

PRACTICE NOTE NO. LEGAL - IT/01/23

INCOME TAX: TAXATION OF BENEFITS IN KIND AND CERTAIN ALLOWANCES NOTICE

In exercise of the powers conferred by section 68*bis* of the Income Tax Order, 1975 (*hereinafter referred to as the Order*), as amended, the Commissioner General issues the following notice:

CITATION AND COMMENCEMENT

This notice may be cited as Practice Note **No. LEGAL - IT/01/23** on the Taxation of Benefits in Kind and Certain Allowances Arising from Employment Notice and shall come into effect on 1 July 2026.

DEFINITION

Any word or term used in this Practice Note shall, unless specified otherwise have the same meaning as defined in the Act.

SECTION

Section 7(f), (f), (ff) and (r) and Section 11 (8) of the Income Tax Order, 1975

PURPOSE

This Practice Note defines what benefits in kind are, by outlining the manner and scope within which they should be included in the computation of gross income by the employer.

DEFINITIONS

1. For the purposes of this Practice Note, unless the context otherwise indicates –

“accommodation or housing” includes a lease or licence granted by an employer to an employee to occupy or use a house, flat, unit, caravan, mobile home, bunkhouse, board, living quarters, residence, the payment or reimbursement by an employer of hotel,

guesthouse, or hostel accommodation, or any other provision of similar accommodation or housing;

“associate” has the meaning assigned to it in section 2;

“benefit”, in relation to a benefit provided by an employer to an employee, means a benefit that –

(a) is provided by an employer, by an associate of the employer, or by third party under an arrangement with the employer or associate of the employer; and

(b) is provided to an employee or to an associate of the employee.

“business travel” means travelling which an employee is necessarily obliged to do in the performance of the duties of his employment;

“car allowance” means all cash allowances plus market value of any free benefit in connection with the use of the motor vehicle;

“cost of a benefit” means the amount of any expense incurred in or in connection with the provision of a benefit, and includes a proper proportion of any expense relating partly to the benefit and partly to other matters;

“domestic employee” includes a cook, domestic servant, gardener, housekeeper, housemaid, nursemaid, or other domestic employee;

“educational assistance” means a contribution, grant or financial aid or subsidy granted to the children of the employee by the employer to enable or assist such children to study at a recognized educational institution, and including school fees, boarding fees and other educational expenses paid by the employer on account of the education of the employee’s children;

“employee” has the meaning assigned to it in the Second Schedule;

“employer” has the meaning assigned to it in the second Schedule;

“employment” has the meaning assigned to it in the Second Schedule;

“market value” in relation to an asset means the price which could be obtained upon a sale of that asset between a willing buyer and willing seller dealing at arm’s length in an open market;

“medical expenses” includes a premium or other amount paid for medical insurance and a contribution to a benefit fund;

“motor vehicle” includes a motor car, station wagon, panel van, utility, or similar vehicle;

“statutory rate of interest”, in relation to a year of assessment, means the bank prime rate chargeable to loans and advances for relevant purposes as at the commencement of the year of assessment;

“private use”, in relation to a motor vehicle made available to any employee, means any use otherwise than for his business travel and includes travelling between an employee’s place of residence and his place of employment;

“utilities expenditure” means any expenditure for fuel, power, water, sewerage, or telephone in respect of an employee’s place of residence.

“taxable benefit” means a taxable benefit contemplated in Part II of this Practice Note, whether the grant of such benefit is voluntary or otherwise, but excluding any benefit the amount or value of which is exempt from normal tax under the definition of remuneration in the second schedule;

“tax-exempt employer” means an employer whose income is exempt from tax.

VALUATION OF BENEFITS IN KIND

2. (1) The value of a taxable benefit shall, for the purposes of the definition of “gross income” in section 7(f) of this Order, be determined in accordance with the provisions of this Practice Note by the employer by whom the taxable benefit has been granted.

(2) The Commissioner General may, if such determination appears to him to be incorrect, re-determine the value of a taxable benefit upon the assessment of the liability for income tax of the employee to whom such taxable benefit has been granted.

(3) If the employee concerned is dissatisfied with any determination by the employer of the value of any taxable benefit included in the remuneration of the employee, the employee or the employer may apply for a directive to the Commissioner General and the employer shall act upon such directive:

Provided that nothing contained in this sub-paragraph shall be construed as preventing the Commissioner General from making a re-determination of such taxable benefit under sub-paragraph (2).

(4) An employee shall be deemed to have been granted a taxable benefit in respect of his employment with employer if as a benefit or advantage of or by virtue of the employee's employment with the employer or as a reward for services rendered or to be rendered by an employee –

(a) the employer has granted a benefit or advantage (whether directly or indirectly) to a relative of the employee; or

(b) anything is done by the employer under any agreement, transaction or arrangement so, as to confer any benefit or advantage upon any person other than the employee (whether directly or indirectly),

and such benefit or advantage, if it had been granted by the employer to the employee, would have constituted a taxable benefit.

3. (1) The value of a taxable benefit is the market value of the benefit on the date the benefit is considered for tax purposes.

(2) The market value of a benefit is determined without regard to any restriction on transfer or to the fact that it is not otherwise convertible to cash.

ANTI-AVOIDANCE

4. Where the Commissioner General is satisfied that benefits in kind are given as part of a tax avoidance scheme through structured remuneration package or as part of a remuneration package which confers property on any person either directly or through a company or trust controlled either by or indirectly by that person –

(a) in all other cases, the market value of the benefits will be used in the assessment to tax of the employee without taking into account any consideration paid by such employee for the benefits.

(b) in the case of housing or accommodation –

(i). if the employer is renting the accommodation or housing for the employee then the value of the taxable benefit will be the open market rent paid for such accommodation or housing; or

(ii). if owned by the employer, the rent that would have been paid if the employer was obliged to rent it, without taking into account any consideration paid by the employee.

(c) In the case of fixed car allowances, notwithstanding anything to the contrary contained in this Practice Note, the rule provided for in paragraph 9 (1) shall apply.

PERIOD OF ASSESSMENT

5. If the period assessed is less than twelve months, the value of a taxable benefit shall be the ratio such period bears to twelve months.

PART I

TAXABLE BENEFITS

Free and subsidised accommodation or housing benefit

6. (1) Where a benefit provided by an employer to an employee consists of accommodation or housing, the value of the taxable benefit is the open market rent of the

accommodation or housing, reduced by any payment made by the employee for the benefit:

Provided that where the employer owns the accommodation or housing, the value of the taxable benefit is the rental benefit value of the accommodation or housing determined in accordance with the table in Part II of this Practice Note, the valuations depend on the size and location of the accommodation or housing.

(2) Where an employer rents from an employee the employee's private residence and then grants such employee free or cheap occupation thereof, the rental shall be deemed to be a benefit, the value of the taxable benefit is the actual rental received.

(3) Where an employer provides accommodation or housing to employees on a sharing basis, the rental benefit value shall be determined *pro rata*.

(4) Where living accommodation is provided by reason of a person's employment –

(a) alterations and additions to the premises concerned which are of a structural nature; and

(b) repairs to the premises of a kind which, if the premises were let under a lease would be the obligation of the lessor,

are not benefits to which paragraph 6 applies.

Private use of motor vehicle (including any aircraft)

7. (1) Where a benefit provided by an employer to an employee consists of the use, or availability for use, of a motor vehicle (including any aircraft or helicopter) wholly or partly for the private purposes of the employee, the value of the taxable benefit is calculated according to the following formula –

$$(20\% \times A \times B/C) - D$$

Where,

- A is the market value of the motor vehicle at the time when it was first provided for the private use of the employee;
- B is the number of days in the year of assessment on which the motor vehicle was used or available for use for private purposes by the employee for all or part of the day;
- C is the number of days in the year of assessment; and
- D is any payment made by the employee for the benefit.

(2) The market value of the motor vehicle is the cost to the employer at the time it was first provided to the employee. The market value of second-hand motor vehicles is available on Automobile Association of South Africa Valuation. For motor vehicles that were purchased in Eswatini, adjustment of value may depend on the rate of value added tax in force in Eswatini at the time the motor vehicle was purchased.

(3) Where an employee is provided with more than one motor vehicle, the value of the taxable benefit will be determined on individual basis.

Pooled cars

8. (1) This paragraph applies to any motor vehicle in whose case the Commissioner General is satisfied that it has for any year of assessment been included in a car pool for the use of employees of the employer.

(2) A motor vehicle is to be treated as having been so included for a year of assessment if –

- (a) in that year of assessment, it was available to, and actually used by, more than one of those employees and, in the case of each of them, it was made available to him by reason of his employment but it was not in that year of

assessment ordinarily used by any one of them to the exclusion of the others;

(b) in the case of each of them any private use of the motor vehicle made by him in that year of assessment was merely incidental to his other use of it in the year; and

(c) it was in that year of assessment not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing.

(3) Where this paragraph applies to a motor vehicle, then for the year of assessment in question the vehicle is to be treated as not having been available for the private use of any of the employees.

(4) A claim under this paragraph in respect of a motor vehicle for any year of assessment may be made by any one of the employees mentioned in sub-paragraph (2) (a) above (they being referred to below in this paragraph as “the employees concerned”) or by the employer on behalf of all of them.

(5) On appeal against the decision of the Commissioner General on a claim made under this paragraph all the employees concerned may take part in the proceedings, and the determination of the Commissioner General shall be binding on all those employees, whether or not they have taken part in the proceedings.

(6) Where an appeal against the decision of the Commissioner General on a claim under this paragraph has been determined, no appeal against the Commissioner General’s decision on any other such claim in respect of the same motor vehicle and the same year shall be determined.

Fixed allowances where the motor vehicle is available for private use

9. (1) Where by reason of the person’s employment a fixed car allowance towards the fixed capital and running costs of a motor vehicle is made available either to himself or to others being members of his family or household, and it is made available

for his or their private use, the taxable benefit is the fixed car allowance given towards the capital and running costs of the motor vehicle.

(2) Sub-paragraph (1) applies only where in the relevant year of assessment either –

(a) the motor vehicle is not used for the employee's business travel; or

(b) its use for such travel is insubstantial compared with the private use that is made of it.

(3) This paragraph is subject to paragraph 10.

Fixed allowances where the motor vehicle has to be used for business travel

10. (1) Where by reason of the employee's employment a fixed allowance towards the fixed capital and running costs is granted to such employee in order to enable that employee to purchase a personal motor vehicle which he is required to use on the employer's business, the business mileage shall be determined in accordance with the following formula –

$$A = B - \frac{C \times D}{E}$$

E

Where –

A is the amount to be included in taxable income;

B is the car allowances received (car allowance defined as all cash allowances plus market value of any free benefit, e.g. free fuel); and

C is the actual expenditure on fixed and running costs (net of any recoupments);

D is the deemed fixed and running costs, where accurate records are not kept;

D is the business mileage as recorded in a logbook or number record; or the deemed business mileage of 6 000 kilometres where accurate records are not kept; and

E is the total mileage; or deemed total mileage of 24 000 kilometres where accurate records are not kept.

(2) Deemed expenditure is determined on the following basis:

(a) Fixed costs: 25 per cent of the original cost to the taxpayer of the vehicle in each year of assessment.

(b) Running costs per kilometre –

Cylinder capacity of car in cubic centimetres	Running cost per km
1 600cc or less	54c per km
More than 1 600cc, but not more than 2 000cc	76c per km
More than 2 000cc	85c per km

(3) Sub-paragraph (1) applies if –

(a) the employee is, in terms of the written contract of employment, required to have such a vehicle in the performance of the duties of his employment;

(b) the size and type of vehicle relates to the duties to be performed in terms of the written contract of employment;

- (c) the employee is, in terms of the contract of employment, required to provide the employer with such details and evidence which can reasonably, in the circumstances, be expected of him as to the actual expenditure incurred in respect of fixed, capital and running costs;
- (d) the employee uses the vehicle for business travel; and
- (e) the employee is required to keep a record of the mileage in respect of business travel and private travel.

(4) For the purposes of this paragraph, every employee including the holder of an office or appointment shall substantiate their travel deduction by way of detailed logbook reflecting the actual business travel and the logbook shall contain the following information –

- (a) the odometer at the beginning of the year of assessment; and
- (b) the odometer at the end of the year of assessment; and
- (c) details of business mileage, date, destination, reason and distance travelled.

(5) No deduction shall be permitted –

- (a) if no detailed records are kept by an employee; and
- (b) for expenditure incurred travelling from home to work.

(6) For the purposes of this paragraph, the cost of the vehicle means the cost of the vehicle as quoted by the manufacturer or what the purchaser paid, including any additions and accessories such as air-conditioning, radio-tape, burglar alarm *et cetera*, excluding finance charges.

(7) Where an employee owns or leases a motor vehicle and rents it to the employer, the rental paid by the employer and any expenses borne by employer in respect of the vehicle are deemed to be an allowance in respect of travelling expenses, which has been paid to the employee.

(8) Without prejudice to the generality of sub-paragraph (1) above fuel is provided for a motor vehicle if –

- (a) any liability in respect of the provision of fuel for the car is discharged; or
- (b) a voucher or credit-token is used to obtain fuel for the motor vehicle or money which is spent on such fuel; or
- (c) any sum is paid in respect of expenses incurred in providing fuel for the motor vehicle.

(9) If in the relevant year of assessment –

- (a) the employee is required to make good to the person providing the fuel the whole of the expense incurred by him in or in connection with the provision of fuel for his private use and he does so; or
- (b) the fuel is made available only for business travel,

the benefit is nil.

Provision of domestic employees' benefit

11. (1) Where a benefit provided by an employer to an employee consists of the provision of a domestic employee, the value of the taxable benefit is the remuneration paid to the domestic employee in respect of the services rendered to the employee, reduced by any payment made by the employee for the benefit.

(2) The value of this taxable benefit shall not be less than the minimum wages as prescribed in the Wages Act or Legal Notices issued in terms thereof for the regulation of wages.

Utilities benefit

12. (1) Where a benefit provided by an employer to an employee consists of the reimbursement or discharge by an employer of an employee's utilities expenditure in respect of the employee's place of residence, the value of the taxable benefit is the

amount of the reimbursement or discharge of such utilities expenditure, if separately metered, reduced by any consideration paid by the employee for the utilities.

(2) Where the utilities are not metered and paid separately, 10 per cent of the housing benefit for each service.

Educational assistance benefit

13. (1) Where a benefit provided by an employer to an employee consists of the provision of an educational assistance in connection with the education of an employee's children, the value of the taxable benefit is the market value of the benefit, reduced by any consideration paid by the employee for the educational assistance.

(2) Employers shall ensure that the correct amount of employees' tax due on the children's educational benefits paid to each employee is deducted and accounted for within the year of assessment.

(3) No value shall be placed under this paragraph on any transportation of employees' children provided by the employer solely for the benefit of employees and which is available to all non-casual employees on equal terms.

(4) For the purposes of this paragraph, any scholarship or bursary provided for a member of an employee's family or household shall, be taken to have been provided by reason of that employee's employment if it is provided under arrangements entered into by, or by any person connected with, his employer (whether or not those arrangements require the employer or connected person to contribute directly or indirectly to the cost of providing the scholarship).

Soft loans benefit

14. (1) A taxable benefit accrues to an employee where –

(a) a loan is granted to an employee and either the employee pays no interest on the loan or pays interest at less than the statutory rate of interest;

(b) an employer has paid a subsidy in respect of capital repayment or interest on a loan; or

(c) an employer pays a lender a subsidy in respect of capital repayment or interest on a loan to an employee.

(2) For the purposes of this paragraph:

(a) in respect of a loan the term of which is two years or more in duration, and in respect of which the repayment amount is a fixed periodic or monthly instalment calculated to amortise the loan over a future period, the value of the taxable benefit for the year of assessment shall be the difference between the redemption amount actually incurred or paid by the employee and the redemption amount that would have been payable if the redemption amount had been determined over the same future period using the statutory rate of interest.

(b) in respect of any other loan, the taxable value of the benefit for any year of assessment shall be the interest on the loan calculated at the statutory rate of interest less the amount of interest (if any) that the employee actually incurred during the year of assessment.

(3) No value shall be placed under this paragraph on the taxable benefit derived in consequence of –

(a) the grant by an employer to his employee of any casual loan or loans if such loan or the aggregate of such loans does not exceed E3 000 at any one time during the year of assessment.

(b) the grant by an employer to his employee of any loan for the purpose of enabling that employee to study at an approved university or college or research institution for the purpose of securing a recognised qualification.

(4) In this paragraph –

- (a) “loan” includes any form of credit;
- (b) references to a loan include references to any other loan applied directly or indirectly towards the replacement of the first-mentioned loan;
- (c) references to granting a loan include arranging, guaranteeing or in any way facilitating a loan or in any way facilitating the continuation of a loan already in existence (related expressions being construed accordingly).

Meals, refreshment or entertainment benefit

15. (1) Where a benefit provided by an employer to an employee consists of the provision of any meal, refreshment, or entertainment, the value of the taxable benefit is the cost of the benefit to the employer of providing the meal, refreshment, or entertainment, reduced by any consideration paid by the employee for the meal, refreshment, or entertainment.

(2) No value shall be placed under this paragraph on –

- (a) any meal or refreshment provided in a canteen, cafeteria, or dining room operated by, or on behalf of, the employer solely for the benefit of employees or on the business premises of the employer and which is available to all non-casual employees on equal terms.
- (b) any meal or refreshment provided by an employer to an employee during business hours or extended working hours or on a special occasion; or
- (c) any meal or refreshment enjoyed by an employee in the course of providing a meal or refreshment to any person whom the employee is required to entertain on behalf of the employer.

(3) For the purpose of this paragraph, the expression “meals, refreshment or entertainment” means the provision of hospitality of any kind, including without limiting the scope of this definition, the provision or supplying –

- (a) food, drink or accommodation; or

(b) any ticket or voucher entitling any person to admission to any theatre, exhibition or club or to attending any show, display or performance or to be or enjoy any sporting, recreational or other facility; or

(c) any gifts of goods intended for the personal use or enjoyment of any person;
or

(d) any travel facility; or

(e) any voucher entitling the recipient or any holder thereof to exchange it for food, drink or accommodation or any such ticket, voucher, gift or travel facility.

Debt waivers benefit

16. Where a benefit provided by an employer to an employee consists of the waiver by an employer of an obligation of the employee to pay or to pay an amount owing to the employer or to any other person, the value of the taxable benefit is the amount of the payment or repayment waived.

Property transfer, use of property or provision of services benefit

17. (1) Where a benefit provided by an employer to an employee consists of the transfer or use of property or the provision of services, the value of the taxable benefit is the market value of the benefit, reduced by any payment made by the employee for the benefit.

(2) Subject to sub-paragraph (1) above, a taxable benefit shall be deemed to have been granted by employer to an employee if any service has at the expense of the employer been rendered to the employee, where that service has been utilised by the employee for his private purposes and no consideration has been given by the employee to the employer in respect of that service.

(3) Where the benefit consists of the transfer of an asset by any person, and since that person acquired or produced the asset it has been used or has depreciated, the cost of the benefit is deemed to be the market value of the asset at the time of transfer.

(4) Where the benefit consists in an asset being placed at the employees' disposal, or at the disposal of others being members of his family or household, for his or their use (without any transfer of the property or the asset), or of its being used wholly or partly for his or their purposes, then the cost of the benefit in any year of assessment is deemed to be the annual value of the use of the asset, plus the total of any expense incurred in or in connection with the provision of the benefit.

Excessive contribution to a medical aid fund on behalf of employees' benefit

18. Where an employer makes a contribution to a medical benefit fund on behalf of an employee, any such amount that has been paid by the employer during the year of assessment directly or indirectly, by way of contribution or payment to such fund for the benefit of any employee or the dependants of any such employee, which exceeds two-thirds of the total contribution or payment in relation to such employee or dependants during such period, shall be deemed to be a taxable benefit of such employee for that year of assessment, and the taxable benefit value of the benefit is the amount that has been paid which exceeds two-thirds of the total contribution or payment in relation to such employee or dependants.

Medical expenses or reimbursement benefit

19. Where a benefit provided by an employer to an employee consists of the reimbursement or discharge of the employee's medical expenses, the value of the taxable benefit is the amount of reimbursement or discharge.

Excessive retirement fund contributions benefit

20. Where a benefit provided by a tax-exempt employer to an employee consists of contributions to a retirement fund which, if the employer were taxable, would not be allowed as a deduction under section 12 (i), the value of the taxable benefit is the amount of the deduction which has not been allowed.

The payment of the employee's income tax benefit

21. (1) Where a benefit provided by an employer to an employee consists of the payment or bearing the income tax of an employee, the value of the taxable benefit is the amount paid by the employer on behalf of the employee.

(2) The amount shall be treated as a bonus in the hands of the employee.

(3) Subject to sub-paragraph (1) above, where in any year of assessment a person ("the recipient") is employed as a director of a company, or holds office or appointment and –

(a) a payment of, or on account of, income subject to tax as remuneration of that employment is made to him in circumstances in which the person making the payment is required, by the provisions of the second schedule to the Act, to deduct an amount of income tax on making the payment; and

(b) the whole of that amount is not so deducted but is, or any part of it is, accounted for to the Commissioner General by someone other than the recipient,

the amount so accounted for to the Commissioner General, less so much (if any) as is made good by the recipient to that other person or so deducted, shall be treated as remuneration of the employment and accordingly subject to income tax.

(4) Where any amount treated as remuneration of a person's employment, by sub-paragraph (3) above, is accounted for to the Commissioner General at a time when the employment has come to an end, that remuneration shall be treated, for tax purposes of this Act, as having arisen in the year of assessment in which the employment ended.

Vouchers other than cash vouchers

22. (1) Where a voucher provided to an employee by reason of his employment is received by the employee, then, for the purposes of this Practice Note –

(a) he shall be treated as having received in the relevant year of assessment a benefit from his employment of an amount equal to the expense incurred by the person providing the voucher in or in connection with the provision of the voucher and the money, goods or services for which it is capable of being exchanged; and

(b) any money, goods or services obtained by the employee or any other person in exchange for the voucher shall be disregarded.

(2) For the purposes of this paragraph the relevant year of assessment, in relation to a voucher, is the one which the said expense is incurred by the person providing the voucher or, if different and later, the one in which the voucher is received by the employee.

Cash vouchers

23. Where a cash voucher provided to an employee by reason of his employment is received by the employee, then, for the purposes of this Practice Note –

(a) he shall be treated as being paid by his employer, at the time when he receives the voucher, a benefit of his employment of an amount equal to the sum of money for which the voucher is capable of being exchanged; and

(b) any money obtained by the employee or any other person in exchange for the voucher shall be disregarded.

Credit token/credit-cards

24. Where a credit-token or credit-card is provided for an employee by reason of his employment, then, for the purposes of this Practice Note –

(a) if the person providing the credit-token or credit-card incurs any expense in or in connection with its provision, the employee shall be treated as having received in the year of assessment in which the expense is incurred a benefit from his employment of an amount equal to that expense; and

(b) on each occasion that the employee uses the credit-token or credit card to obtain money, goods or services he shall be treated as having received a benefit from his employment of an amount equal to the expense incurred by the person providing the credit-token in or in connection with the provision of the money, goods or services obtained, including any interest paid in connection therewith.

Miscellaneous benefits

25. The value of any taxable benefit provided by an employer to an employee that is not covered in the previous paragraphs is the market value of the benefit, reduced by any payment made by the employee for the benefit.

PART II

Accommodation or housing owned by an employer

26. For the purposes of paragraph 6 (1), the value of taxable benefits where accommodation or housing is owned by an employer shall be determined according to the table in this paragraph.

NB: The housing benefits included in Schedule A were last reviewed in 2003. This attempts to bring the taxable values up to date by building in the cost of rental annual escalation which has been at 10% for residential accommodation in the market respectively. The criterion that has been used in differentiating between the areas is the **property ratings** as well as the **locality ratings**. This information has been sourced from property valuator's that work with the local banks.

In this Practice Note, the locations are designated in categories A, B, C and are detailed as follows:

Area A; Property Rating (Superb)

- **Well designed and constructed with superior quality finishes;**

- **Maintained to a very good standard;**
- **Property is enhanced with additional improvements in keeping with up market areas i.e. Security system, electronic gates, pool, entertainment area etc.**
- **A definite cut above the rest.**

Area A; Locality Rating (Superb)

- **The demand exceeds the supply in these areas**
- **Properties are maintained to a very good standard and mostly qualify in terms of the criteria for a “good” property.**

Area B; Property Ratings (Good)

- **Convention design with sound construction and finishes;**
- **Maintained to an acceptable standard and only normal maintenance is required from time to time;**
- **Property provides accommodation and improvements to suit needs of the middle income family with little or no luxuries.**

Area B; Locality Ratings (Good)

- Demand and prices in these areas remains fairly consistent and has the potential to remain stable in future;
- Properties in these areas range from smaller types for first time homeowners to larger homes mostly categorized in terms of the criteria for “average properties”.

Area C; Property Ratings (Poor)

- Older basic conventional dwelling with plain finishes which requires general maintenance in the very near future.
- Poorly designed additions/ improvements of typical owner builder standard are evident with the potential of future structural defects. Additional improvements are neglected or do not exist.

Area C; Locality Rating (Poor)

- These are mainly showing a decline in character and growth value and normally very sensitive to changes in economic conditions of the country/region
- These areas could be new areas where no town planning information is available for the provision of normal neighborhood amenities.
- Properties in this area are predominantly under the average/poor type due to age, lack of maintenance etc.
- These areas are mostly located close to CBD and industrial areas and lack the necessary modern amenities of larger shopping complexes, good schools.

RENTAL	FLOOR AREA	AREA A Taxable Benefit	AREA B Taxable Benefit	AREA C Taxable Benefit
Prime location		E	E	E
3-5 bedrooms 2-3 bathrooms Double garage Servant quarters secure perimeter 1500 sq.m and	250sq.m and above	7420 Escalated @10% for 6 years.	6305 escalated @10% for 6 years	4413 escalated @10% for 6 years
As above, but	200 sq.m and above	6676 escalated @10% for 6 years	5675 escalated @10% for 6 years	3970 escalated @10% for 6 years
3 bedrooms 2 bathrooms		5936 escalated @10% for 6 years	5046 escalated @10% for 6 years	3484 escalated @10% for 6 years

a garage servant quarters secure perimeter 700 sq.m and	159 sq.m and above			
Lesser than prime location 3 bedrooms 1-2 bathrooms 700 sq.m and	100 sq.m. and above	5138 escalated @10% for 6 years	4364 escalated @ 10% for 6 years	3058 escalated @10% for 6 years
2-3 bedrooms 1 bathroom or	100 sq.m and above	3854 escalated @10% for 6 years	3274 escalated @10% for 6 years	2290 escalated @10% for 6 years
2-3 bedrooms 1 bathroom or	40-70 sq.m	2142 escalated @10% for 6 years	1818 escalated @10% for 6 years	1272 escalated @10% for 6 years

1 bedroom	70 sq.m and above	1466 escalated @10% for 6 years	1245 escalated @10% for 6 years	873 escalated @10% for 6 years
Bedsitters	Under 70 sq.m	1226 escalated @10% for 6 years	1044 escalated @10% for 6 years	728 escalated @10% for 6 years
	Under 70 sq.m	855 escalated @10% for 6 years	728 escalated @10% for 6 years	511 escalated @10% for 6 years

PART III

ALLOWANCES

Allowances

27. Any amount paid by an employer to an employee, as an allowance is taxable, such allowance is income in the hands of the employee as it forms part of what the employee is paid for the services.

Reimbursement allowances

28. (1) Where an allowance or advance is paid by the employer to an employee in respect of expenses of travelling, entertainment or other service, as is not actually expended for official purposes, will be regarded as taxable benefits in the hands of the employee. The value of the benefit is determined according to the following formula –

$$A = (B - C)$$

Where,

A is the taxable benefit;

B is the actual amount paid by the employer to the employee; and

C is the justifiable official expenses incurred by the employee.

(2) Where an employer incurs expenditure on travel, entertainment or other service while on the employer's business and the latter reimburses such employee the precise amount of his expenditure, and where the employer pays an allowance in respect of the use of the employee's private motor vehicle for the employer's business at fixed rates per kilometre (which rates approximate the rates published by AA of South Africa), the amount so received is not income in the hands of the employee but merely a reimbursement of expenses, which the employee incurred on behalf of his employer.

(3) Where an employee receives a fixed allowance towards the running costs of a vehicle, and also receives a "distance travelled allowance" as contemplated in subparagraph (2), then such fixed allowance shall be taxable in full.

(4) For the purposes of paragraph 25, the amount paid or granted by the employer in reimbursement of, or as an allowance or advance for expenditure incurred by or to be incurred by the employee must have been –

(a) actually expended on travelling, entertainment or other service at the instance of the employer and in furtherance of the business or trade of that employer; and

- (b) the employee is required to produce proof to that employer that such expenditure was actually incurred as aforesaid and must account to that employer for that expenditure.

PART VI

EXEMPT BENEFITS

Benefits not forming part of gross income

29. Notwithstanding the previous paragraphs the following benefits shall be excluded from the gross income and do not form part of the remuneration of an employee:

- (a) Subject to paragraph (b), the benefit value of any free medical attention or reimbursement for medical expenses provided for or paid to an employee where the free medical attention or reimbursement is available to all non-casual employees on equal terms.
- (b) Where an amount is provided for or paid by the employer in reimbursement of medical expenses incurred by the employee, the employee must produce proof to the employer that such expenditure was actually incurred and must account to the employer for the expenditure.
- (c) The value of a free passage by rail, road, steamer or air provided for an employee or the holder of an office or appointment:
 - (i). At the commencement of such employment if the duration of such employment is two years or more or where it is less than two years, if such employment is not subject to renewal; and
 - (ii). On termination of such employment where the employee or holder of an office or appointment permanently returns to his place of recruitment.

- (d) A benefit value of which (after taking into account the frequency with which similar benefits are provided by the employer) is so small as to make accounting for it unreasonable or administratively impracticable.
- (e) The value for any service provided by an employer to employees for the better performance of their duties at their place of work; or as a wellness benefit to be enjoyed by them at their place of work provided that:
 - (i). The service is available for use by all employees
 - (ii). The facilities providing the service cannot be open to the general public, nor can the general public pay for use.
 - (iii). The service must not be provided in a private facility or holiday home
- (f) A subscription made by an employer direct to a professional body in respect of an employee, where the subscription is due by his employee to a professional body, if membership of such body is a condition of the employee's employment.

REVOCATION OF LEGAL NOTICE NO. 157 OF 2007

The Taxation of Benefits in Kind and Certain Allowances Notice No. 157 of 2007 is hereby revoked.

Brightwell S. Nkambule
Commissioner General

Ezulwini
March 2026