


Weathering the storm*

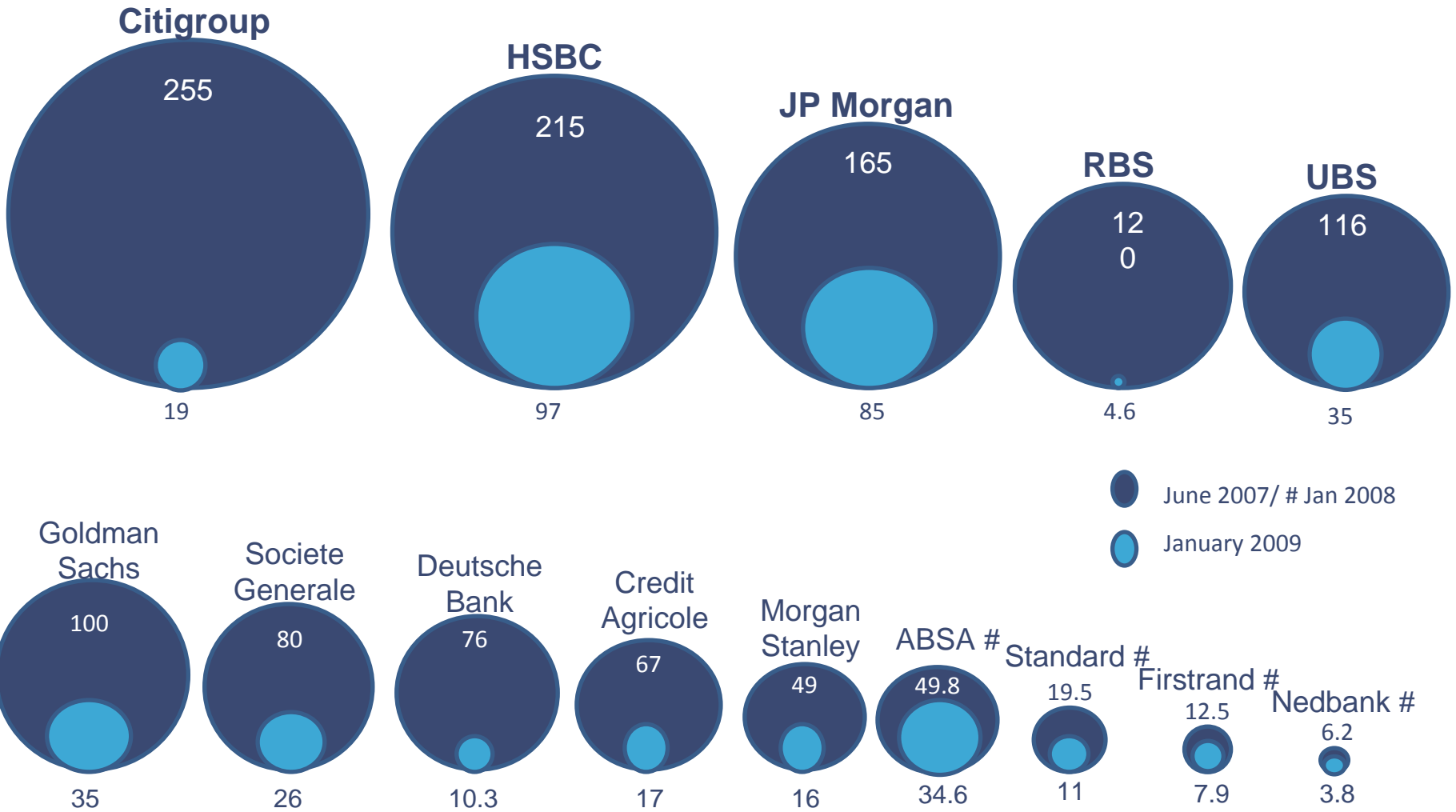
Budget 2009



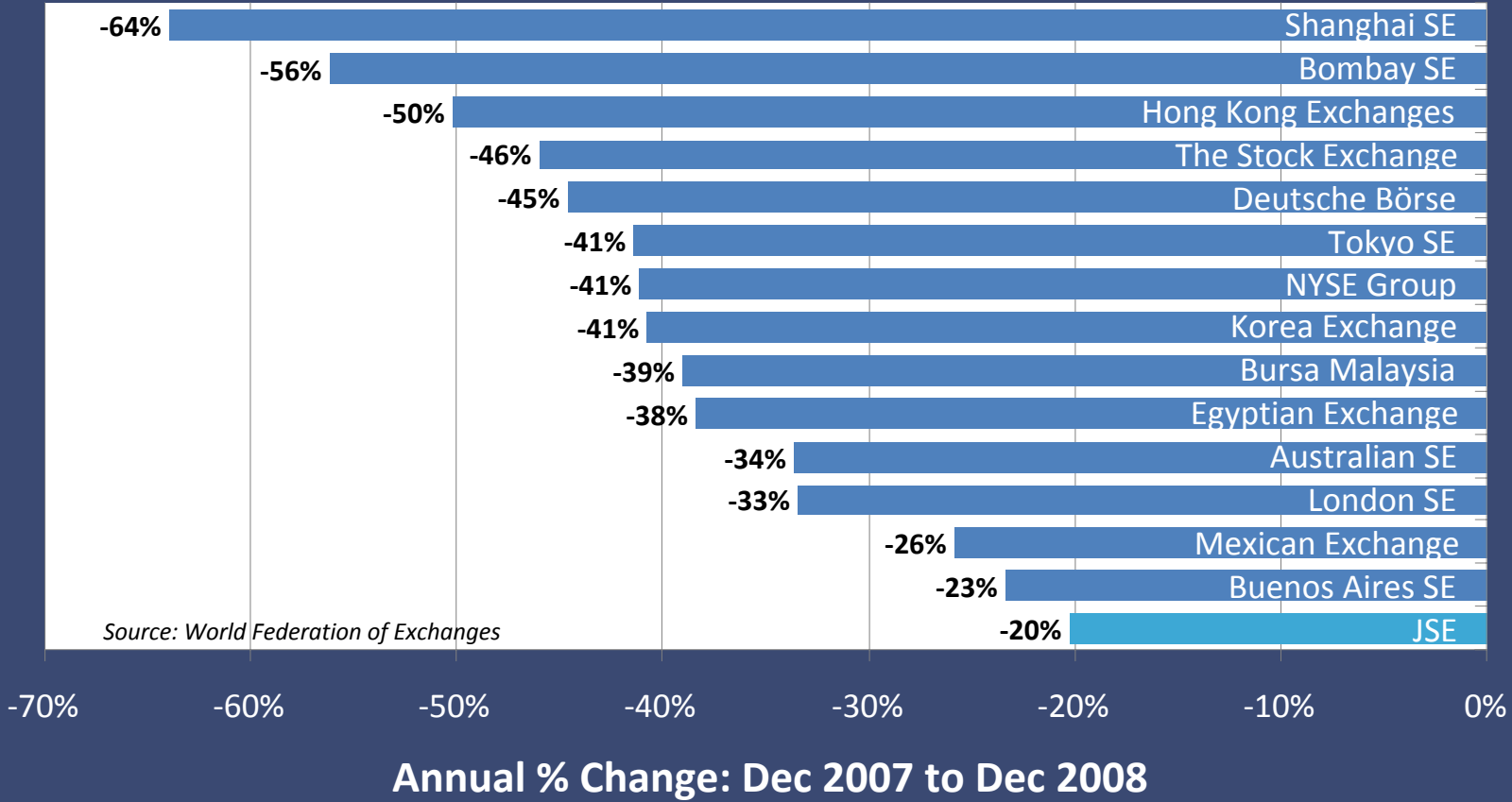
*connectedthinking

PRICEWATERHOUSECOOPERS 

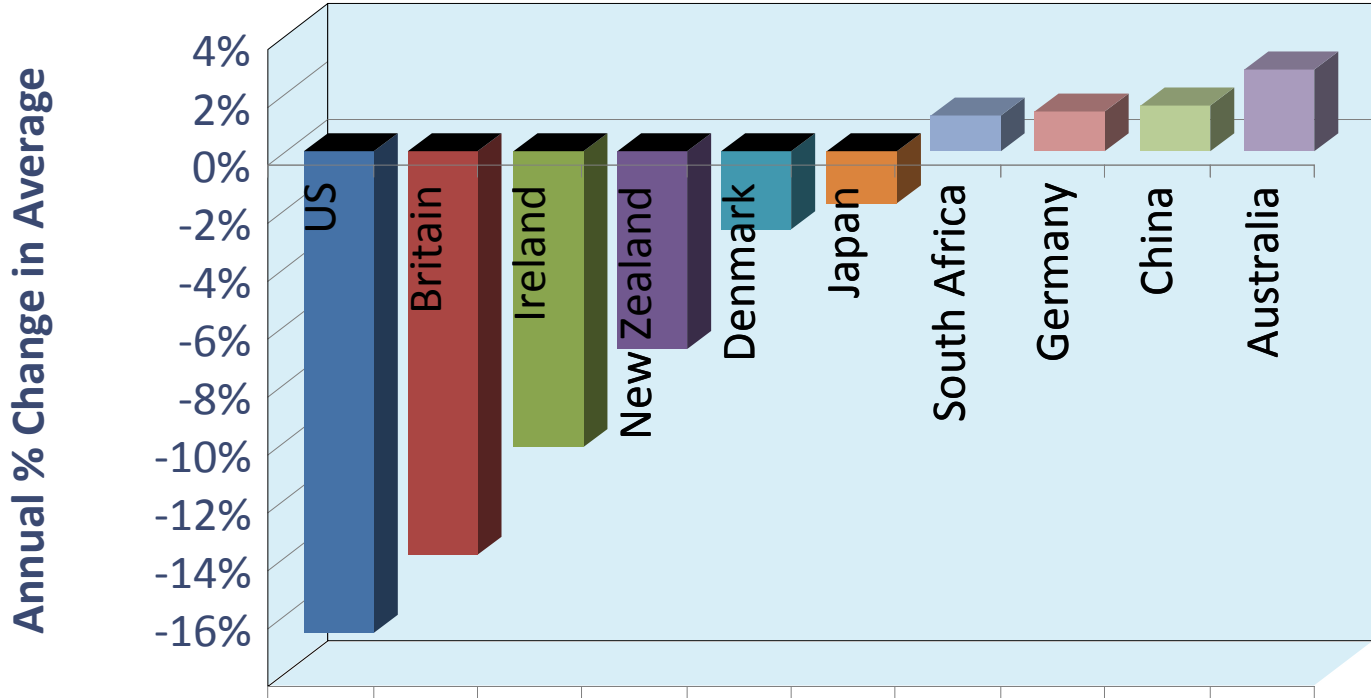
Market capitalisation of banks



Change in the market capitalisation of selected stock markets



Changes in house prices



Paying Taxes in South Africa



A global comparison of tax compliance

Findings of the World Bank and PricewaterhouseCoopers study show that South Africa was ranked **23** out of the 178 countries for ease of compliance

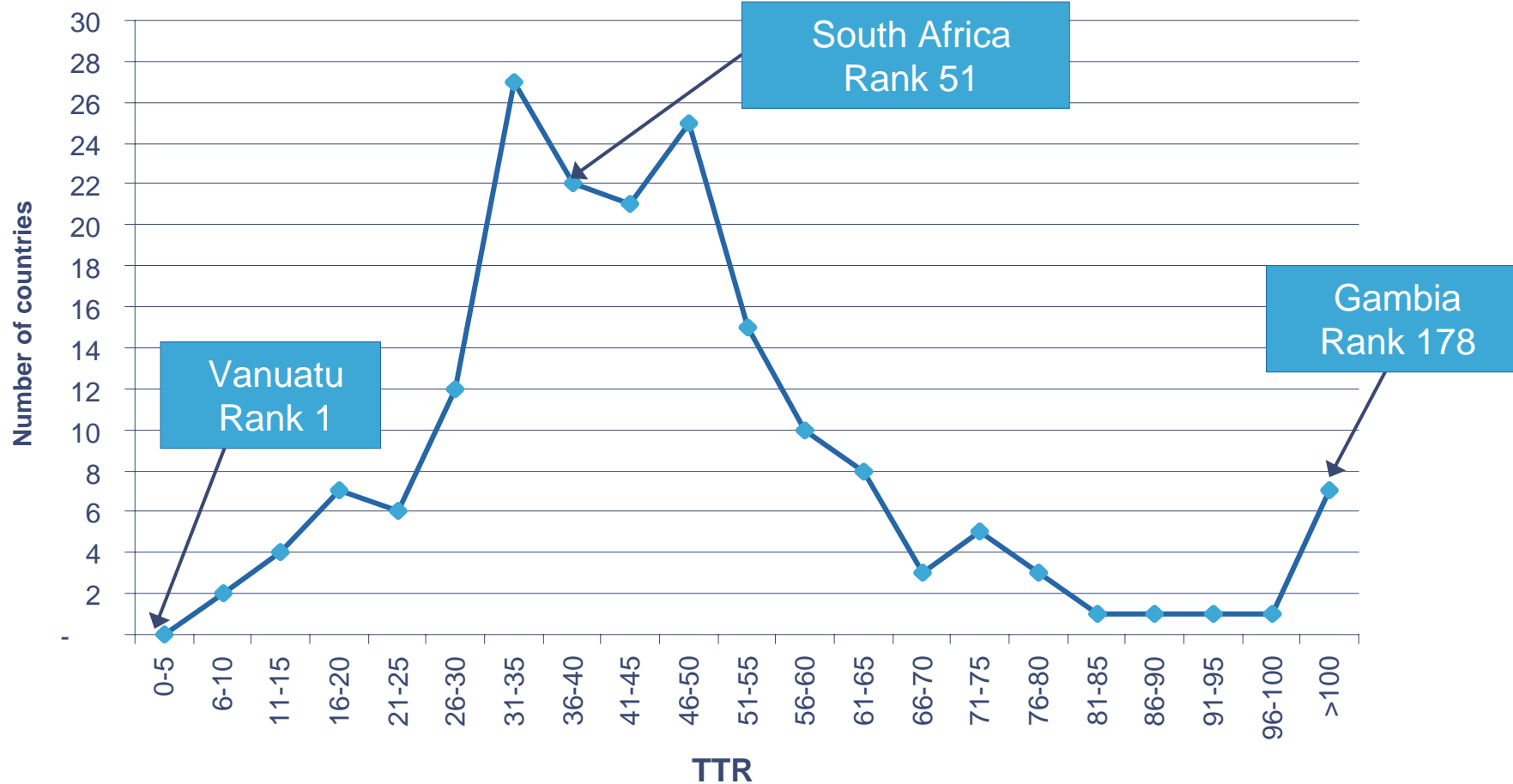
The results for South Africa

2009 (2008)	Result	Rank
Total Tax Rate	34.2% (37.1%)	51 (62)
Hours to comply	200 (350)	73 (131)
Number of payments	9 (11)	16 (24)
Overall ranking		23 (61)

Cost – The Total Tax Rate ranking

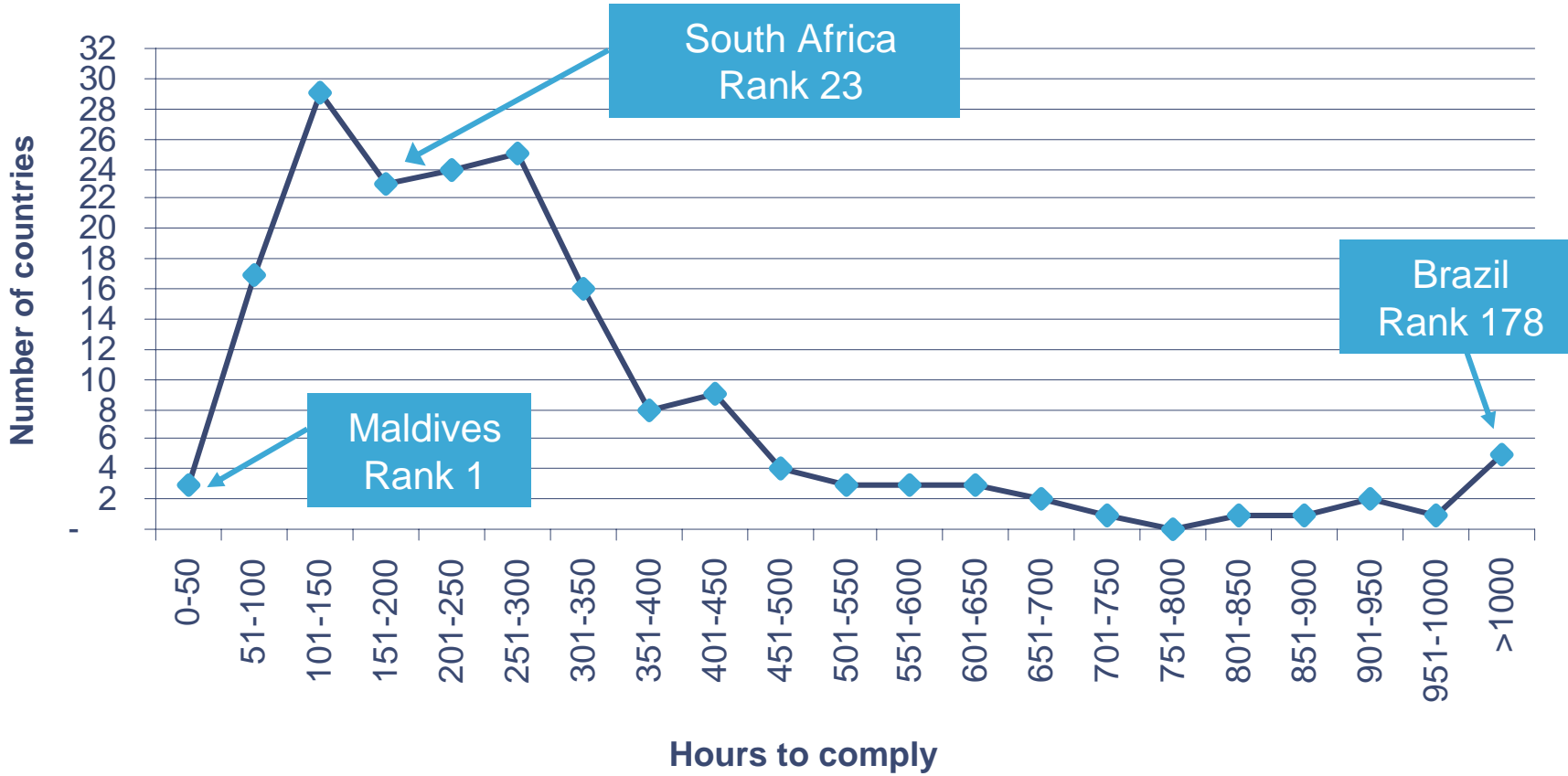
A reduction of 2.9% improved the ranking by 11 places

A further 5% reduction in the TTR could improve the ranking for South Africa by 20 places

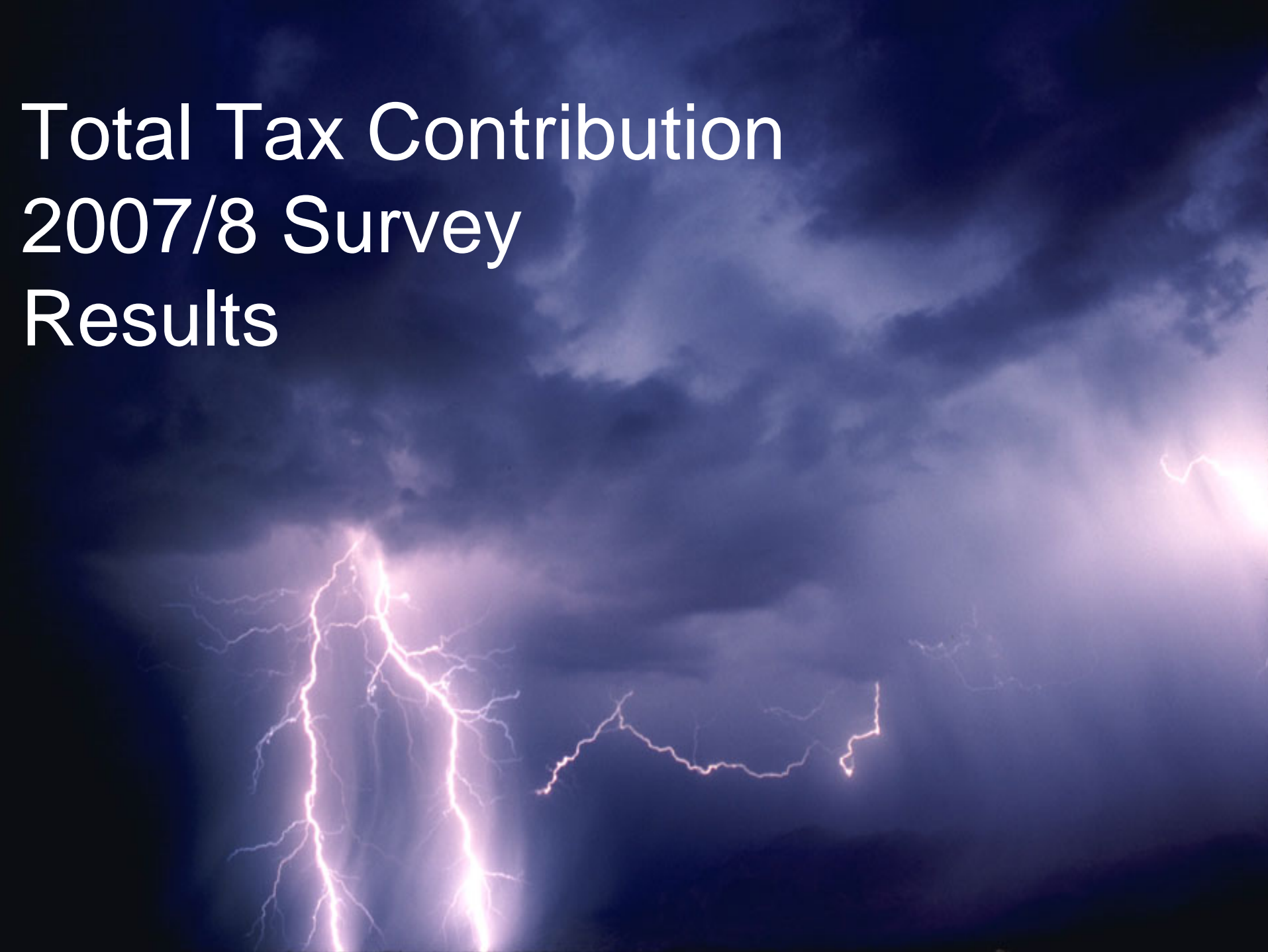


Time – the hours to comply ranking

A reduction in the number of hours of 150 improved the ranking by 58 places
A further reduction in the hours to comply by 50 could improve the ranking for South Africa by 21 places



Total Tax Contribution 2007/8 Survey Results

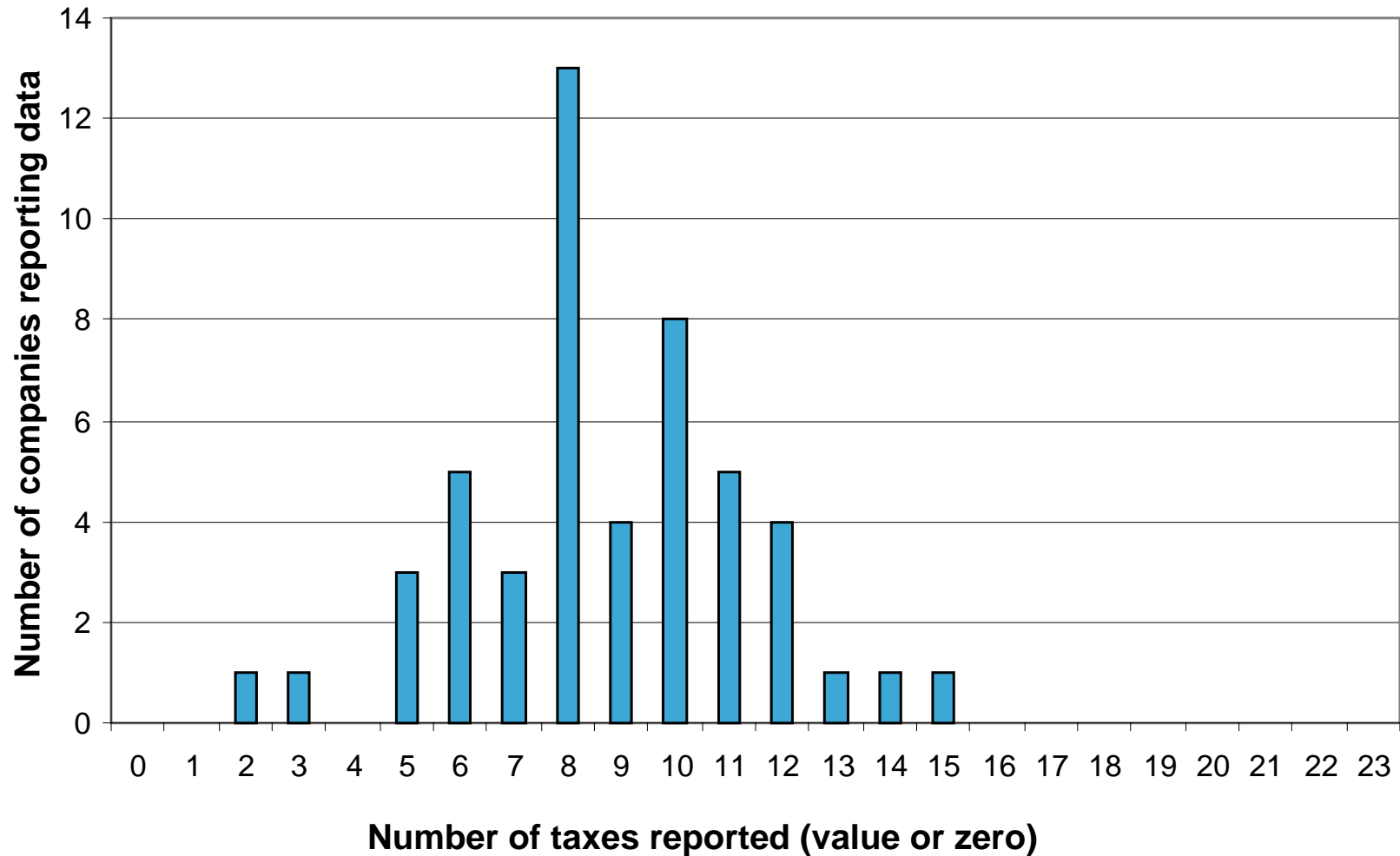


Average number of taxes

Taxes borne

The average number of taxes borne is 8.7

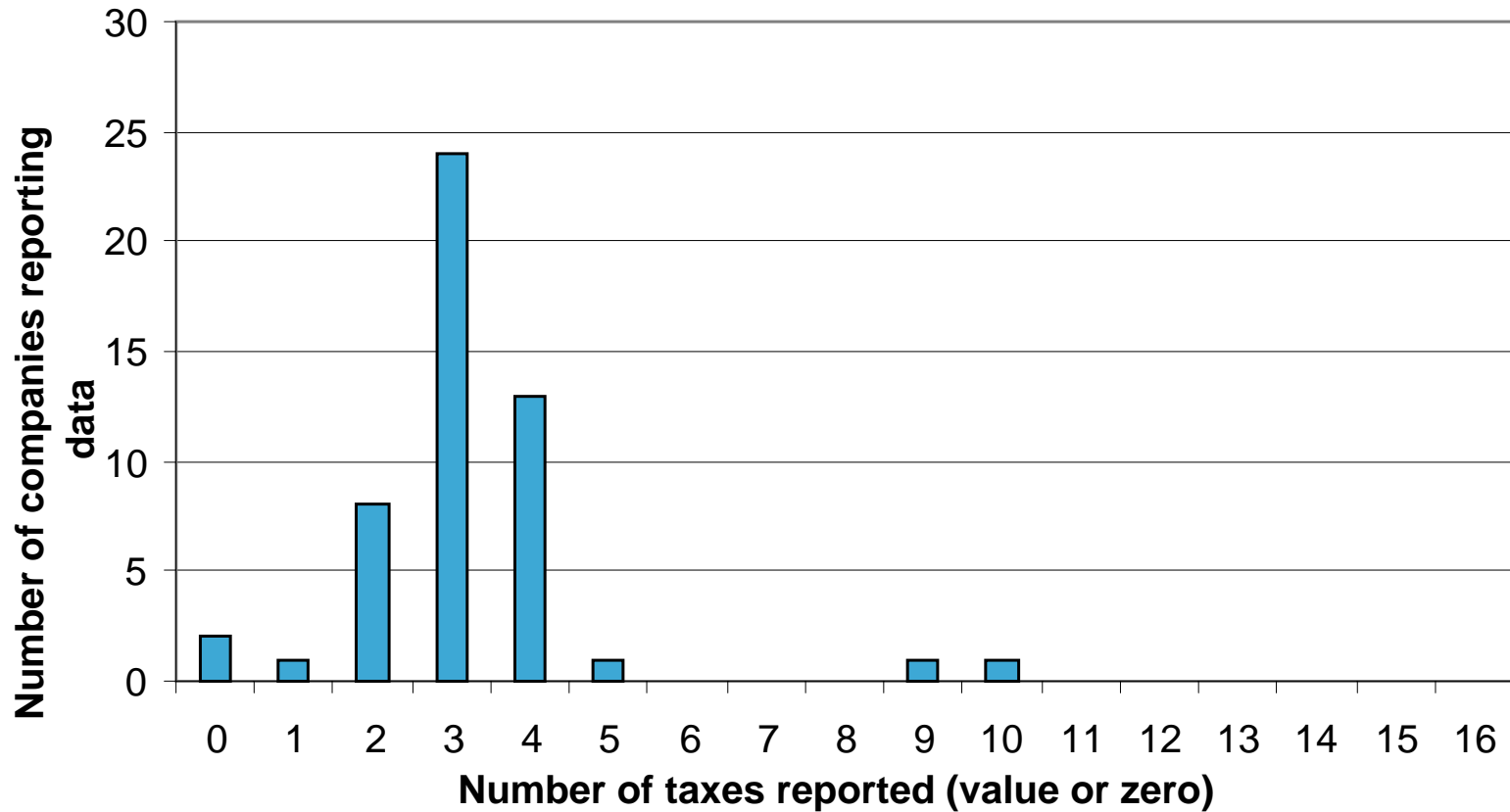
2007/8



Average number of taxes Taxes collected

The average number of taxes collected is 3.2

Data Quality 2007/8 – Taxes collected

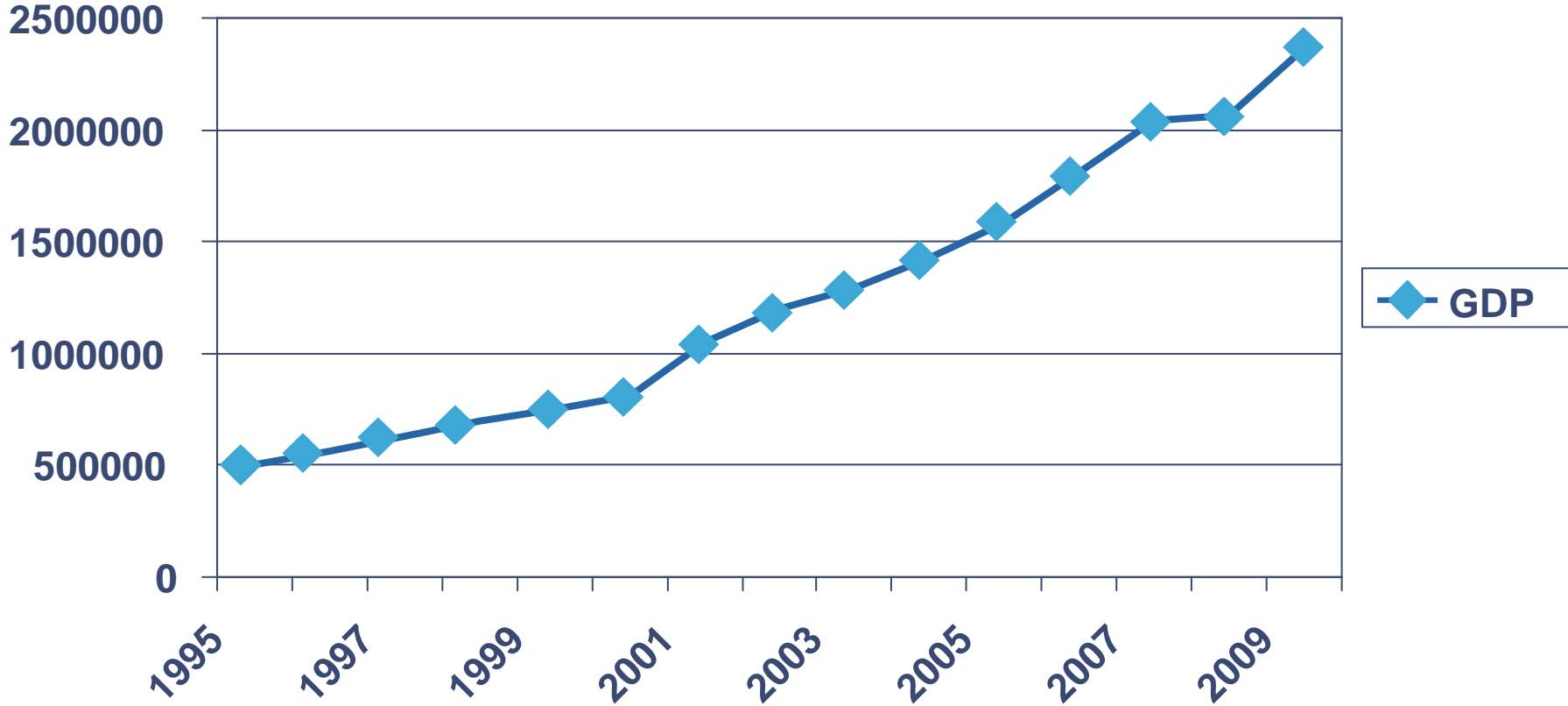


Tax economics

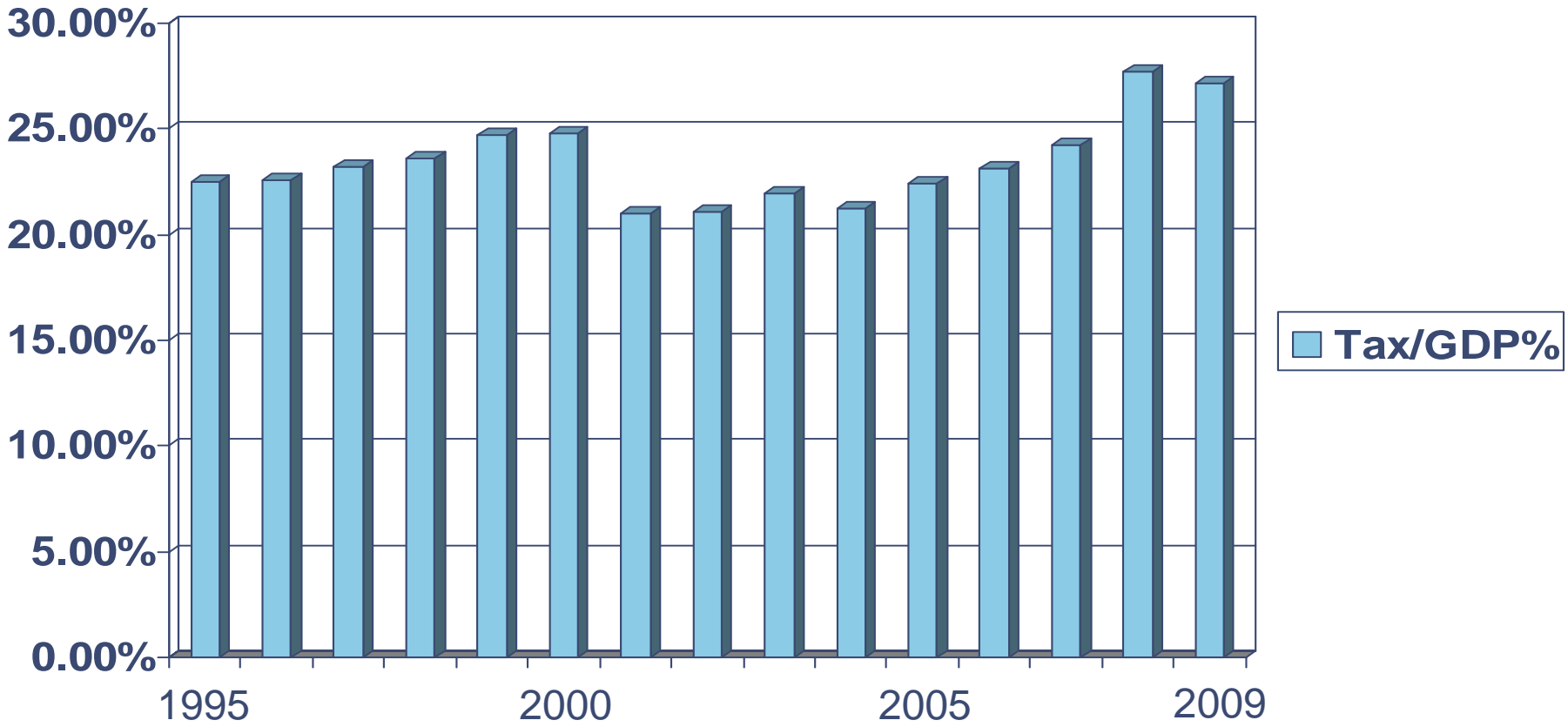


GDP over 15 years

R million

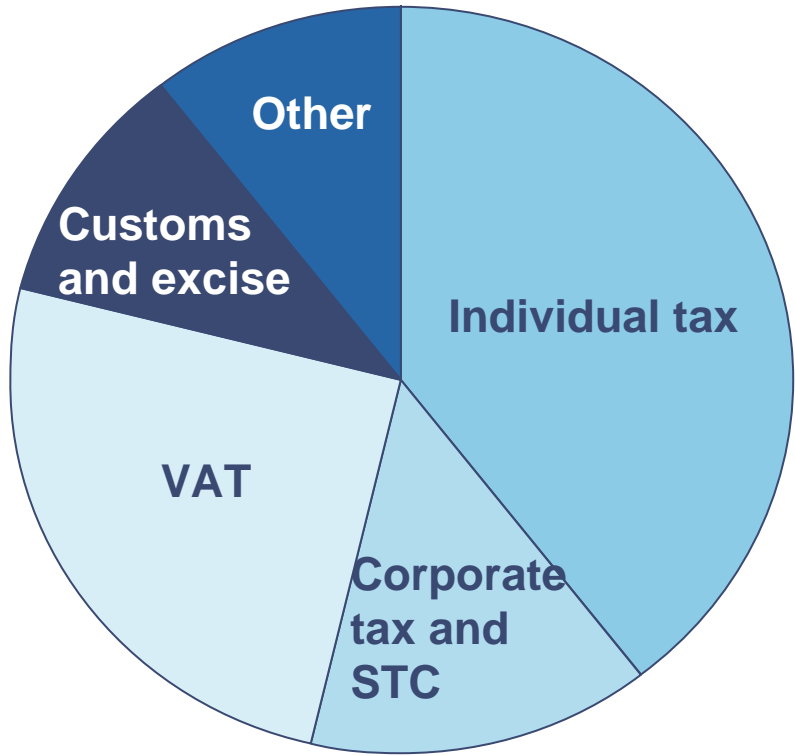


Tax as a percentage of GDP

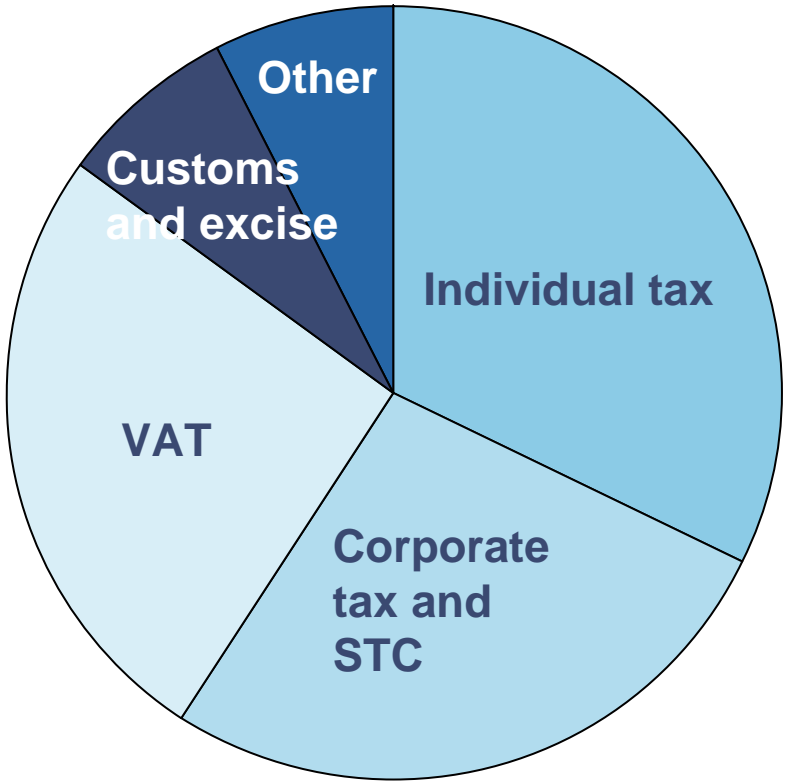


Main sources of tax revenue

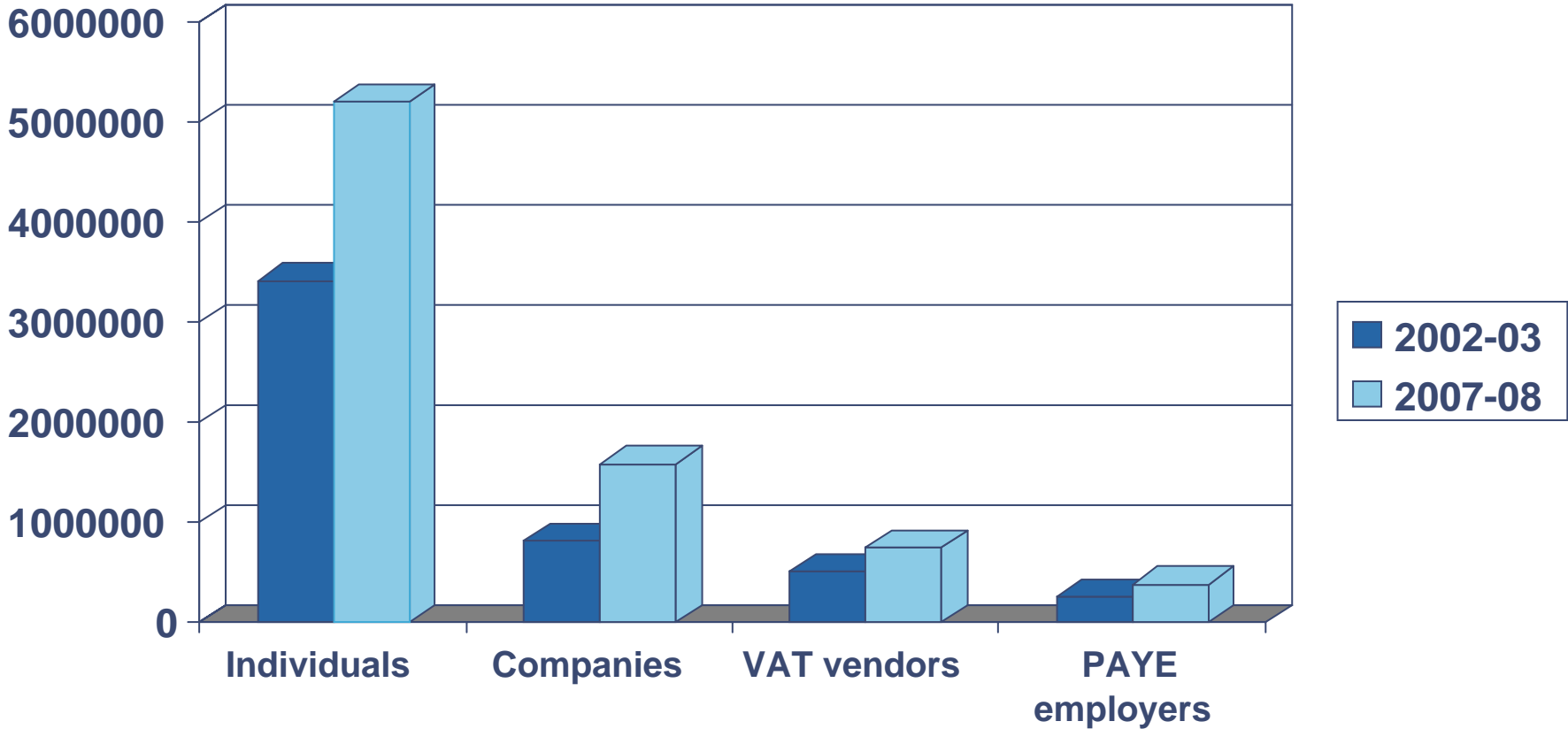
1995



2010

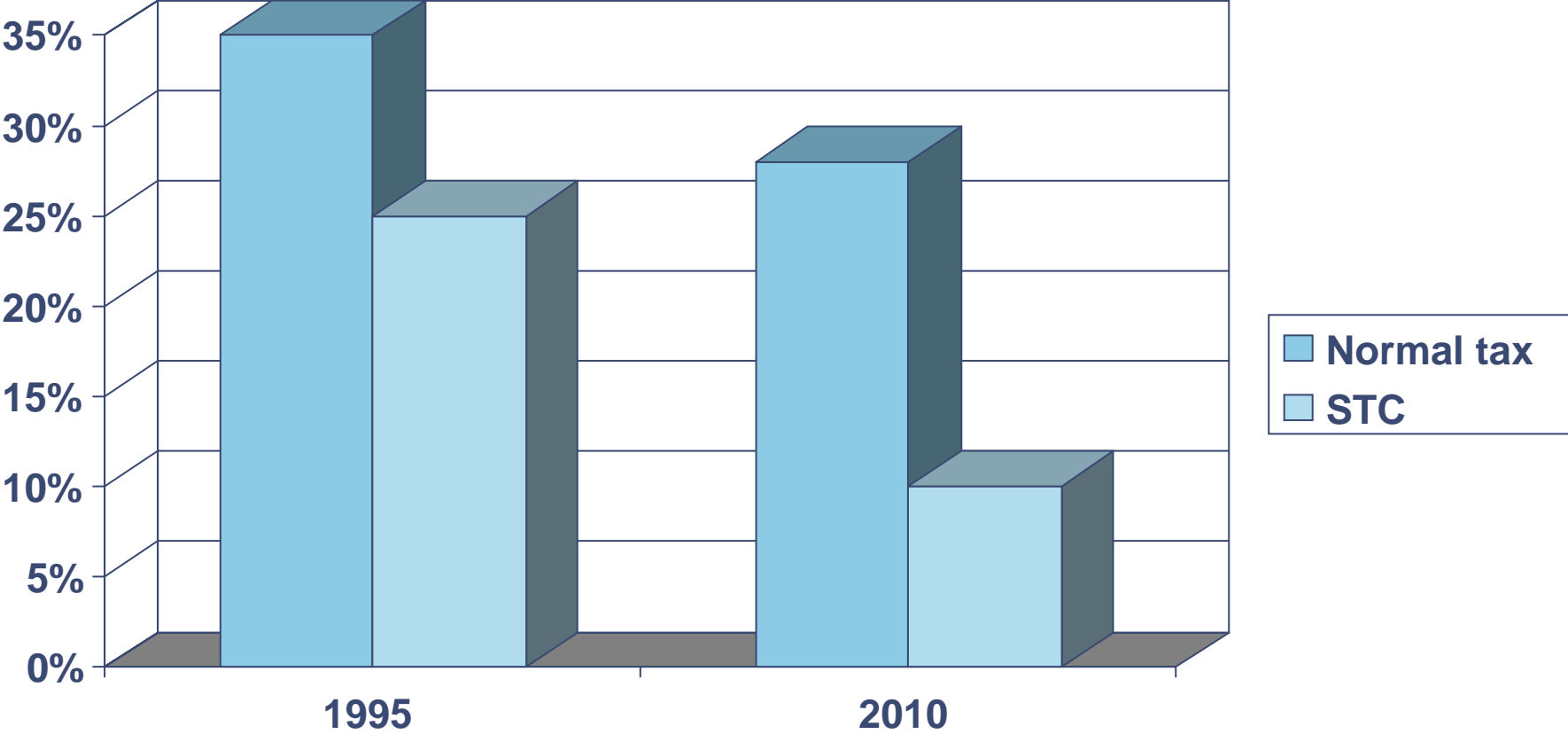


Growth in registered taxpayer base

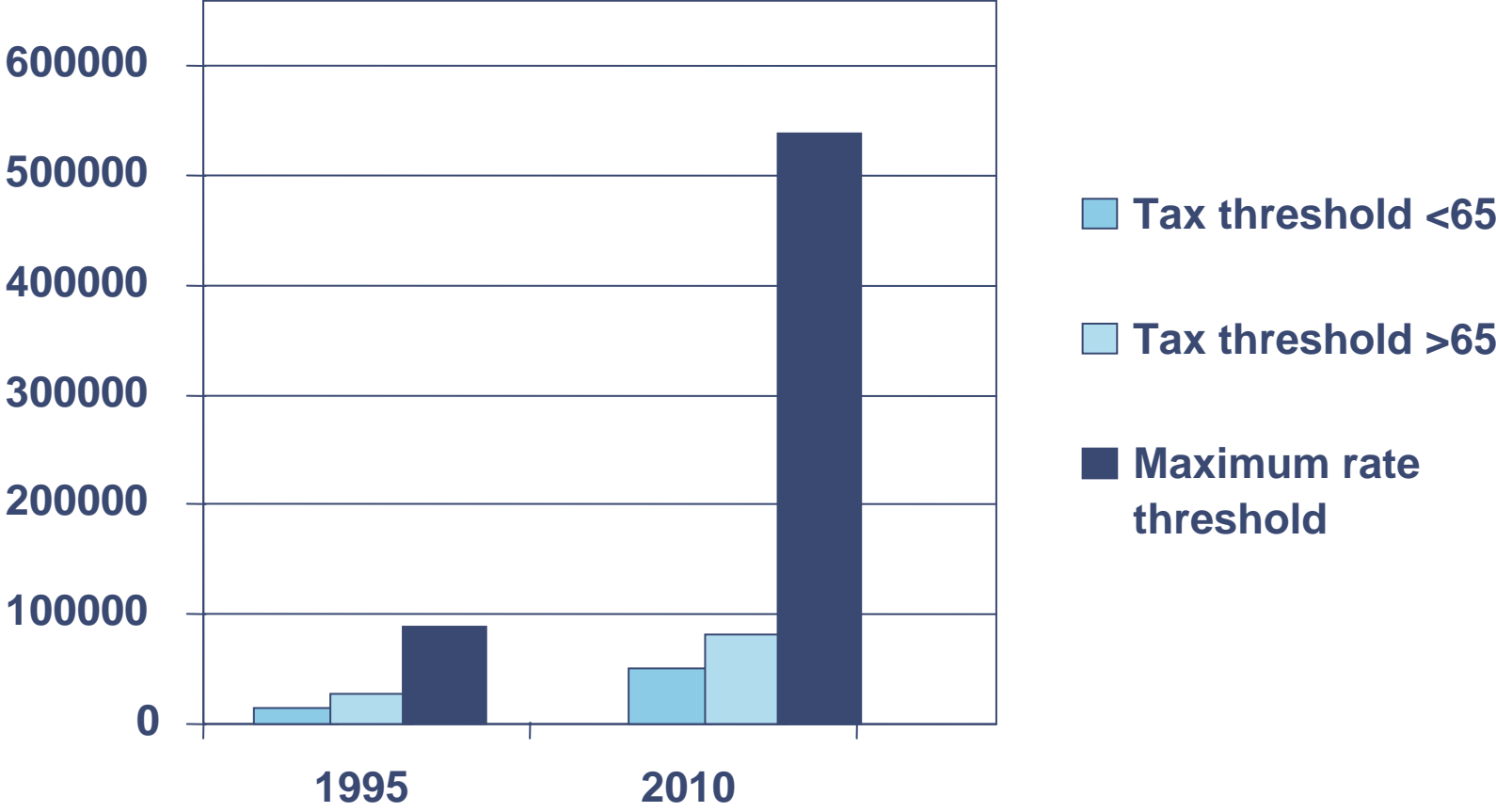


Source – Tax Statistics – SARS and National Treasury

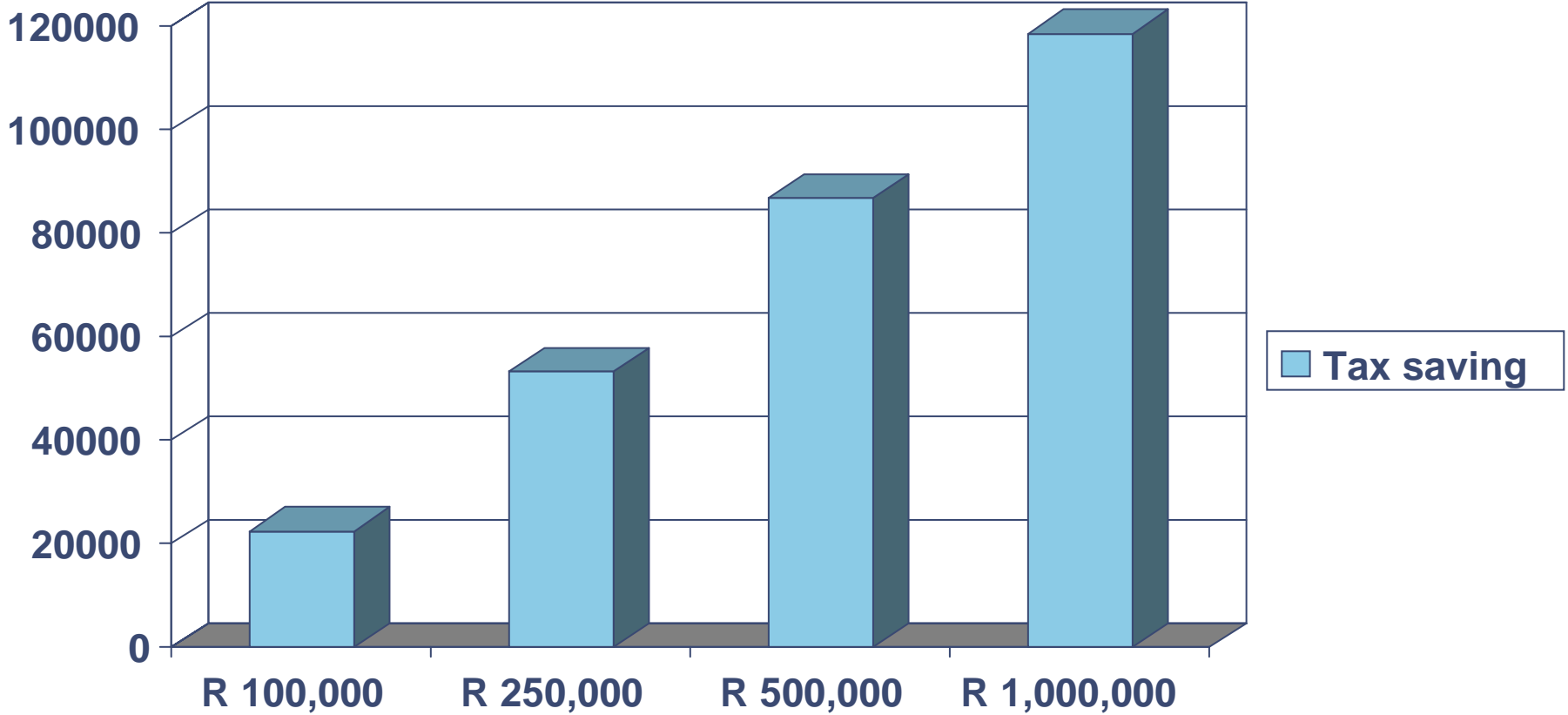
Corporate tax rates



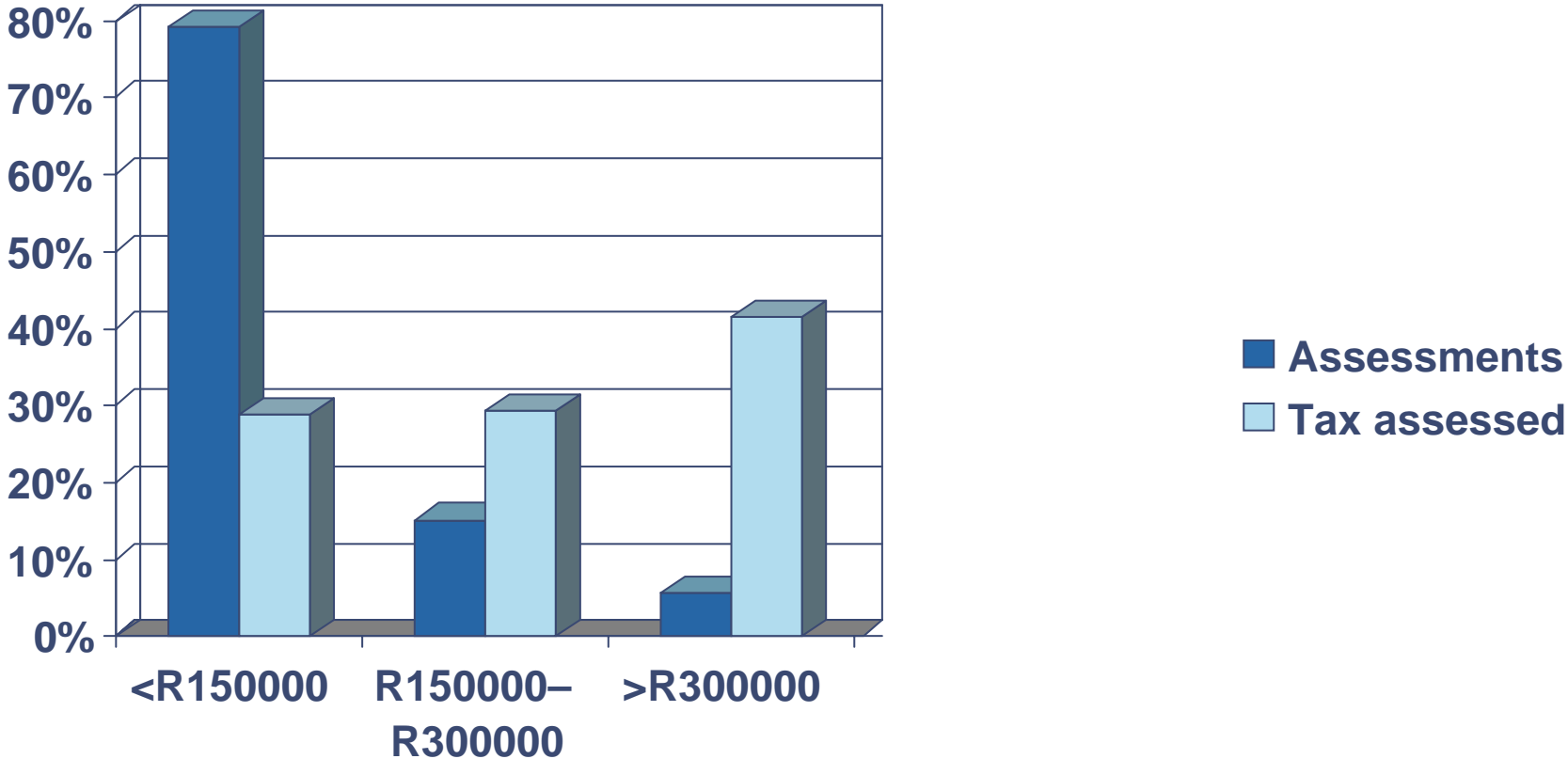
Reducing the inflationary impact for individuals



Which income group received the largest cash benefit?



Which income groups contribute the most tax?



Tax administration has changed

- Formation of consolidated revenue service
- Large business centres in major areas
- Audit and risk focused
- Specialised units
- Revenue targeting
- Stricter enforcement
- New GAAR and reportable arrangements
- Advance ruling mechanism
- Online filing

Tax law and practice has changed

Base broadening

- Worldwide tax
- CFC imputation
- Capital gains tax
- Skills development levy
- Plastic bag levy
- Electricity levy
- Mineral royalties
- Exchange differences
- Interest recognition
- Executive share schemes
- Transfer pricing
- VAT on financial services
- Administrative penalties

Relief

- Group relief
- Learnership allowances
- Broad-based employee share schemes
- Building allowances
- Small business relief
- Micro business simplification
- Venture capital companies
- Strategic industrial projects
- Environmental investment
- Wider tax treaty network
- Participation exemption

2009 amendments



Tax highlights

- Corporate tax rates unchanged
- Inflationary relief for individuals
- CGT reform for primary residences
- Mineral royalties deferred
- Environmental fiscal reforms
- STC to be replaced late 2010
- VAT rate remains at 14%

Tax highlights (continued)

- Travel allowances “deemed” mileage to go in 2010/11
- Deduction to be allowed for post-retirement medical aid expenditure by companies
- Additional 15% deduction for energy saving investment
- Exemption or CGT treatment for CER certificate proceeds

Indirect tax

- New and increased environmental levies
 - Plastic bag levy increased from 3c to 4c
 - Incandescent light bulbs to be taxed at R3 per bulb
 - CO₂ emissions factored into *ad valorem* vehicle taxes
 - International air passenger departure tax increased:
 - R150 (R120) and
 - R80 (R60) for SACU destinations
- Fuel and RAF levy increases:
 - Petrol 40.5c/litre
 - Diesel 41.5c/litre
- Increased excise duties on tobacco and alcohol

Taxes: Individuals – What's in it for me?

Taxable income	2009/2010	2008/2009
R100 000	R8 244	R9 720
R200 000	R31 004	R33 430
R300 000	R61 004	R64 920
R500 000	R133 704	R138 730
R1 000 000	R333 204	R338 730

The taxpayer in court

- The taxes and issues

- Income tax 14
- STC 2
- VAT 2
- Other 7

- The score

- Taxpayer 9
- Tax collector 16

- Notable issues

- Attachment of assets
- VAT evasion
- Punitive costs
- Trading stock
- Tax avoidance

SARS developments

eFiling

- Automated data capture
- Employees tax recons and IRP5 forms
- Tighter filing deadlines this year

Audit focus

- Tough times
- Tough measures
- Audit intensity may increase
- Focus issues
 - Trading stock
 - Zero-rated supplies to non-residents

Notified administration initiatives

- More frequent employees tax recons
- Extension of enforcement to UIF and SDL