitoring the investment strategies and gains.

Two-Pot Under-Deductions Tax Deadline: 20 October 2026

For South African taxpayers who made withdrawals on their Emergency Savings Pot in the tax year ended 2026 and whose annual tax assessment in July 2026 reflected a shortfall due to under-deduction, 20 October 2026 is the **hard deadline** to settle any shortfall.

The Issue: When you withdraw from your savings pot, the fund processes a tax directive based on your estimated marginal tax rate. But, if you have **multiple income streams**, this frequently results in an under-deduction.

The Interest: If your annual tax assessment showed a **shortfall from a two-pot withdrawal**, it must be paid by 20 October 2026. After this date, SARS will begin accruing interest on late payments.

Savings Component Withdrawal

Remember that any portion of your Savings Component Benefit that you take in cash will be taxed at your marginal tax rate as per the table

2027 tax year (1 March 2026 – 28 February 2027)

25 February 2026 – See changes:

Taxable income (R)	Rates of tax (R)
1 – 245 100	18% of taxable income
245 101 – 383 100	44 118 + 26% of taxable income above 245 100
383 101 – 530 200	79 998 + 31% of taxable income above 383 100
530 201 – 695 800	125 599 + 36% of taxable income above 530 200
695 801 – 887 000	185 215 + 39% of taxable income above 695 800
887 001 – 1 878 600	259 783 + 41% of taxable income above 887 000
1 878 601 and above	666 339 + 45% of taxable income above 1 878 600

How did I end up with a shortfall on my annual tax assessment?

When making a savings pot withdrawal, the cash amount you take out, is added to your annual income and taxed according to the annual salary declared by your employer.

However, every year, more South Africans are supplementing their income through consulting, contract work or small business activities. This additional income is also subject to tax and is added to your total earnings for the year.

If your annual income is supplemented by other revenue streams, each income source may be taxed differently and, if your annual tax is not properly reconciled, it may result in an unexpected tax bill when SARS issues an assessment.

A retirement income from a living annuity, for example, is subject to the same PAYE tax as a salary was but a lump sum you take from a retirement fund on leaving your employer is taxed at different rates depending on whether you are retiring or not.

If you are an employee you receive after tax income but if you are an independent contractor, you are responsible for the tax. It is your responsibility to pay tax on all income sources and not assume that tax has been deducted correctly.

With the 2026 tax filing season open, now is the time to review your tax position. Leaving it until the last minute could mean overlooking tax obligations that only become apparent when all income sources are viewed together.

This is why it is important to understand what taxes are payable on the different sources of funds.

Non-provisional taxpayers have until 23 October 2026 to file, while provisional taxpayers and trusts have until 22 January 2027.