



the dpsa

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REPUBLIC OF SOUTH AFRICA

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HEADS: NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

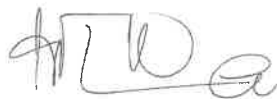
CIRCULAR NO. 25 OF 2026

RESTRUCTURING OF THE FLEXIBLE COMPONENT FOR SMS AND MMS MEMBERS AND THOSE EMPLOYEES COVERED BY OSDs

1. The Minister for the Public Service and Administration has approved the implementation of 4% cost-of-living adjustment (COLA) for employees on salary levels 1-12 and those employees covered by OSDs with effect from 1 April 2026.
2. Subsequently, the acting Director-General approved DPSA Circular No. 15 of 2026 with regard to the implementation of COLA which, therefore, necessitates the review of restructuring package for employees who are remunerated on a total package as provided in the respective Dispensation.
3. The Minister of Finance announced the following tax amendments, effective from 1 April 2026 (2027 tax year):
 - a. Revised income tax rates, of which the details are available from the SA Revenue Service (SARS).
 - b. The following revised medical scheme contribution tax credits:
 - i. R376 per month (R4 512 per annum) for the principal member of the medical aid scheme.
 - ii. Additional R376 per month (R4 512 per annum) for the 1st dependant.

- iii. Additional R254 per month (R3 048 per annum) for each further (additional) dependant.
- c. Revised primary rebate of R17 820 per annum.
- 4. Due to these amendments, approval is granted to SMS and MMS members and affected OSD employees, **who so wish**, to restructure the flexible portion of their Total Cost-to-Employer (TCE) packages, with effect from 1 April 2026.
- 5. Please note that this approval does not pertain to **once-off choices** by members to the percentage that constitutes the basic (pensionable) salary in their TCE packages.
- 6. The 2026 SMS, MMS and OSD Models, which serve as tools to members and employees to structure their packages, have been updated and are available on the DPSA website (www.dpsa.gov.za).
- 7. Departments are requested to inform SMS and MMS members and affected OSD employees accordingly.
- 8. Further to paragraph 6 above, the provisions of the Public Service Regulations and specifically Regulation 6(2) provides *that an employee shall direct to his or her head of department any enquiry on a matter that falls within the functions of the Minister for the Public Service and Administration*. Therefore, employees must address their enquiry to the relevant department for assistance.

Kind regards



Mr. Willie Vukela
Acting Director-General
Date: 14/04/26