

Economics at a glance February 2026

National Budget 2026: A fiscal health check

Key numbers at a glance



Inflationary relief: Personal income tax brackets (R13.7 billion) and medical tax credits fully adjusted for inflation



Fuel levy: 9c/l hike in the fuel levy, 7c/l increase in the Road Accident Fund levy and 5c/l carbon tax on fuel

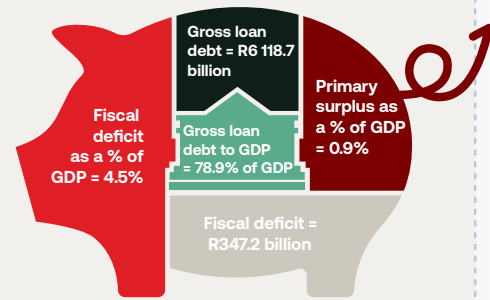


Sin taxes: 8c per 340ml can of malt beet, 15c per 750ml bottle of wine, R3,20 per 750ml bottle, 77c per packet of 20 cigarettes

2026 SA growth forecast revised from:



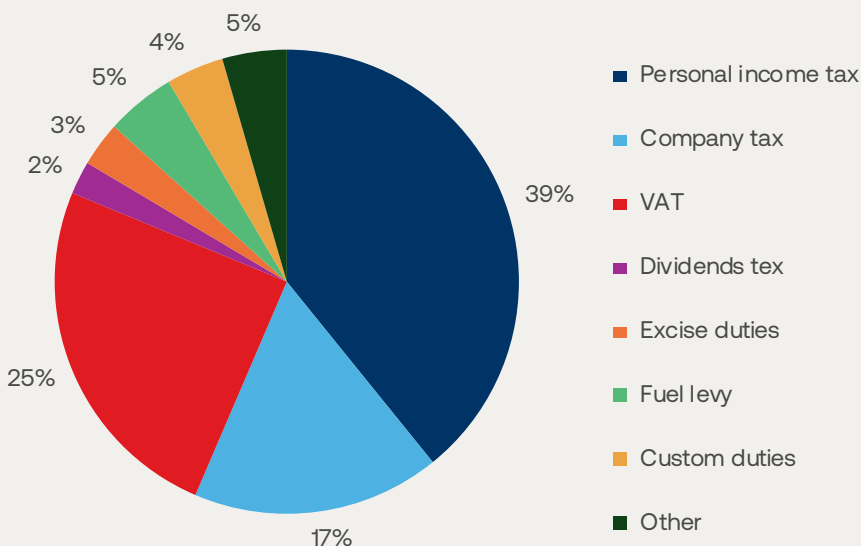
2026 SA inflation revised from:



Fiscal year 2025/2026 (consolidated)

The bulk of tax revenue still comes from personal income tax, company taxes and VAT

Gross tax revenue split for fiscal year 2025/2026 (%)



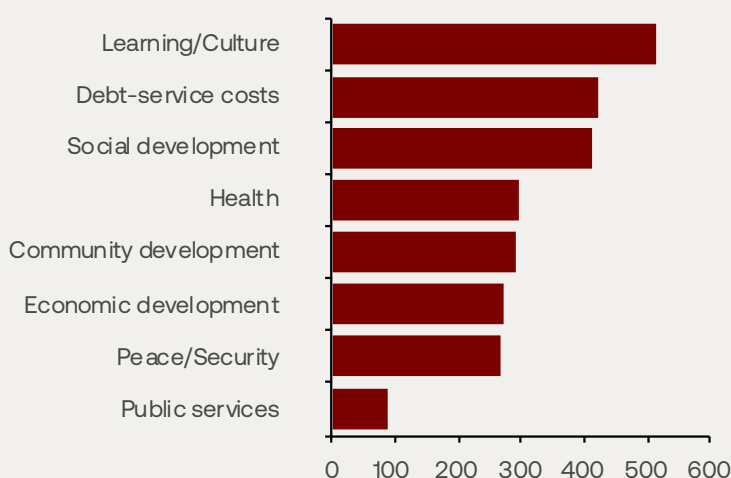
Tax revenue rises to **25.9%** of GDP (tax burden) in fiscal year 2025/2026



8.4% nominal growth in main budget revenue in fiscal year 2025/2026

Debt-service costs are the third-largest spending category for government

Consolidated expenditure by function for fiscal year 2025/2026 (R'-billion)



The social wage makes up **60%** of non-interest spending over the medium term



Government provides support to **13.6 million** school children



Government provides healthcare services to **53.4 million**



Government provides support to **26.5 million** social grant beneficiaries

Government debt turning a corner, but crowding out effect remains high

If gross government debt was spread out across all of its citizens, each person would be liable for **R96 966**.



Interest bill
5.4% of GDP in fiscal year 2025/2026



Interest bill
21.3% of government revenue in fiscal year 2025/2026

Reforms are no longer just plans, they are becoming drivers of longer-term growth



Energy

Implementation of the Electricity Regulation Amendment framework and continued unbundling of Eskom's transmission entity aim to entrench a competitive power market.



Infrastructure

Expanding project pipeline, with greater private-sector participation through public-private partnerships.



Water and sanitation

Tighter conditional grant oversight and advancing institutional reform of water boards to stabilise service delivery.



Local government

Enhanced intervention frameworks under the Municipal Finance Management Act are being applied more assertively to distressed municipalities.



Public procurement

The rollout of the Public Procurement Act framework is reshaping tender rules, standardising processes and strengthening oversight.



State entity reform

The National State Enterprises Bill seeks to centralise oversight and professionalise state ownership practices.



Tax administration

Scaling advanced data analytics and e-filing upgrades to close compliance gaps.



Public wages

Professionalising the service, benchmarking pay to market rates, moderating automatic progression, aligning non-salary benefits and embedding performance-linked accountability within multi-year fiscal frameworks.



Growth and investment

Ongoing regulatory streamlining and sector-specific incentive adjustments aim to unlock green energy, manufacturing and digital investment.

Risks and wins

