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THE 2026 SOUTH AFRICAN

SME Tax Survival Guide

Everything Every Business Owner Needs to Know to Stay SARS Compliant

1. INTRODUCTION

Running a successful business means more than making sales and managing expenses-it also means staying on top of your tax obligations.

For many small and medium-sized businesses, tax can feel confusing, overwhelming and time-consuming. Missing a deadline, overlooking a deductible expense or misunderstanding a SARS requirement can lead to unnecessary penalties, interest and stress.

The good news is that staying compliant doesn't have to be complicated.

This guide has been designed to give South African business owners a practical reference to keep on hand throughout the year. Instead of lengthy explanations and technical tax legislation, you'll find concise information, useful reminders and straightforward guidance to help you stay organised and informed.

Whether you're a sole proprietor, close corporation or private company, this guide will help you understand your key tax responsibilities and prepare for the year ahead.

Remember - Every business is different. This guide provides general information and should not replace advice from a qualified accountant or tax practitioner.

KEY TAKE-AWAY

Good tax compliance isn't about knowing every tax law-it's about keeping accurate records, meeting deadlines and asking for advice when you need it.

ACCOUNTANT'S TIP

Don't wait until year-end to contact your accountant. Regular communication throughout the year can prevent costly mistakes and make tax season significantly less stressful.

2. QUICK REMINDER

Before the year gets busy, ask yourself:

- [ ] Is my bookkeeping up to date?
- [ ] Do I know which taxes my business is registered for?
- [ ] Have I diarised all important SARS deadlines?
- [ ] Is my accountant's contact information current?
- [ ] Do I know when my financial year ends?
- [ ] Do I have a system for storing invoices and receipts?

If you answered "No" to any of these questions, make them your first priorities for the year.

KEY TAKE-AWAY

A few simple checks at the start of the year can save hours of frustration and reduce the risk of penalties later.

ACCOUNTANT'S TIP

Schedule a quarterly "tax health check" in your calendar to review your bookkeeping, upcoming deadlines and any changes to your business.

3. YOUR 2026 TAX CALENDAR

The easiest way to avoid penalties is to know when submissions and payments are due.

EVERY MONTH

- [ ] Submit EMP201 (if applicable)
- [ ] Pay PAYE, UIF and SDL
- [ ] Submit VAT201 (where monthly VAT periods apply)
- [ ] Reconcile bank accounts
- [ ] Update bookkeeping records
- [ ] Save copies of submitted returns

EVERY TWO MONTHS

- [ ] Submit VAT201 (where bi-monthly VAT periods apply)
- [ ] Review outstanding debtors and creditors
- [ ] Check cash flow against expected tax liabilities

TWICE A YEAR

- [ ] Submit EMP501 Employer Reconciliation
- [ ] Issue employee tax certificates where required
- [ ] Review payroll records for accuracy

DURING THE FINANCIAL YEAR

- [ ] Submit First Provisional Tax Return (where applicable)
- [ ] Submit Second Provisional Tax Return (where applicable)
- [ ] Review taxable income estimates

EVERY MONTH

- [ ] Prepare annual financial statements
- [ ] Submit Company Income Tax Return (ITR14) where applicable
- [ ] Finalise supporting schedules
- [ ] Review fixed asset register
- [ ] Reconcile all major balance sheet accounts

KEY TAKE-AWAY

Staying ahead of important tax dates is one of the easiest ways to avoid penalties, interest and unnecessary SARS correspondence.

ACCOUNTANT'S TIP

Set reminders at least two weeks before every submission deadline. This gives you enough time to gather information, resolve issues and avoid last-minute filing.

4. TAX DEADLINES YOU CAN'T MISS

Missing a submission date can result in penalties, interest and unnecessary SARS correspondence.

The following deadlines should always be diarised.

Tax / Submission	Typical Due Date	Notes
EMP201 (PAYE, UIF & SDL)	By the 7th of every month (or the last business day before if the 7th falls on a weekend or public holiday)	Monthly employer declaration and payment.
PAYE, UIF & SDL Payments	By the 7th of every month	Submitted together with the EMP201.
VAT201 (Category A Vendors)	By the 25th (manual) or last business day of the month (eFiling) following the end of the two-month tax period	Tax periods generally end in odd months (e.g. January, March, May).
VAT201 (Category B Vendors)	By the 25th (manual) or last business day of the month (eFiling) following the end of the two-month tax period	Tax periods generally end in even months (e.g. February, April, June).
VAT201 (Monthly Vendors)	Monthly, following the end of each tax period	Applies only to qualifying vendors with approval from SARS.
VAT201 (Other Categories)	Varies	Categories C, D and E have different filing periods depending on the nature of the business.

EMP501 Employer Reconciliation	Twice a year	Interim reconciliation: generally 1 April – 31 May. Annual reconciliation: generally 1 April – 31 October. SARS announces the exact filing season each year.
IRP5/IT3(a) Certificates	Issued after each EMP501 reconciliation	Must be provided to employees after successful submission of the EMP501.
First Provisional Tax Return (IRP6)	Within six months of the start of the financial year	Usually six months into the company's financial year.
Second Provisional Tax Return (IRP6)	On or before the last day of the financial year	Estimate taxable income carefully to avoid underestimation penalties.
Third (Voluntary) Provisional Tax Return	Within six months after year-end(companies)	Optional, but may reduce interest where additional tax is payable.
Company Income Tax Return (ITR14)	Within 12 months after the financial year-end	Applies to companies.
Annual Financial Statements	No SARS filing deadline unless required as part of the tax return, but should be completed before the ITR14 is submitted	Companies must also comply with any Companies Act requirements where applicable.
Annual Return (CIPC)	Anniversary month of incorporation	Separate from SARS. Companies must file with the CIPC annually.

IMPORTANT REMINDER

- Your deadlines may differ depending on:
- Your VAT category (A, B, C, etc.)
- Your financial year-end
- Whether you are registered for provisional tax

Not every business has the same filing dates.

- Whether you employ staff
- Your legal structure (sole proprietor, partnership, company or trust)
- Any extensions or filing season dates announced by SARS

KEY TAKE-AWAY

Every business has different filing obligations depending on its registrations and financial year. Know which deadlines apply to your business and diarise them.

ACCOUNTANT'S TIP

If you're unsure whether a deadline applies to you, don't assume it doesn't. Confirm your obligations on SARS eFiling or with your accountant before the due date.

Set calendar reminders two weeks before every due date, not on the due date itself. This gives you enough time to gather documents, resolve queries and avoid last-minute submissions.

5. TAX HEALTH CHECK

At least once every quarter, ask yourself:

- [ ] Is my bookkeeping fully up to date?
- [ ] Are all bank accounts reconciled?
- [ ] Have all invoices been captured?
- [ ] Have all expenses been recorded?
- [ ] Have I budgeted for upcoming tax payments?
- [ ] Are my payroll records accurate?
- [ ] Am I keeping electronic copies of all supporting documents?
- [ ] Have I responded to every SARS notice received?

If every box is ticked, you're already ahead of many small businesses.

KEY TAKE-AWAY

Good tax compliance starts with good financial habits. Regularly reviewing your records helps identify problems before they become costly.

ACCOUNTANT'S TIP

A 30-minute monthly review of your bookkeeping is often more effective than trying to fix twelve months of records just before your tax return is due.

6. WHAT CAN I CLAIM?

One of the most common questions business owners ask is, "Can I claim this as a business expense?"

As a general rule, an expense must be incurred for the purpose of earning business income to be considered for deduction. Personal expenses are generally not deductible, and some business expenses have specific rules or limitations.

If you're ever unsure, speak to your accountant before submitting your tax return.

Common Business Expenses

Expense	Usually Claimable?	Notes
Office rent	Yes	Business premises.
Electricity and water	Yes	Business portion only.
Accounting fees	Yes	Professional fees.
Bank charges	Yes	Business account charges.
Insurance	Yes	Business-related policies.
Internet and Wi-Fi	Yes	Business use.
Telephone	Yes	Business portion.
Cellphone	Yes	Business portion only.
Advertising	Yes	Marketing and promotion.
Software subscriptions	Yes	Business software.
Office stationery	Yes	Pens, paper, printer ink, etc.
Courier costs	Yes	Business deliveries.
Website costs	Yes	Hosting, domains and maintenance.
Staff training	Possibly	If related to the business.
Repairs and maintenance	Possibly	Not improvements or capital additions.
Fuel	Possibly	Business travel only.
Vehicle expenses	Possibly	Subject to specific rules and records.
Entertainment	Often Limited	Depends on circumstances.
Personal groceries	No	Personal expenditure.
School fees	No	Personal expenditure.

Before Claiming an Expense, Ask Yourself:

- ☐ Was the expense incurred for business purposes?
- ☐ Do I have a valid invoice or receipt?
- ☐ Can I prove payment?
- ☐ Has the expense been recorded correctly?
- ☐ Is any personal use excluded?
- ☐ Have I discussed unusual expenses with my accountant?

Commonly Forgotten Expenses
Many businesses overlook legitimate expenses.

Don't forget to consider:

- Bank charges
- Merchant fees
- Accounting software
- Cloud storage
- Professional subscriptions
- Business insurance
- Courier services
- Small office equipment
- Protective clothing (where applicable)
- Website hosting
- Domain renewals
- Business licences
- Security services

KEY TAKE-AWAY

Only claim expenses that are supported by proper documentation and relate to earning business income. When in doubt, ask before claiming.

ACCOUNTANT'S TIP

If you have to ask yourself, "Will SARS question this?", it's worth discussing with your accountant first. It's far easier to get it right before submitting your return than to correct it afterwards.

No receipt usually means no deduction.

Develop the habit of keeping digital copies of every invoice and receipt throughout the year.

7. TOP 20 MISTAKES THAT COST SMES MONEY

Many tax problems are avoidable. The following mistakes regularly result in penalties, interest or unnecessary SARS queries.

1. Missing submission deadlines
Late returns often attract penalties and interest.

2. Paying tax late
Even where returns are submitted, late payment may result in additional costs.

3. Mixing personal and business expenses
Separate business finances from your personal finances wherever possible.

4. Losing invoices and receipts
Supporting documents are essential if SARS requests verification.

5. Ignoring SARS correspondence
Never leave letters unread. Respond promptly or contact your tax practitioner.

6. Incorrect VAT calculations
Always reconcile VAT before submission.

7. Forgetting provisional tax
Many profitable businesses underestimate provisional tax obligations.

8. Poor bookkeeping
Incomplete records make tax returns difficult and increase the risk of errors.

9. Using estimates instead of actual figures
Use accurate accounting records whenever possible.

10. Claiming personal expenses
Personal expenditure generally cannot be claimed as a business deduction.

11. Not reconciling payroll
Payroll should agree to submissions and accounting records.

12. Incorrect employee classifications
Understand the difference between employees and independent contractors where relevant.

13. Failing to update SARS registration details
Keep contact details and registered representative information current.

14. Ignoring cash flow
Businesses often have profits but insufficient cash to pay tax.

15. Waiting until year-end
Tax planning should happen throughout the year.

16. Forgetting asset purchases
Maintain an up-to-date fixed asset register.

17. Not budgeting for tax
Set money aside regularly to avoid financial pressure.

18. Relying solely on memory
Maintain organised accounting records and calendars.

19. DIY tax without understanding the rules
Professional advice can often save more than it costs.

20. Asking for help too late
Speak to your accountant before problems become urgent.

KEY TAKE-AWAY

Most tax penalties are avoidable. Keeping accurate records, submitting returns on time and responding promptly to SARS can prevent many common compliance issues.

ACCOUNTANT'S TIP

The biggest tax mistakes usually aren't caused by complicated tax laws—they're caused by poor record keeping, missed deadlines and leaving things until the last minute.

8. DOCUMENTS EVERY BUSINESS SHOULD KEEP

Keeping good records is one of the easiest ways to stay compliant and reduce stress during tax season.

Financial Records

- [ ] Bank statements
- [ ] Deposit slips
- [ ] EFT confirmations
- [ ] Loan agreements
- [ ] Credit card statements

Sales Records

- [ ] Customer invoices
- [ ] Credit notes
- [ ] Quotations
- [ ] Signed contracts

Expense Records

- [ ] Supplier invoices
- [ ] Receipts
- [ ] Petty cash records
- [ ] Import documentation

Payroll Records

- [ ] Employment contracts
- [ ] Payslips
- [ ] Leave records
- [ ] Payroll reports
- [ ] EMP201 and EMP501 submissions

Asset Records

- [ ] Fixed asset register
- [ ] Purchase invoices
- [ ] Finance agreements
- [ ] Disposal records

Tax Records

- [ ] Income tax returns
- [ ] VAT returns
- [ ] SARS assessments
- [ ] Proof of payments
- [ ] SARS correspondence

KEY TAKE-AWAY

Well-organised records make it easier to prepare financial statements, support tax deductions and respond quickly if SARS requests additional information.

ACCOUNTANT'S TIP

Store documents digitally as well as physically. A simple folder structure organised by financial year and document type can save hours of searching when information is needed.

9. COMMON SARS RED FLAGS

Examples:

- Large VAT refunds
- Consecutive tax losses
- Personal expenses through the business
- Payroll not matching EMP501
- Late submissions
- Unusual expense spikes
- Poor record keeping
- High director loan balances
- Missing supporting documents
- Frequent return corrections

KEY TAKE-AWAY

Tax compliance isn't a once-a-year task. Small, consistent actions throughout the year can save your business time, money and unnecessary stress.

FINAL ACCOUNTANT'S TIP

Your accountant is more than someone who submits tax returns. Keeping them informed about significant business decisions throughout the year allows them to provide proactive advice and help you plan effectively.

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