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*PROCEEDINGS OF THE NATIONAL COUNCIL OF PROVINCES*

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The Council met at 08:00.

The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.

The Chairperson announced that the virtual sitting constituted a sitting of the National Council of Provinces.

**CONSIDERATION OF RATES AND MONETARY AMOUNTS AND AMENDMENT OF  
REVENUE LAWS BILL AND REPORT OF SELECT COMMITTEE ON FINANCE**

**THEREON**

Ms S NDHLOVU (Chairperson: Select Committee Finance): Good morning hon Chairperson. May I be allowed to switch off my video so that I can be able to speak because it seems that there is noise in my background. Chairperson?

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The CHAIRPERSON OF THE NCOP: Yes, hon Ndlovu.

Ms S NDHLOVU (Chairperson: Select Committee Finance): May I be allowed to switch off my video?

The CHAIRPERSON OF THE NCOP: Yes, you can.

Ms S NDHLOVU (Chairperson: Select Committee Finance): Okay, thank you. Hon Chairperson, members of the NCOP, the Chief Whip of the NCOP, hon Mmoiemang, permanent delegates and all the media platforms, allow me to present to you the report of the Select Committee on Finance on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill which has been tabled by the Select Committee on Finance on Monday. I must indicate that the Rates and Monetary Amounts and Amendment of Revenue Laws Bill was formally tabled together with the 2025 Medium-Term Budget Policy Statement on 12 November 2025. The Bill contains some tax measures announcements by the Minister of Finance in the March 2025 Budget Review.

In terms of the process, the committee received a briefing from the National Treasury and the SA Revenue Service, Sars, and responses on the comments received from Mr Thabo Darlington

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Madisha of AMMO Stock Price Class and the only stakeholders who made a written submission on 17 February 2026. The public hearing also which were scheduled for 18 February 2026 did not happen as the stakeholders indicated no intention to make an oral submission. The committee held a meeting on 24 February to consider the Bill clause by clause and adopted the report.

I must indicate that the proposed amendment in the 2025 Rates Bill - the summary of the proposed amendment in the 2025 rates Bill, provides for an increase in excise duties as follows: alcoholic beverages by 6,75%, cigarettes and cigarettes tobacco by 4,75%, pipe tobacco and cigars by 6,75%. With regard to the Employment Tax Incentive, there is a need for enhanced monitoring to ensure that the incentive leads to net job creation rather than displacement existing employees. I must also indicate through you, Chair, that the committee made several observations and recommendations. The committee welcomes the proposed changes in the exercise duties on alcohol and tobacco and believes that if applied consistently and in a balanced manner, it can make alcohol and tobacco products progressively less affordable.

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While exercise duties are primarily designed to reduce consumption of these products to curb health risks, the committee reiterates its concern about the unintended consequences of these increases, which include increased illicit trade markets, revenue and job losses. The committee welcomes the Sars continuous intervention in addressing illicit trade or an enforcement matter which requires a multi-faceted, a co-ordinated approach by all involved. The committee urges National Treasury and Sars not only to play a role by increasing taxes to change consumer behaviour but also play a leading role in combating illicit trade by intensifying efforts in working with the relevant law enforcement authorities.

The other area that the committee made observations and recommendations is its noting of the proposal to extend the Urban Development Zone, UDZ, tax incentive by an additional five years. While the committee supports the policy objective of the incentive, which is to promote urban renewal and development in selected municipalities, it is concerning that almost 23 years later, the government still cannot determine the effectiveness of this incentive with some reasonable degree of certainty. The committee is also concerned that the identified municipalities

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are not complying with National Treasury survey participation request.

Lastly, the committee recommends that National Treasury should enforce compliance by the identified municipalities to participate in the survey and get reliable results and consider adding more municipalities to the 16 identified to strengthen the survey sample to produce reliable results. That is the report of the Finance Committee on the Rates and Monetary Amounts and Amendment of Revenue Laws Bill. The Select Committee on Finance will consider the report and examine the Rates and Monetary Amounts and Amendment of Revenue Laws Bill.

National Treasury referred it and classified it as a Money Bill. The committee accepted the report, and it has since been considered. Thank you very much.

Debate concluded.

*Declaration of vote:*

Ms A M SIWISA: Chairperson, thank you for the opportunity that we have been given. It should be noted, 27 years after democracy, we still don't see the impact of our local economic

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development. It should also be noted that in the EFF, we raised the issue of the continuous illicit cigarettes that are getting their way into South Africa. Further, it should be noted that the EFF has also raised a concern - which I think the Chairperson should also have raised - pertaining to the exploitation of our people when they make withdrawals at these tuck shops operated by foreign nationals who are not legally registered in South Africa. Our people are still being charged excessive fees when the banks are already charging them for any withdrawal.

So, those are the concerns that need to be taken to note from the side of the EFF that we do not really support the amendments as they stand, because it still does not speak to the unemployment in South Africa. It does not address how our people will be lifted out of poverty. Thank you, hon Chair.

Question put: That the Bill be agreed to.

Bill agreed to in accordance with section 75 of the Constitution.

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CONSIDERATION OF TAX ADMINISTRATION LAWS AMENDMENT BILL AND  
REPORT OF SELECT COMMITTEE ON FINANCE THEREON

AND

CONSIDERATION OF TAXATION LAWS AMENDMENT BILL AND REPORT OF  
SELECT COMMITTEE ON FINANCE THEREON

Ms S NDHLOVU (Chairperson: Select Committee on Finance):

Chairperson, I must first start by indicating that on the first Bill, I have read the report of the select committee and there was no rejection or objection of the report. So, it must also be noted that this report is a true reflection of what transpired in the committee. So, I see hon members are saying they reject the report when it comes to the voting. But safe to say, hon members, thanks again for allowing me the opportunity to table the report on the Tax Administration Laws Amendment Bill.

Regarding the process, the committee received a briefing from the National Treasury and the SA Revenue Service, Sars, together with the responses to comments made by the only stakeholder, Mr Thato Madisha of Omni Price Klaas on 17 February 2026. The public hearings that were scheduled for 18 February 2026 did not

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happen as none of the stakeholders indicated the intention to make oral submissions. The committee held a meeting on 24 February 2026 to consider the Bill clause by clause and adopt the report.

The summary of the proposed amendment in the Tax Administration Laws Amendment Bill as presented by the Sars, propose to clarify the meaning of audit certificate issued by Public Benefit Organizations. The Sars required a certificate to confirm that all donations of which section 18(a) receipts were issued were used solely to carry a Part II activities since control over such donation is required for the tax deduction claim. I am only touching on the areas that we were able to capture on the report, but the report has been ATCeed.

The commissioner may determine the simplified procedure by rule, including the activities for which persons participating in the international transportation of goods on an express door-to-door delivery basis must license or register in terms of the Act, to use the simplified procedure and the requirements and conditions for making use of such procedure and documents to be used.

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To provide for customs and excise Voluntary Disclosure Programme, VDP. The customs and excise VDP also include the underpayments of VAT on the importation of goods as well as VAT on goods manufactured in the Republic, which are subject to excise duty, environmental duty or Health Promotion Levy.

The VAT Modernization Project aims to enhance South Africa's VAT administration framework. The project's objective is to work with and through stakeholders to improve the tax ecosystem and address the current challenges faced by enterprises and the Sars, while working towards implementation of a world-class VAT administration system. In the VAT context, these challenges comprise reliance on manual, paper-based invoicing systems, inefficiency in compliance, the risk of errors, and tax evasion.

I am also going to deal with the comments that were captured during the committee's public participation process and the response from the Sars: The stakeholder supports, firstly, the simplified customs entry regime as it promotes trade facilitation and efficiency; secondly, clearer bona fide in inadvertent error to reduce uncertainty and to ensure fair application of understatement penalties; thirdly, customs and excise VDP as a compliance-enhancing measure and recommend

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continued taxpayer education to encourage uptake; and lastly, the enabling provisions of the VAT Modernization Project, while emphasising the need for system readiness, data protection, and adequate support for all businesses.

On VDPs, the Sars indicated that it has already begun creating awareness of the customs and excise VDP amongst stakeholders as part of stakeholder engagements via Webinar, and through recognised controlling body engagements and tax practitioner meetings. In addition to that, a targeted awareness campaign is planned to ensure that communication will reach the intended external stakeholders, namely customs and excise licences and registrants, recognised controlling bodies, and industry bodies. The Sars committed to extensively collaborate with stakeholders to ensure that businesses are ready, confirming that the necessary design protocols required for data protection are in place and that it will consult within government to provide support for businesses and in particular small business so that the implementation becomes an organic outcome of business operations. The Sars clarified that inspections will be risk-driven, following an application by a taxpayer, and existing legislation restricts inspections of domestic premises to that part used for trade.

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We also made observations and recommendations. The committee noted the proposed amendment in the 2025 Tax Administration Laws Amendment Bill. The committee supports these amendments as they are in the best interest of the taxpayer and will enable the Sars to effectively execute its mandate. supports the proposed amendments for the VAT Modernisation Project and recommends that the Sars puts measures in place to ensure the proposed system readiness and ensure that the system enhances transparency and improves efficiency in tax administration. The committee again notes that the threshold for VAT registration has not been reviewed in the past more than eight years or adjusted for inflation. The committee recommends that the Sars should consider reviewing the threshold to avoid unintended consequences that this may have on small businesses. The select committee considered and examined the Tax Administration Laws Amendment Bill, and the committee accepted the Bill. I want to emphasise that the only party that rejected the Bill in the committee meeting was the MKP. Thanks very much. Can I also go straight to the other Bill?

The CHAIRPERSON OF THE NCOP: Yes, you may.

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Ms S NDHLOVU (Chairperson: Select Committee on Finance): I hope these minutes are going to be added, Chair.

The CHAIRPERSON OF THE NCOP: Yes, you may proceed. Hon member, you were supposed to present both Bills, although we are going to vote for them separately, but you present one report that contains both Bills. You may proceed with the third one as well.

Ms S NDHLOVU (Chairperson: Select Committee on Finance): Okay, no, thanks, Chair. I think with these minutes, hon members will also pardon me. Regarding the process, we followed the same process whereby we only received two submissions from Mr Darlington and Mr Cliffe. So, also on the overview, the proposed amendments in the 2025 Taxation Laws Amendment Bill, intends to ensure tax compliance, address anomalies in the tax system, close loopholes identified after the legislation was enacted, ensure fairness, certainty, and consistency in the tax system, protect the integrity of the tax base, address unintended tax avoidance consequences of the legislation, and improve revenue collection.

I am going to the recommendations and the observations. The committee noted the proposed amendments in the Taxation Laws

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Amendment Bill, which are made through various pieces and of legislation. The committee also noted that several proposed amendments have been withdrawn in the current version of the Taxation Laws Amendment Bill. To give credence to the taxation Bills, the National Treasury and the Sars should do due diligence to proposed legislative amendments, adequately consult, and consider comments and submission made by the stakeholders in various sectors in its public participation process and make amendable changes where possible, before the Bills were tabled in Parliament.

The committee noted that some members of the society, particularly the foreign nationals, may not be paying tax as expected. The committee recommends that the Sars follow up on that. That is one area that hon Siwisa was indicating earlier, which is also captured in the report. We hope that she will withdraw that rejection on the earlier Bill. The committee noted the proposed amendments to the Carbon Tax Act. The committee recommends that whilst specific earmarking or ring-fencing may not be possible, the results of these amendments must indeed limit the potential adverse impact of the carbon tax on the poor and low-income households and ensure the realisation of the climate change mitigation efforts to reduce greenhouse gas

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emission cost effectively and support South Africa's climate goals.

On this Bill, there is no objection. All the members have supported. Thank you.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Ndlovu. Hon members, I shall now allow political parties to make their declarations. Accordingly, I will start with the ANC.

Mr D R RYDER: Chair, on a point of clarity, please!

The CHAIRPERSON OF THE NCOP: Yes, you may.

Mr D R RYDER: Which Bill are we declaring on first, please, Chair.

The CHAIRPERSON OF THE NCOP: As I have indicated, hon Ryder, earlier on that I have read jointly the Second and the Third Order, but the Bills are going to be voted for separately. Accordingly, the declarations should be on the second Bill. We are still coming to the third Bill. Can I request ANC?

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Adv Inkosi M NONKONYANA: Chairperson, hon members, good morning. On behalf of the ANC, we have nothing to declare. Thank you, Chair.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Nonkonyana. The DA.

*Declarations of Vote:*

Mr D R RYDER: Hon Chairperson, I had written my declaration after our committee meeting on Monday, and I found myself having to amend it following the Minister's budget speech on Wednesday.

I expected to rise today to demand an increase in the VAT, value added tax, registration threshold. For too long government had not reviewed the threshold, placing an administrative burden on small businesses which they could not afford.

But today I rise to welcome the Minister's announcement that the threshold will more than double to R2,3 million. This reform may appear technical, but it has a meaningful consequence for thousands of South African businesses.

The VAT threshold is not merely a number in legislation, it is the line between being able to focus on customers and being overwhelmed by compliance.

When that threshold is adjusted appropriately it provides breathing room, it reduces administrative costs and it allows entrepreneurs to reinvest time and resources into expansion, job creation and service delivery.

The importance of making life as easy as possible for small businesses cannot be emphasised enough. Small businesses, collectively, are a massive driver of economic growth. They are the ones creating jobs and driving the economy.

I'm not suggesting that small businesses should not be paying tax, but the complexities of VAT returns should not be taking the focus off of core business.

In an economy where small and medium enterprises carry a far greater share of employment growth, regulatory proportionality matters. Compliance obligations must scale sensibly with capacity. A micro-enterprise should not carry the same administrative weight as a large corporate structure.

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In that same spirit, I wish to highlight the importance of reviewing the Public Interest Score thresholds under the Companies Act. These thresholds determine whether a company requires a full audit or may rely on an independent review. For many growing firms, crossing that threshold triggers significant additional compliance costs, sometimes prematurely.

While this matter falls within the regulatory framework overseen by the Department of Trade, Industry and Competition, the principle is identical to that which underpins the VAT threshold adjustment: regulation must be risk-based, proportionate and supportive of growth.

If we are serious about unlocking growth, supporting township enterprises, enabling family businesses to formalise and allowing emerging businesses to scale responsibly, then threshold reform across the regulatory landscape must remain under active review.

The adjustment in the VAT framework is a step in the right direction. May this be part of a broader, deliberate effort across departments to ensure that regulation in South Africa is smart, targeted and growth-enhancing. I thank you, Chair.

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Ms A M SIWISA: Chair, thank you for the opportunity again. When we speak about this taxation law we still find, as I've narrated in my previous speaking, that foreign nationals are not paying taxes and do not bank their money, which means that there is no income that SA Revenue Service, Sars, is going to make. Which means that this is a flaw that the SA Revenue Service needs to look into.

Not enough has been done to ensure that our people are not exploited and the system is not exploited.

The Bill protects the elite groups that where ... whereas there is no sense of economic development for this country.

Despite the Minister stating that workers will no longer be subjected to unnecessary brackets to tax them, we still do not and will not be able to support this Bill because it does not speak to our people, it does not speak to people that do not get so much deliverance in South Africa, it does not speak to the unemployed majority that is in South Africa. Thank you, Chairperson.

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Mr B J FARMER: Chairperson, good morning and good morning to hon members. PA does not have a declaration to make, except to say that we support the EFF's decision that illegal foreigners must go. Thank you, Chair. [Interjections.]

Mr V GERICKE: Madam Chair, sorry to interject. This is not what my Whip has said. We did not say that foreigners must go, they ... that honourable of the PA must contextualise. And Comrade Siwisa, can you contextualise ... please ... [Interjections.]

Ms M MAKESINI: That's what I'm correcting, Gericke, we didn't say that. Farmer must not speak on our behalf.

The CHAIRPERSON OF THE NCOP: Hon Makesini, can we please observe the Rules of the House! I have not afforded you, neither yourself nor hon Gericke, an opportunity to speak. You can't just shoot from your hip and speak in disruption of the sitting. Can we please observe the rules at all times ... [Interjections.]

Mr V GERICKE: We apologise, Chair. We apologise.

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The CHAIRPERSON OF THE NCOP: Thank you very much. Apology accepted.

The DEPUTY CHAIRPERSON OF THE NCOP: Hon Chairperson, as the IFP we welcome the adjustments in the tax regulations that were announced by the hon Minister of Finance.

But we want to just caution that although this will encourage small businesses in the townships, especially when we talk about the township economies and we want to encourage township economies to boom because that is the heartbeat of the township economy, but at the same time we want to caution that we ensure that these businesses are properly regulated because very often it is found that these businesses are selling illicit goods or they are selling expired goods, which is to the detriment of the health and wellbeing of those communities.

So, for that reason we want to ensure that more inspectors are on the ground to regulate the businesses that will now be encouraged to open up.

That will be the declaration from the IFP. Thank you, hon Chair.

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The CHAIRPERSON OF THE NCOP: I see the hand of Siwisa. I'm not do sure, hon Siwisa, if that's a legacy ... [Inaudible.]

Ms A M SIWISA: Chairperson, thank you for giving me the opportunity. I want to put it on record ... I'm not supporting that foreigners must go, I said foreigners do not pay taxes in South Africa and there must be a law that is going to accommodative of that. I just want to put it on record, Chair, I never said foreigners must go. So, the PA must go and do their campaigning there, not here. Thank you very much.

The CHAIRPERSON OF THE NCOP: Hon Siwisa, again, can we please observe the Rules of the House! I have not given you an opportunity. You were supposed to address the House via the Chairperson, not just willy nilly. Can you refrain from doing that, please? Let's observe the Rules of the House at all times. And you must also indicate, on which rule are you rising on! Please, hon members.

Mr V GERICKE: Chair, can I raise a point of order please?

AN HON MEMBER: Which rule?

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The CHAIRPERSON OF THE NCOP: yes, you may, hon Gericke. Which rule are you ... [Interjections.]

Mr V GERICKE: We don't know ... we don't undermine your authority and you know we respect you. But it's incorrect of the PA to indicate that we say that foreigners must go. It's not ... and don't allow them to speak, please. Because why? It's an incorrect interpretation of what my Whip has said. I thank you, Chair.

The CHAIRPERSON OF THE NCOP: Hon Gericke, we will then revisit the Hansard and accordingly, we'll make a ruling in that regard, what is factual and what is not factual. Can we close it at that?

Hon members, we have received ... [Interjections.]

Mr V GERICKE: I agree with you, Chair. Thank you. Thank you very much ...

The CHAIRPERSON OF THE NCOP: ... of all the parties and accordingly, we note the declarations of DA, EFF as well as the IFP.

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We shall now continue to the voting on the Second Order of the day.

As I have indicated, hon members, that we have read both the Second and the Third Orders jointly, but we need to vote separately. And accordingly, we are now going to for the Tax Administration Laws Amendment Bill and immediately after that we will then vote for the Third Order, which is the Taxation Laws Amendment Bill ... [Interjections.]

Mr J H P BRITZ: Order, hon Chair.

The CHAIRPERSON OF THE NCOP: Yes, hon ... [Inaudible.]

Mr J H P BRITZ: ... point of clarity please. You've allowed declarations on the second Bill, but you have not allowed declarations, yet, on the third Bill. So, before proceeding to vote on the third Bill you should allow, in terms of your own ruling, declarations on the third Bill as well please.

The CHAIRPERSON OF THE NCOP: That's what is going to happen, hon Britz. Don't worry about that. Before we start with the voting,

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I'm going to afford an opportunity to make declarations. But now we must finalise the Second Order.

Question put in respect of the Second Order.

Voting.

Mr V GERICKE: Chair, just hold, please. Hon Siwisa, through you, Chair.

The CHAIRPERSON OF THE NCOP: Yes, hon Gericke?

Mr V GERICKE: My Whip! Where is my Whip?

Ms M MAKESINI: Gericke, can you call me aside! Stop what you are doing, please. [Interjections.]

AN HON MEMBER: We are not here for you ... [Interjections.]

Mr M G MODISE: Hayi [No] man, don't do your EFF stuff on this platform. You're abusing us ...

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The CHAIRPERSON OF THE NCOP: Hon Gericke, I don't know what happened to you today. We are voting here. We are trying to assist one another so that we all vote. But we can't be doing what you are doing, please! I don't know what happened. Is it Friday today?

Mr B J FARMER: They have been farmerised ...

The CHAIRPERSON OF THE NCOP: [Laughter.] Okay ...

[Interjections.]

Mr V GERICKE: No, Chair. What are you insinuating? I'm in Parliament. I'm here ...

The CHAIRPERSON OF THE NCOP: Hon member ... hon members, I know that we are here ... we are not supposed to be here, we are supposed to be in our constituencies today and in joint standing committees. That is why we are a bit confused, we don't have ... usually we don't have sittings on Fridays. We are a bit deurmekaar [confused.]

Okay. I have received the results of our voting, hon members.

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Bill accordingly adopted in accordance with section 75 of the Constitution.

*Declarations of Vote (Third Order):*

Adv Inkosi M NONKONYANA: Chair and hon members, the ANC has nothing to declare. Thank you so much.

Mr J H P BRITZ: Hon Chairperson, I will make a declaration on behalf of the DA.

At the very heart of any economy lies its tax system. If you want to understand government's real priorities, then follow the money. If you are a taxpayer, you should listen carefully when tax laws are amended because you will literally pay the price when things go wrong.

National Treasury and the SA Revenue Service, Sars, are doing commendable work. We are unmistakably seeing the green shoots in the economy. Inflation is easing, the rand has strengthened, we are off the grey list, interest rates are down, and government borrows less and revenue collection improved. These are not accidents; they are the result of fiscal discipline and better administration.

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No system is perfect, and technical amendments to tax laws are sometimes necessary. However, context matters. In a fragile economy, government's overriding focus should be on economic growth and jobs. Tax policy must enable businesses to start, survive, and expand. It should not place new obstacles in the path of small businesses, burden existing taxpayers further, or introduce unnecessary complexity for ordinary South Africans planning their estates or writing their wills.

This Bill also lowers the income threshold for ring-fenced assessed losses. Let us be honest. Small businesses and entrepreneurs often and unavoidably make losses in their early years. Despite Treasury's assurances that green-fenced losses can still be carried over, restricting small businesses' ability to carry those losses further makes survival harder, not easier. And when small businesses close, jobs disappear.

Finally, the proposed amendments to Section 25(b) add further complexity to the taxation of trusts, and complexity increases compliance costs for businesses and ordinary citizens alike. That is not efficiency; it is friction. So, we must ask, what kind of tax system do we want to build? One that supports

growth, investment and jobs, or one that adds uncertainty, complexity and risk?

The DA believes in a tax system that supports entrepreneurs, attracts investment, leads to tangible economic growth and rewards private initiative and work. We support efficient revenue collection, but we also advocate for pro-growth, pro-jobs, and pro-taxpayer through clarity, policy certainty, and growth. I thank you.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Britz. We now proceed to the MKP.

An HON MEMBER: No declaration, Madam Chair.

Ms A M SIWISA: Chairperson, the EFF rejects the Bill because the Urban Development Zone, UDZ, tax incentives have not yielded any results to date. We still find municipalities that still cannot produce or show as to where the incentives have gone. What is more surprising is the approach that Sars has taken towards the UDZ tax incentives to say that it must be extended for another five years whereas there is no comprehensive evaluation that has been done to show results that the UDZ tax incentives have

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worked for our local economic development. On that note, the EFF is rejecting this Bill. Thank you very much.

The CHAIRPERSON OF THE NCOP: Thank you, hon Siwisa. The FF Plus?

Ms T BREEDT: Sorry, Chairperson, I couldn't find my microphone. No declaration for the FF Plus. Thanks.

The CHAIRPERSON OF THE NCOP: Thank you very much. The PA?

Mr B J FARMER: Chairperson, the PA will not make a declaration, and we love the EFF. Thank you, Chair.

The CHAIRPERSON OF THE NCOP: Thank you very much, hon Farmer. The UDM?

Mr M M PETER: Chair, the UDM doesn't have any declaration.

The CHAIRPERSON OF THE NCOP: Thank you very much. The IFP?

The DEPUTY CHAIRPERSON OF THE NCOP: Chair, the IFP has no declarations.

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The CHAIRPERSON OF THE NCOP: Thank you very much, Deputy Chair. we are now proceeding to the voting, hon members. I will accordingly start with those members who are voting in favour.

Debate concluded.

Question put: That the Bill be agreed to.

Bill agreed to in accordance with section 75 of the Constitution.

The Council adjourned at 09:00.