



MAY 2022 – SOUTH AFRICA OFFICIAL INTEREST RATE

It is important that employers note the following:

Increase to official interest rate announced

The Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) has increased the repo rate by 50 basis points. The announcement was made on Thursday, 19 May 2022.

The repo rate has been raised by 50 basis points to 4.75% per year, effective from 20 May 2022. This means that the rate at which the SARB lends to your bank has risen from 4.25% to 4.75%.

For employers, the official interest rate applicable to payrolls will be 5.75%, effective from 1 June 2022.

The definition of "official interest rate" in the Seventh Schedule of the Income Tax Act means:

- In the case of a loan which is denominated in the currency of the Republic, the South African repurchase (repo) rate + 100 basis points; or
- In the case of a loan which is denominated in any other currency, the South African repurchase rate applicable in that currency + 100 basis points.

Where a new repurchase rate or equivalent rate is determined, the new interest rate applies for the purposes of this definition from the first day of the month following the date on which that new repurchase rate or equivalent rate comes into operation.

To view the MPC's statement, follow the [link](#).

Contact our legislation team at info@crs.co.za if you require any additional information.

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