

Medical tax credit system: 1 March 2025 – 28 February 2026

Medical scheme tax credits – applies to all taxpayers

This is in respect of medical scheme contributions made by the taxpayer, or their employers on their behalf. The monthly tax credits are as follows:

- R364 per month for the taxpayer and first dependant,
- R246 per month for each additional dependant.

Qualifying medical expenses as an additional tax credit – different formulas apply to different taxpayers

This is an additional tax credit, which is deducted from the tax payable. It is non-refundable and cannot exceed the tax payable in that year of assessment. This is all expenses paid out of the taxpayer's own pocket – the taxpayer must retain the invoices as proof.

The expenses that qualify are as follows:

- Any amounts other than those recovered by the medical scheme, paid by the taxpayer to a duly registered medical practitioner, dentist, optometrist, homeopath, naturopath, osteopath, herbalist, physiotherapist, chiropractor, orthopaedist for professional services to the taxpayer or a dependant.
- Amounts paid to a nursing home, hospital, enrolled nurse, midwife or nursing assistant in respect of an illness or confinement.
- Amounts paid to a pharmacist for medicine supplied on prescription.
- Amounts which were paid in respect of expenditure incurred outside the Republic for medicines supplied which is substantially similar to those provided in the Republic as noted above.
- Any expenditure the Commissioner prescribes.

Taxpayers under the age of 65

The total tax credit available is calculated by applying the following formula:

25% of
 (Annual medical scheme contributions
less 4 x annual medical scheme tax credit
plus other qualifying medical expenses
less 7.5% of annual taxable income).

Where the result of this calculation is less than zero, there is no tax credit.

Example: Peter is 32 and earns a salary of R250 000 per annum. He belongs to a medical scheme and the total monthly contribution made by him and his employer amounts to R3 500 with respect to him and his wife. His wife is his only dependant. He incurred additional qualifying medical expenses of R12 100. He has no other qualifying tax deductions.

The following steps can be followed to determine the total medical tax credit:

Step 1 – Medical scheme tax credits for him and his dependant = $(R364 + R364 \text{ per month}) \times 12 = R8\,736$ per annum

Step 2 – Additional medical tax credit

$= 25\% \times [(R3\,500 \times 12) - (R8\,736 \times 4) + R12\,100 - (7.5\% \times R250\,000)]$

$= 25\% \times [R7\,056 + R12\,100 - R18\,750]$

$= R101.50$

The total tax credit = $R8\,736 + R101.50 = R8\,837.50$

Step 3 – Applying the tax credit to reduce the total tax payable

Taxable income	R250 000.00
Tax payable (using 2025/2026 tax rates)	R46 032.00
<i>less</i> primary rebate	R17 235.00
<i>less</i> medical tax credit	R8 837.50
Tax payable	R19 959.50

Taxpayers over the age of 65 and those under 65 with a family member with a disability

The total tax credit available is calculated by applying the following formula:

33.3% of
(Annual medical scheme contributions
less 3 x annual medical scheme tax credit
plus other qualifying medical expenses).

Where the result of this calculation is less than zero, there is no tax credit.

Example: Peter is 68 and earns a pension of R250 000 per annum. He belongs to a medical scheme and the total monthly contribution made by him and his employer amounts to R3 500. His wife is his only dependant. He incurred additional qualifying medical expenses of R12 100. He has no other qualifying tax deductions.

The total medical tax credit is determined as follows:

Step 1 – Medical scheme tax credits for him and his dependant for the year = (R364 + R364 per month) x 12 = R8 736 per annum

Step 2 – Additional medical tax credit

= 33.3% x [(R3 500 x 12) – (R8 736 x 3) + R12 100]
= 33.3% x [R15 792 + R12 100]
= R9 288.04

The total tax credit = R8 736.00 + R9 288.04 = R18 024.04.

Step 3 – Applying the tax credit

Taxable income	R250 000.00
Tax payable (using 2025/2026 tax rates)	R46 032.00
less primary rebate	R26 679.00
less medical tax credit	R18 024.04
Tax payable	R1 328.96



Tax treatment of HealthSaver⁺

The tax treatment of HealthSaver differs from the tax treatment of medical scheme savings. Medical scheme savings are incorporated into the medical scheme contributions, while contributions made to the HealthSaver are funded from after-tax income. HealthSaver contributions are not tax deductible, but any expenses paid via the HealthSaver facility are tax deductible in the same way as healthcare expenses you incur.

If you have a HealthSaver account, you will receive a HealthSaver tax statement that may be used as proof of the healthcare expenses paid during the tax year, and deductions can be made accordingly. This is sufficient proof for tax purposes if you did not incur any medical expenses outside of HealthSaver and the medical scheme. If you did, you would have to retain all the receipts, including those claims paid from HealthSaver, for tax purposes.

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