

BER WEBINAR – HOW TO FUND INTERVENTIONS TO REDUCE POVERTY IN SOUTH AFRICA

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NOTES

- A full PowerPoint presentation was not prepared for this workshop - as per the format stipulated. This presentation was used just to provide some key statistics.
- The details presented here are DRAFT findings from research prepared for the IEJ by DNA Economics. The methodologies are being refined and we expect minor amendments to be made. These numbers therefore should not be cited, with publication of the fuller analysis forthcoming.

COST OF UBIG

Groups (18 - 59)	Number of people	FPL (R585 pm)	LBPL (R840pm)	UBPL (R1268 pm)	R2500 pm	R3500 pm
All	34.1m	239	343	519	1023	1432
All (80%)	27.3m	192	275	415	818	1146
All (60%)	20.5m	144	206	311	614	859
Informal Workers	2.5m	18	25	38	76	106
Unemployed	11m	78	111	168	332	464
NEA	13.4m	94	135	203	401	561
NFE	22.4m	157	226	341	672	940

TAX OPTIONS

Billions	2022/23	2023/24	2024/25	Notes
Income Taxes:				
Social Security Tax (SST)	R62	R64	R66	<ul style="list-style-type: none"> • 1.5% of taxable income between R0 and R80 000 per annum • 2% of taxable income between R80 000 and R350 000 per annum, • 2.5% of taxable income between R350 000 and R 1 million per annum • 3% of taxable income more than R1 million per annum.
Resource rent tax	R39	R38	R38	Assuming a tax that can extract 25% of the Natural Resource Rent Value in South Africa in line with Ghana and Zambia
Selective removal of pension fund contribution deduction	R22	R23	R23	Removal of deduction with taxable income of more than R1 000 000 p.a.
Selective removal of medical aid tax credit	R12	R12	R13	Removal of tax credit for main member and main dependent for those with taxable income > R500 000 p.a.
Dividend tax	R8	R8	R9	Increase rate from 20% to 25%

TAX OPTIONS

Billions	2022/23	2023/24	2024/25	Notes
Consumption Taxes:				
Implementing a Luxury VAT	R8	R9	R9	25% VAT rate on luxury goods
Carbon tax	R2	R2	R2	Increase to one-quarter of EU standard
Wealth Taxes:				
Wealth tax	-	-	R189	Data is needed to be collected to establish tax rate
Currency transaction tax	R3	R3	R3	0.005% tax on all onshore currency transactions
Estate duty tax	R2	R2	R2	<ul style="list-style-type: none"> • Estates valued between R3.5 million and R30 million are taxed at a rate of 36% • Estates valued between R30 million and R146.89 million are taxed at a rate of 41% • Estates above R146.89 million are taxed at a rate of 45%
Securities Transfer Tax (STT)	R1	R1	R1	Increase rate from 0.25% to 0.3%

TAX OPTIONS

Billions	2022/23	2023/24	2024/25	Notes
Removal of corporate tax breaks:				
Reduce profit shifting of MNCs	R6	R6	R6	Target of 25% reduction
Cancel Employment Tax Incentive (ETI)	R5	R5	R5	
Reduce wasteful and irregular expenditure:				
Reduce irregular expenditure	R13	R13	R13	Target of 30% of R42.8 billion, reported by Auditor-General
Reduce wasteful expenditure	R5	R5	R5	5% of R107 billion spent on “General Public Services”
Total	R188	R191	R379	
Recouped via VAT				12 – 13.5% of total