





## BUDGET HIGHLIGHTS

2018/2019

### Highlights Tax Reforms for the Current Tax Year

 <p><b>VAT</b></p> <p>Increase in value added tax by <b>1%</b> from 14% to 15% from 1 April 2018.</p>	 <p><b>INDIVIDUAL TAX</b></p> <ul style="list-style-type: none"> <li>Limited adjustment of Personal Income Tax Rates to account for changes in inflation.</li> <li>Tax free threshold increased from <b>R75 750 to R78 150</b>.</li> </ul>	 <p><b>ESTATE DUTY</b></p> <p>Increases in Estate Duty rate <b>from 20% to 25%</b> on dutiable amount of estates of <b>more than R30 million</b>.</p>
 <p><b>FUEL LEVY</b></p> <ul style="list-style-type: none"> <li>Increase of <b>22c/litre</b>.</li> <li>Increase of <b>30c/litre in the road accident fund</b>.</li> </ul>	<p><b>DONATIONS TAX</b></p> <p>Increases in the Donations tax rate from 20% to 25% on donations of more than R30 million.</p>	<p><b>ENVIRONMENTAL TAXES</b></p> <p>Increased Environmental taxes on plastic bags, incandescent light bulbs and vehicle emissions tax, and health promotion levy on sugary beverages are effective from 1 April 2018.</p> 
 <p><b>ALCOHOL AND TOBACCO</b></p> <p>Increases between <b>6% and 10%</b>.</p>		

### Reforms Awaiting Approval

 <p><b>CARBON TAX</b></p> <p>Parliament is currently considering the draft Carbon Tax Bill, which will assist South Africa to meet its climate change commitments to <b>reduce our carbon emissions</b>.</p>	<p><b>SPECIAL ECONOMIC ZONES</b></p> <p>Minister of Finance in conjunction with DTI to approve six special economic zones for tax relief that will make qualifying companies subject to a reduced corporate tax rate and enable them to claim an employment tax incentive for workers of all ages.</p> 
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## Highlights from the Transformation Agenda

### EDUCATION

- **Phased in fee-free higher education and training** to students from poor and working-class families. All new first-year students with a family income **below R350 000 per annum at universities and TVET colleges in the 2018** academic year will be funded for the full cost of study. This will be rolled out in subsequent years until all years of study are covered.
- Returning NSFAS students at university will have their loans for 2018 onwards converted to a bursary.
- Education infrastructure grant is also allocated **R31.7 billion** over the medium term to build new schools, upgrade and maintain existing infrastructure, and provide school furniture.
- Meals will be provided at 19 800 schools for about 9 million learners each school day.
- **R 3.7 billion for 39 000 Funza Lushaka bursaries**, disbursed via the NSFAS for prospective teachers.



### LAND



- **R581.7 million** to be reprioritised for Black producer Commercialisation programme.
- **R10.8 billion** for the settlement of restitution claims (Land claims).
- **4.2 billion** Rural development to acquire strategically located land.

## Transfer Pricing Highlights (Ensuring a Sustainable Tax Base)

Action Item	South Africa's position
<p><b>Digital economy</b></p>	<p>Supply of digital services by foreign business are required to register as Value-Added-Tax vendors. Draft regulations have been updated prescribing foreign electronic services and supporting amendments to the VAT legislation will be published for public comment.</p>
<p><b>Interest deductions</b></p>	<p>Government has made progress in reviewing the tax treatment of excessive debt financing. A discussion document inviting comments will soon be published to facilitate public consultation.</p>
<p><b>Controlled Foreign Companies</b></p>	<p>In the context of a global trend towards lower corporate tax rates, government will review the controlled foreign company tax exemption to determine whether a reduction is warranted.</p>