SA ACCOUNTING NETWORK

MEDICAL TAX CREDIT GUIDE

2026

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THESHIFT TO MEDICAL TAX CREDITS

South Africa has transitioned from the old medical tax system to a fairer tax credit model. The historical system reduced taxable income directly, which predominantly favoured high-income earners.

Between 2012 and 2015, SARS phased in the current **standard rebates system**, ensuring equitable tax relief for all income earners, regardless of their tax bracket.

Note: There are ongoing discussions that National Health Insurance (NHI) might stop this system in the future.

02

SECTION 6A: THE FIXED REBATE

Section 6A offers a standard monthly rebate for taxpayers belonging to a registered medical scheme. This fixed credit is granted automatically based solely on the number of registered dependants on the policy.

2026–2027 Section 6A Rates

- **R376 per month** for the main member and the first dependant (R4,512 per year per person).
- **R254 per month** for each additional dependant.

Key Rules: You must belong to a registered medical aid. This credit is used monthly to reduce your PAYE (Pay-As-You-Earn) tax. There is no minimum salary requirement to receive this, but the credit *cannot* generate a negative tax balance.

03

SECTION 6B: ADDITIONAL REBATE

Section 6B provides partial tax relief for qualifying out-of-pocket medical bills and excess medical aid contributions. Unlike Section 6A, this is **claimed annually** on your tax return and is non-refundable (it can reduce your tax to R0, but cannot trigger a negative tax bill payout).

Taxpayers Under 65

25% Tax Credit: Applies to qualifying medical spend that exceeds the **7.5% income floor**.

Aged 65+ / Disabilities

33.3% Tax Credit: Applies to qualifying medical spend from Rand 1 **(No 7.5% income floor)**.

What Counts as a "Qualifying Expense"?

- **Unreimbursed Out-of-Pocket Bills:** Doctor and specialist fees, hospital costs, and prescribed medicines paid out of your own pocket.
- **Excess Scheme Fees:** The portion of your annual medical aid contributions that exceeds **4 × Annual Section 6A Credit** (or **3 ×** for those aged 65+).
- **Registered Providers Only:** Services must be provided by a registered healthcare practitioner or recognized medical facility.

Total Qualifying Spend = Excess Scheme Fees + Unreimbursed Out-of-Pocket Bills

What Expenses DO NOT Qualify?

- **Over-the-Counter (OTC) Medicines:** Vitamins, headache pills, and cough syrups bought without a valid prescription.
- **Gap Cover & Insurance:** Monthly premiums for Gap Cover or hospital cash plans.
- **Reimbursed Costs:** Any expenses refunded by your medical aid or insurance.
- **Cosmetic Procedures:** Elective aesthetics not deemed medically necessary.
- **Unregistered Services:** Gym memberships, health spas, or alternative healers.
- **General Travel:** Travel or parking to visit a hospital (unless prescribed under disability rules).

04

THE7.5% INCOME FLOOR

For taxpayers under age 65 without a qualifying disability, SARS enforces an income floor. You only receive the 25% tax credit on the amount of medical expenses that *exceeds* this floor.

Income Floor = 7.5% × Total Annual Taxable Income

Pro Tip: Higher taxable income equals a higher floor you must cross before receiving extra tax relief. Lower earners reach this relief threshold faster.

How to Calculate (Step-by-Step)

1. **Calculate Excess Contributions:** Annual Scheme Fees Paid − (4 × Annual Sec 6A Credit).
2. **Add Out-of-Pocket Bills:** Combine the result with your unreimbursed medicine bills to get your Total Qualifying Spend.
3. **Calculate Your Floor:** Annual Taxable Income × 7.5%.
4. **Determine the Excess:** Total Qualifying Spend − Income Floor.
5. **Apply Credit:** Multiply the excess by 25% to get your Section 6B credit.

05

TAXPAYERS AGED 65 AND OLDER

Taxpayers aged 65 and older receive preferential tax treatment for standard medical costs:

- **No 7.5% Income Floor:** The threshold is completely removed; tax relief begins from Rand 1 of qualifying spend.
- **Higher Rebate Rate:** Earn a 33.3% tax credit instead of 25%.

- **Lower Scheme Threshold:** Excess scheme fees are calculated using a 3× multiplier instead of 4× (Scheme Fees Paid − (3 × Annual Sec 6A Credit)).

Note: Being 65+ applies to standard medical costs. It does not automatically allow you to claim special disability expenses (like carers) unless a diagnosed disability is also present.

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SECTION 6B FOR DISABILITIES

If you, your spouse, or a registered dependant has a recognized moderate-to-severe disability, significant tax relief is unlocked. You enjoy the **33.3% credit rate** and **no 7.5% income floor**.

Mandatory Requirement: Form ITR-DD

You MUST have a valid **ITR-DD form** (Confirmation of Diagnosis of Disability) completed and signed by a registered medical practitioner. The form remains valid for up to 10 years for a permanent condition, or 1 year for a temporary condition.

Hidden / Non-Obvious Conditions That May Qualify

Qualification is based on **functional limitation** (a moderate-to-severe restriction on daily activities lasting >1 year), not just the diagnostic label.

- **Neurodevelopmental & Learning:** Autism Spectrum Disorder (ASD), Asperger’s, severe ADHD restricting learning, Dyslexia, Dyscalculia.
- **Mental Health Conditions:** Severe Bipolar Disorder, Major Depressive Disorder, PTSD, or severe Anxiety.
- **Sensory & Physical Impairments:** Bilateral/severe unilateral hearing loss, visual impairments, severe Epilepsy, Cerebral Palsy, Multiple Sclerosis.

Why this matters: Identifying these conditions expands claimable expenses to include specialized school fees, remedial therapies, caregiver fees, and special transportation.

07

SCENARIOS & EXAMPLES

Let's look at *Jannie*, who earns a salary of R25,000 per month (R300,000 annually). His

SCENARIO	MED AID COST (YEAR)	OUT-OF-POCKET BILLS	QUALIFYING SPEND ABOVE FLOOR	FINAL SEC 6B CREDIT
No Med Aid + Low Bills	R0	R10,000	-R12,500 (Under Floor)	**R0**
No Med Aid + High Bills	R0	R50,000	R27,500	**R6,875**
R2k/mo Med Aid + R0 Bills	R24,000	R0	-R16,548 (Under Floor)	**R0 (Only Sec 6A R4,512)**
R5k/mo Med Aid + R0 Bills	R60,000	R0	R19,452	**R4,863**
R5k/mo Med Aid + R10k Bills	R60,000	R10,000	R29,452	**R7,363**
Age 70 + R5k Med Aid + R10k Bills	**R60,000**	**R10,000**	**R56,464 (No Floor!)**	**R18,802**