

CHAPTER 4: DEMOGRAPHIC AND OTHER FACTORS

4.1 INTRODUCTION

The primary objective of this study was to determine the perceptions of taxation amongst South African taxpayers. The measurement tool for this study was designed, taking into account a number of earlier studies that dealt with taxpayers' perceptions of tax-related issues (see chapter 3). Factors identified from this earlier research were then tested against a sample of South Africans.

This chapter describes the demographic background of the respondents, as well as the responses relating to the economic circumstances, risk profile and the respondents' relationship with SARS. The purpose is to provide a background of the profile of the respondents. Findings related to the respondents' fiscal attitudes are also highlighted.

4.2 REPRESENTATIVITY OF THE SAMPLE

It is important to emphasise that this was an exploratory study that attempted to highlight areas for future research. It was not the purpose of the study to generalise the conclusions reached to the whole of the South African population. Therefore, this study only highlights the various perceptions amongst the four major population groups within South Africa. An attempt was made to select the sample in such a way as to be broadly representative of the demographics of the South African population as a whole.

As was mentioned previously (see section 3.3.2), a sample of 260 South African taxpayers was selected from the greater Tshwane metropolitan area. This was considered to be an acceptable sample size for the study and this area represents a heterogeneous population. Tshwane and Johannesburg are situated in the Gauteng province in South Africa. Gauteng is the smallest (18 810 square metres), wealthiest and most populous (per square metre)

province in South Africa. Gauteng generates 10% of GDP for the African continent, and a third of South Africa's GDP (Gauteng Economic Development Agency, 2007). The selected area of Tshwane was, therefore, considered to have been appropriate in order to achieve the objectives of this study.

4.2.1 Demographic profile of respondents

This section analyses the various demographic characteristics of the respondents. Supporting tables and figures are provided, together with comparative information from the 1996 and 2001 National Census, where appropriate.

Age distribution

The age distribution of the respondents who participated in the study is provided in Table 7. The sample included only residents in the target area who were twenty-one years and older. The age grouping of the sample is slightly older than the age distribution of the South African population if compared to the 1996 and 2001 census information (Statistics South Africa, 2004:19-23). Nevertheless, the age profile of the respondents was still regarded as acceptable.

Table 7: Age groups of respondents

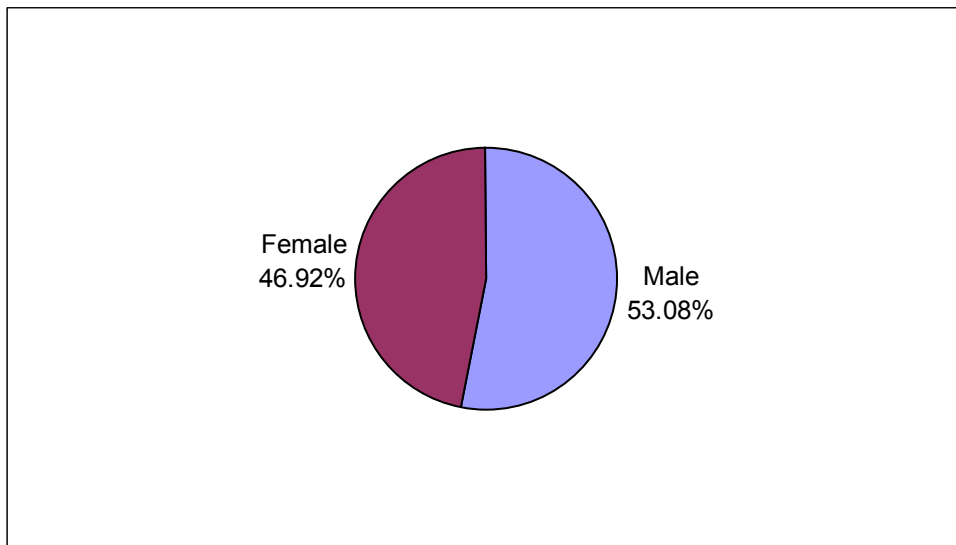
Age group	Percentage represented in population	Age distribution of the South African population as a percentage according to the 1996 census*	Age distribution of the South African population as a percentage according to the 2001 census*
21-29	21.54%	33.59%	32.31%
30-39	25.38%	25.86%	25.17%
40-49	23.08%	17.23%	18.48%
50-59	15.77%	10.56%	11.16%
60-69	11.15%	7.45%	7.28%
70+	3.08%	5.31%	5.60%
Total	100%	100%	100%

* The census information specifies only the grouping 20-29 and not 21-29 (Statistics South Africa, 2004:19-23).

Gender composition

The gender composition of the respondents was 53.08% male and 46.92% female (see Figure 6). According to Statistics South Africa, the gender representativeness of South Africa during the 1996 census was 48.10% male and 51.90% female. In respect of the 2001 census, the gender composition of South Africa was 47.82% male and 52.18% female (Statistics South Africa, 2004:19-23). It is submitted that males are still, in some instances, more likely to be the breadwinners and thus the distribution of the sample was considered to be reasonably representative.

Figure 6: Gender composition of the population for the study

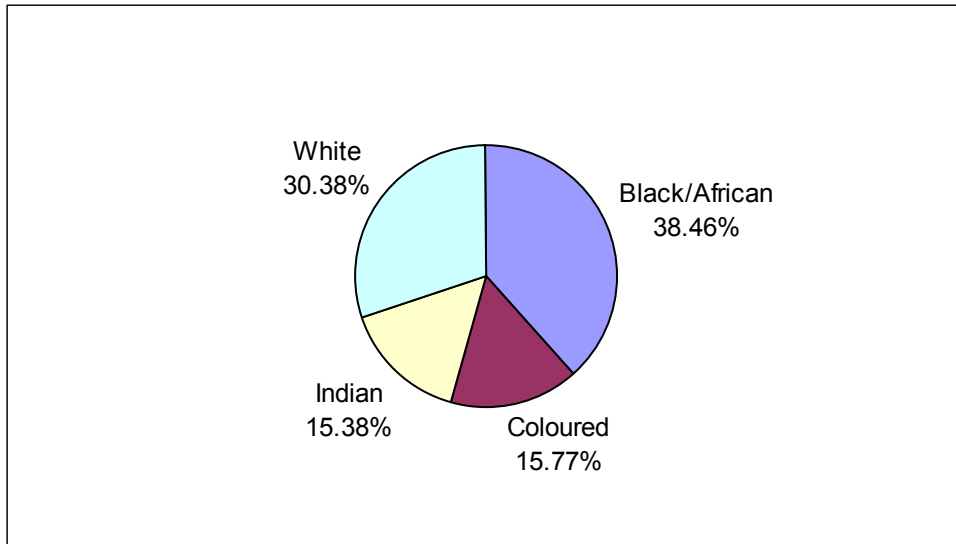


Population group

In order to comply with statistical requirements, the study aimed to gather data from a minimum of 100 Black/African respondents, 80 White respondents and 40 respondents from the Coloured and the Indian population groups (see section 3.3.2). The results of the study showed that data was collected from 100 Black/African, 79 White, 41 Coloured and 40 Indian respondents (a minor deviation, unlikely to affect the results).

Figure 7 indicates that 38.46% of the respondents were Black/African, 15.77% were Coloured, 15.38% were Indian and 30.39% belonged to the White population group. The results showed that there was no representation from any of the other population groups.

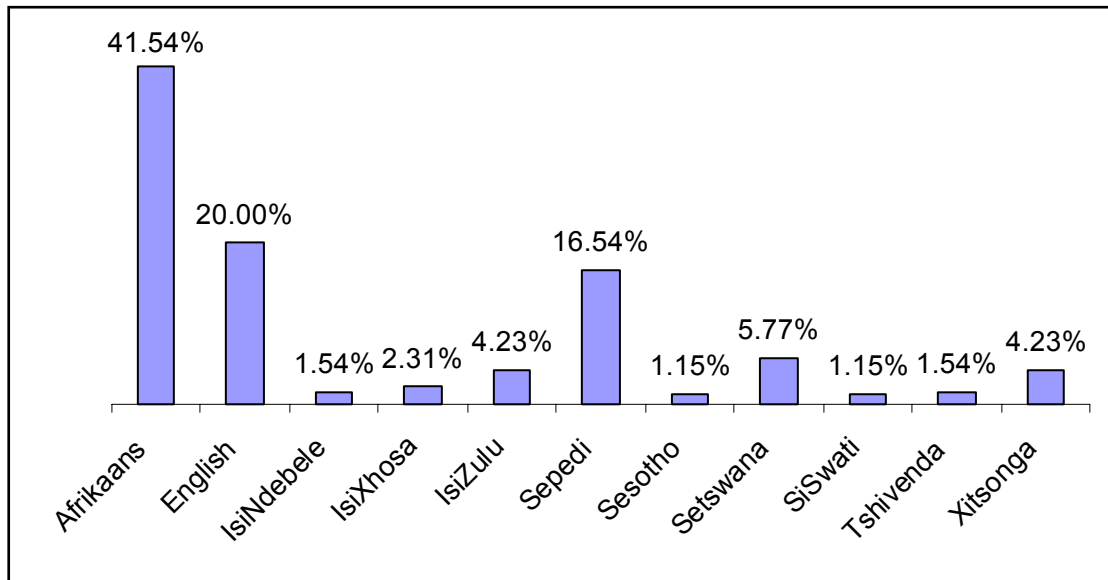
Figure 7: Distribution of population groups included in the study



Home language

Regarding the home language of the respondents, all of the respondents indicated one of the eleven official South African languages as their home language. The eleven official languages, as well as the percentage of respondents who regarded each language to be their home language, is represented in [Figure 8](#). In order to comply with statistical requirements, the study aimed to gather data from a minimum of 100 Black/African respondents, 80 White respondents and 40 respondents from the Coloured and the Indian population groups (see section 3.3.2). The home language of a respondent is generally linked to a specific population group and, therefore, this has not been compared to the South African population. However, the greater Tshwane metropolitan area covers an area where a variety of languages are spoken and all of the main language groups were represented in the sample.

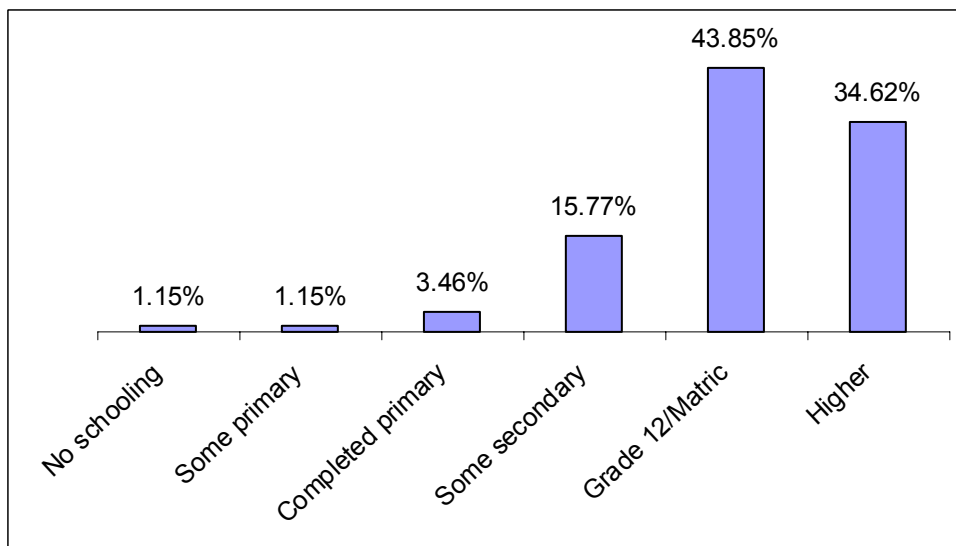
Figure 8: Home language of respondents



Educational background

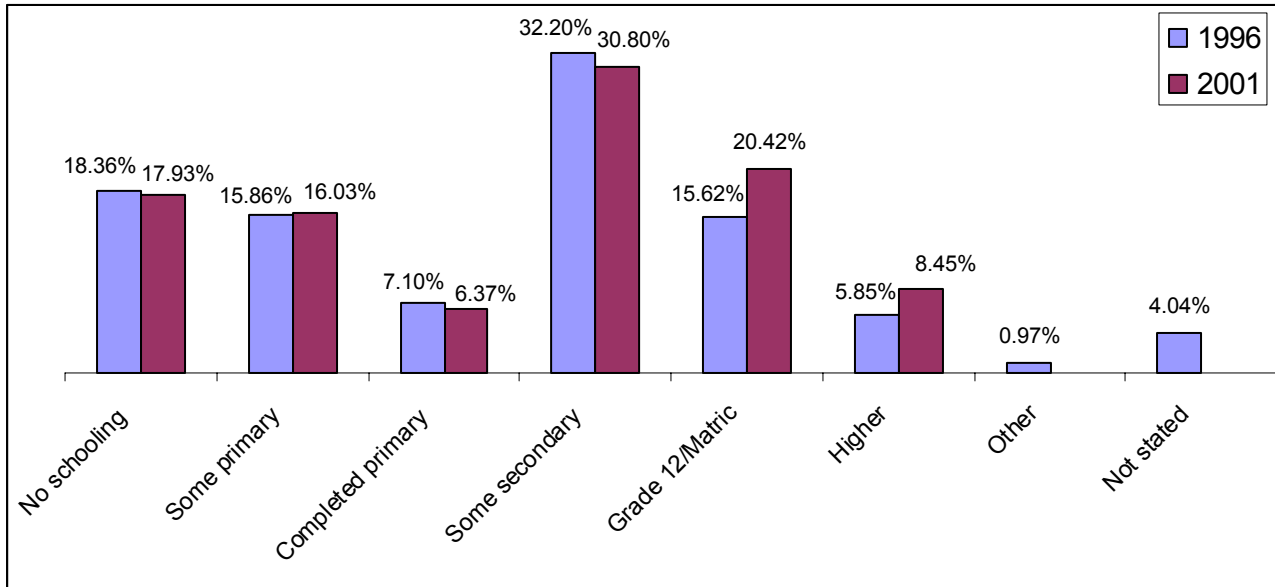
Regarding the educational background of the respondents, Figure 9 indicates that 43.85% had completed grade 12/matric, 34.62% had some form of higher education and 15.77% had some secondary schooling. Only very low percentages of the respondents had only completed primary (3.46%), had some primary (1.15%) or no schooling (1.15%).

Figure 9: Educational background of respondents



The census data relating to the level of education amongst those aged 20 years and older in South Africa in 1996 and 2001, respectively (Statistics South Africa, 2004:35-37) is shown in [Figure 10](#).

Figure 10: Level of education of South Africans amongst those aged 20 years and older in 1996 and 2001



The sample included respondents with a higher level of education than the South African population in general. Gauteng is wealthier compared to other provinces (Gauteng Economic Development Agency, 2007). It tends to attract a greater number of inhabitants with higher educational qualifications than the country as a whole and provides more and better employment opportunities. Therefore, the composition of the sample was regarded to be acceptable as it included representatives from each major educational level.

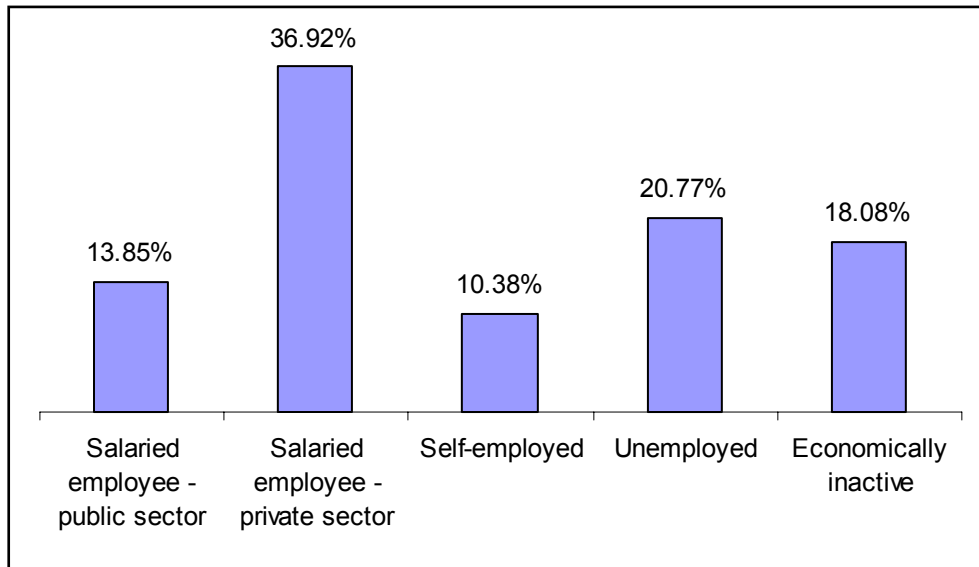
Employment status

Considering the employment status of the respondents, [Figure 11](#) shows that 36.92% are salaried employees in the private sector, 20.77% are unemployed, 18.08% are economically inactive, 13.85% are salaried employees in the public sector and 10.38% are self-employed. A comparison between the 1996 and 2001 census information shows that the official

unemployment rate went up from 19.50% in 1996 to 24.00% in 2001 (Statistics South Africa, 2004:51-56).

Taking the above into account, it became evident that the sample included respondents with a higher level of employment than the South African population in general. As mentioned earlier, Gauteng is the wealthiest province in South Africa (Gauteng Economic Development Agency, 2007) and offers more and better employment opportunities compared to other provinces in South Africa. The sample was, therefore, acceptable in accurately including representation of all the types of employment status in the target population.

Figure 11: Employment status of respondents



Income per month

Figure 12 indicates the respondents' income per month before deductions. In addition, it was found that 23.46% of the respondents earn a second or other additional income (for example, income from a second trade or income from renting out premises).

Figure 12: Income per month before deductions of respondents

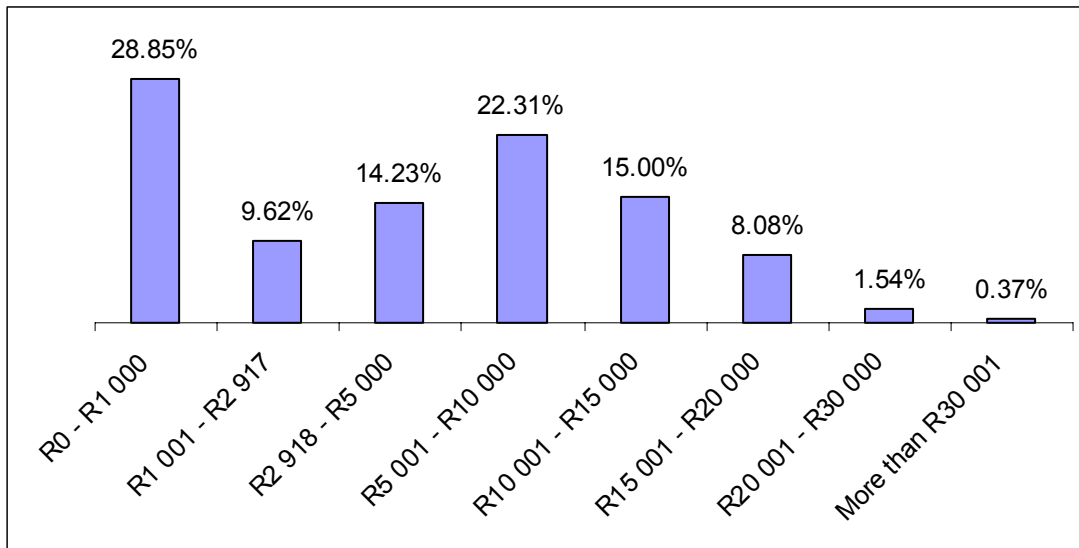


Figure 13 indicates the individual monthly income amongst the employed aged 15-65 years according to the 1996 census (Statistics South Africa, 2004:71-76).

Figure 13: Income per month amongst the employed aged 15-65 years in South Africa in 1996

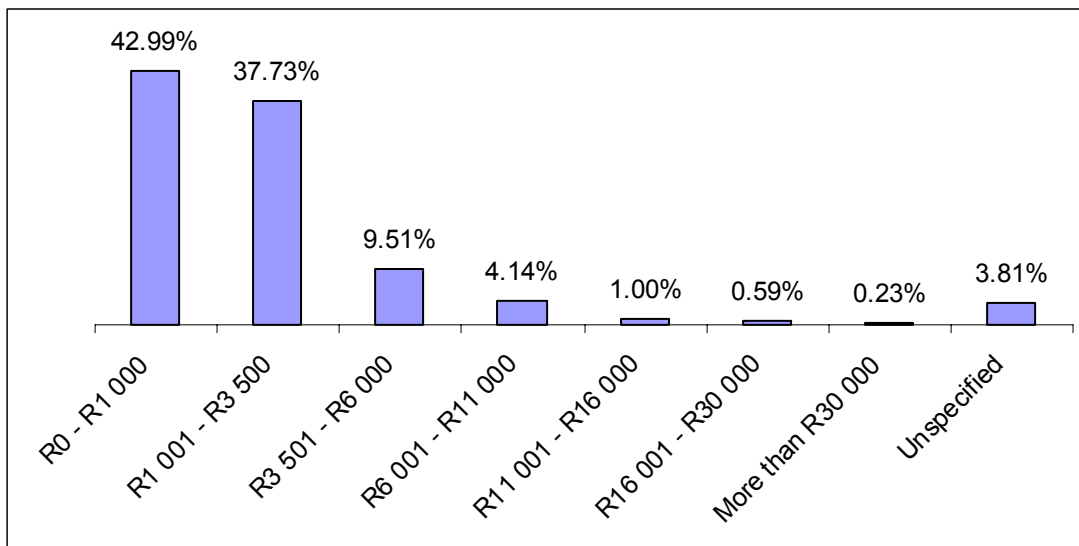
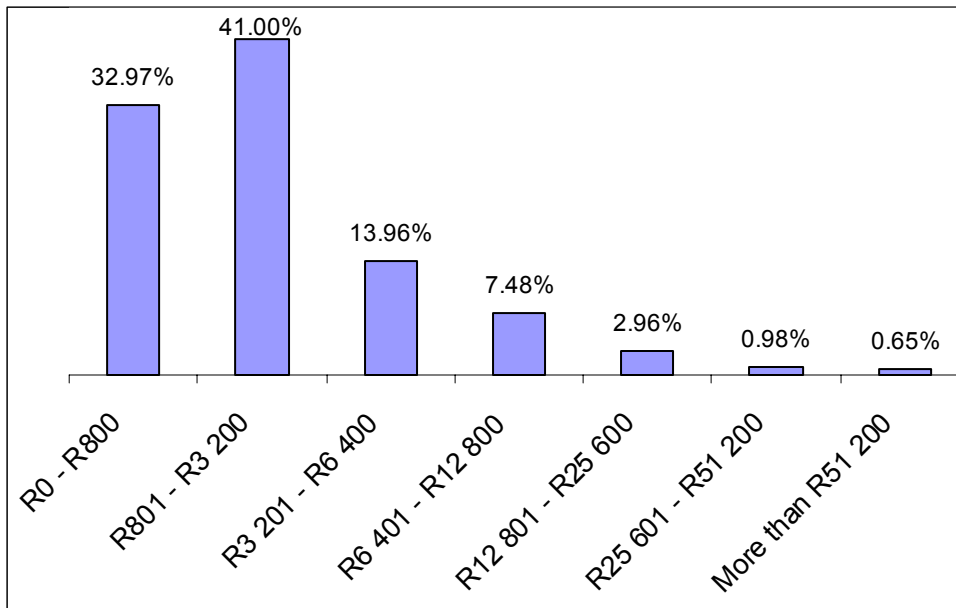


Figure 14 indicates the individual monthly income amongst the employed aged 15-65 years according to the 2001 census (Statistics South Africa, 2004:71-76).

Figure 14: Income per month amongst the employed aged 15-65 years in South Africa in 2001



It is difficult to assess the representativity of the sample as the income brackets used to report the monthly income of the employed in South Africa according to the census are different from those used in the study. The brackets used in the study are designed, taking the tax threshold into account (see section 3.4.2). In addition, it is also stated in the census information that the monthly income data for 1996 and 2001 are not easily comparable, as the income categories used in the two census years are different. Another factor that needs to be considered in the comparison is the information provided in the census report on the individual monthly income of the employed aged 15 to 65 (this study considered only individuals 21 years and older and the census includes individuals 15 years and older).

A wide spread between all levels of income was still achieved, with the larger proportion of respondents in the sample being in the lower-income brackets, as was shown by the census data. The sample was, therefore, considered to be acceptable.

4.3 ECONOMIC CIRCUMSTANCES OF THE RESPONDENTS

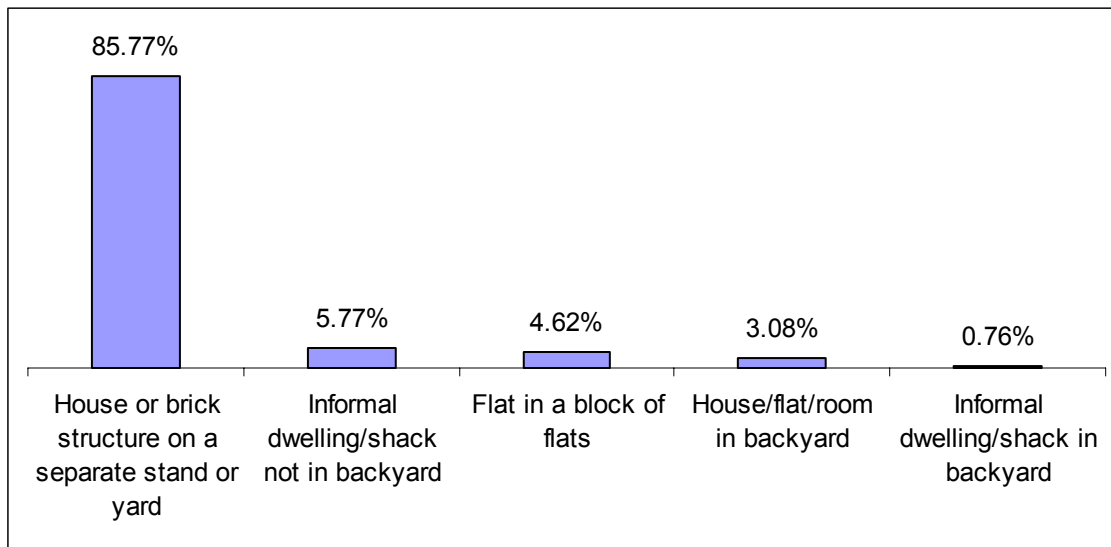
This section analyses the economic circumstances of the respondents by investigating the data collected from the study.

The respondents were requested to indicate their type of dwelling, the frequency of visits to state-funded medical facilities per month and the number of persons living within their household.

Type of dwelling

The majority of the respondents (85.77%) live in a house or brick structure on a separate stand or yard. Although these are relatively low percentages, the remainder were found to live in an informal dwelling/shack that is not in a back yard (5.77%), flat in a block of flats (4.62%), house/flat/room in a back yard (3.08%) or in an informal dwelling/shack in a back yard (0.76%). These findings are graphically illustrated in [Figure 15](#).

Figure 15: Type of dwelling in which respondents reside



[Table 8](#) indicates the type of dwelling of the household head in 1996 and 2001 as provided by Statistics South Africa (2004:78-81).

Table 8: Type of dwelling of household head in 1996 and 2001

Type of dwelling	1996	2001
House or brick structure on a separate stand or yard	70.62%	73.29%
Informal dwelling/shack not in backyard	11.59%	12.29%
Flat in a block of flats	5.06%	5.26%
House/flat/room in backyard	6.88%	4.76%
Informal dwelling/shack in backyard	4.45%	4.10%

Source: Statistics South Africa. 2004. *Census 2001: Primary tables South Africa: Census '96 and 2001 compared*. Pretoria: Statistics South Africa, p. 78-81.

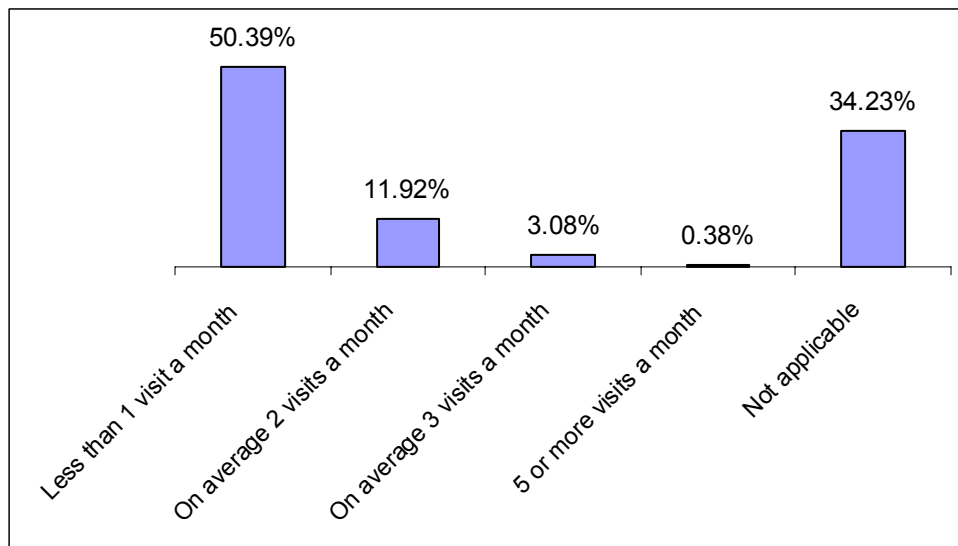
In addition to Table 8, the census information also stated that 1.40% in 1996 and 0.30% in 2001 did not specify the type of dwelling or listed it to be a caravan, private ship or boat.

It is submitted that a reason for the disparity in the type of dwelling between the sample and the general South African population could be attributed to the fact that Gauteng is a wealthier province compared to other provinces in the country (Gauteng Economic Development Agency, 2007). This, in turn, would result in superior dwellings being occupied by the inhabitants of Gauteng. The sample was, therefore, regarded to be acceptable.

Visits to state-funded medical facilities

Just over half of the respondents (50.39%) indicated that they visit state-funded medical facilities (for example, hospitals or clinics) less than once per month, 11.92% on average twice per month, 3.08% on average three times per month and 0.38% five or more times per month. None of the respondents indicated that they visit these facilities on average four times per month and 34.23% indicated that this question was not applicable as they do not visit state-funded medical facilities at all. The aforementioned findings are graphically portrayed in Figure 16.

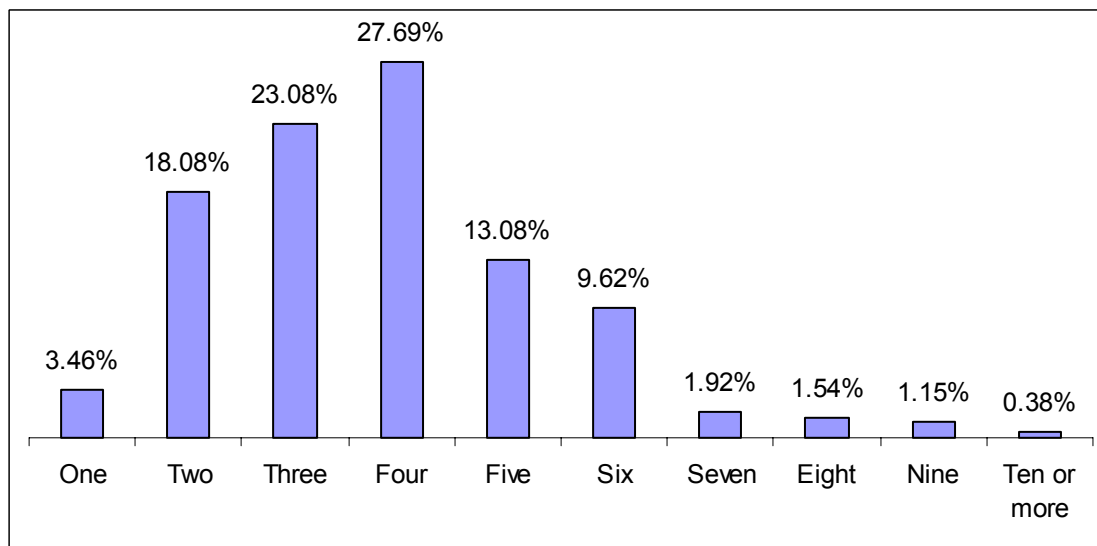
Figure 16: Frequency of visits to state-funded medical facilities



Number of persons living within a household

Findings showed that a somewhat higher percentage of the respondents have between two, three or four persons living within their household. Only a few respondents indicated that they had more than 7 persons residing within their household. The number of persons living within the respondents' household is illustrated in [Figure 17](#).

Figure 17: Number of persons living within a household



The influence of the abovementioned economic circumstances on the respondents' perceptions is investigated further in chapter 5 (see section 5.2 – 5.4).

4.4 RISK PROFILE

This section analyses the risk profile of the respondents by investigating the data collected from the study.

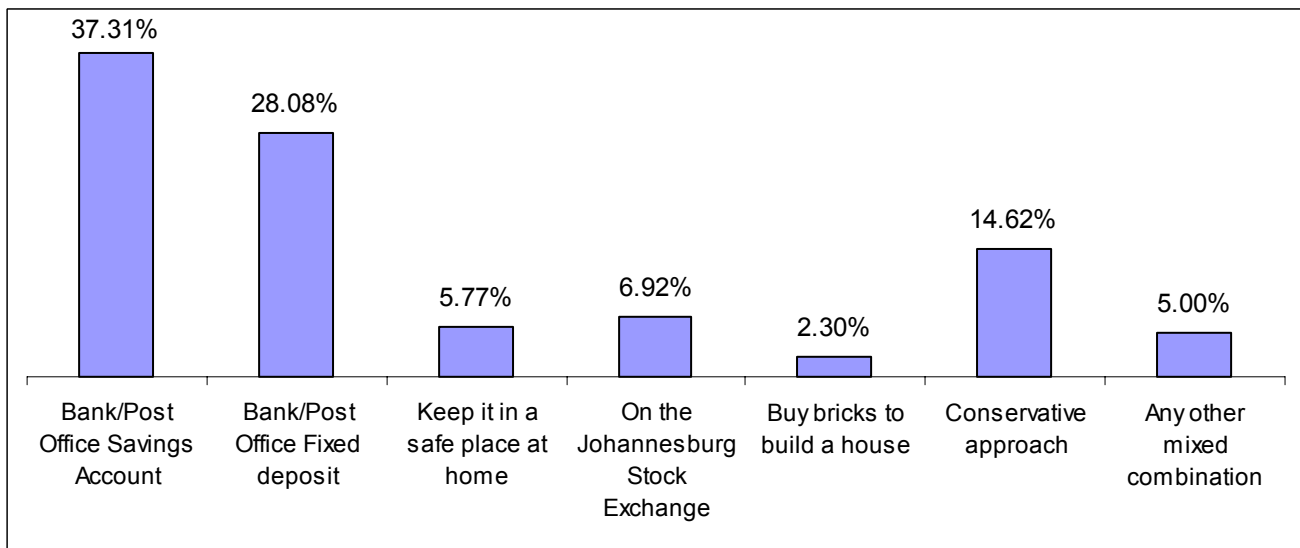
When respondents were asked how they would invest R10 000 if they were to win or inherit this sum of money, 37.31% indicated that they would place this money in a bank/post office fixed deposit, 28.08% would put it in a bank/post office savings account, 5.77% would keep it in a safe place at home and 6.92% would invest the money on the JSE.

Some respondents (14.62%) took a more conservative approach. In this case, they selected a combination of the abovementioned options. The respondents indicated the following: 1) they would either place this money in a bank/post office savings account *or* in a bank/post office fixed deposit; 2) they would place this money either in a bank/post office fixed deposit *or* keep it in a safe place at home; or 3) they would either place the money in a bank/post office savings account *or* keep it in a safe place at home.

It was interesting to note that 5.00% indicated a mixed combination of any of the aforementioned options (including placing the money on the JSE). In addition, although not included as an option in the questionnaire, some respondents (2.30%) answered that they would use this money to buy bricks to build a house. It appeared that some respondents did not fully understand this question and, therefore, it was decided not to use this question in further analytical procedures.

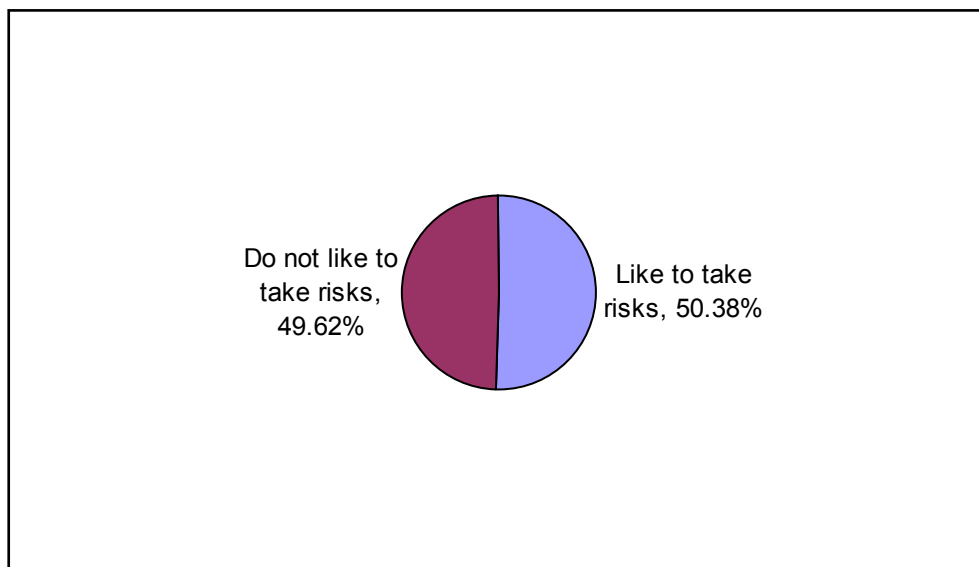
The abovementioned findings of how respondents would invest a sum of R10 000 if they were to inherit or win this amount of money, is graphically portrayed in [Figure 18](#).

Figure 18: How respondents would invest R10 000 that they had won or inherited



Question 19 tested the notion that people who open their own business are usually willing to take risks to do so. The respondents were then requested to indicate whether they regard themselves to be the type of person who likes to take a risk (for example, would consider opening their own business). Regarding this question, it was interesting to note that just over half of the respondents (50.38%) consider themselves to be risk-takers. The other half (49.62%) do not consider themselves to be risk-takers (see [Figure 19](#)).

Figure 19: Percentage of respondents who like to/do not like to take risks



The last three statements in question 23 investigated the gambling habits of the respondents. The last two statements dealt specifically with the National Lottery (Lotto). These questions are considered to be closely related to the risk profile of the respondent. The respondents were asked to provide either a “yes” or “no” response to the following three statements:

- I partake in gambling such as betting on horses, visiting casinos more than four times per month;
- I partake in the Lotto at least four times per month; and
- I think that the Lotto is good because a portion of the money is allocated for charitable purposes.

A relatively low percentage of respondents (12.31%) indicated that they partake in gambling such as betting on horses, and visiting casinos more than four times per month. More than half of the respondents (57.69%) indicated that they partake in the Lotto at least four times per month. A relatively large percentage of the respondents (77.69%) are of the opinion that the Lotto is good because a portion of the money is allocated for charitable purposes.

The influence of the abovementioned risk factors concerning the respondents’ perceptions is discussed in chapter 5 (see section 5.2 - 5.4).

4.5 RELATIONSHIP WITH SARS

The respondents were requested to indicate whether they are registered as a taxpayer with SARS. If the respondents were registered with SARS, they had to indicate whether they had consulted with SARS officials in the past. If this was the case, the respondents were requested to agree or disagree with a number of statements that related to the manner in which they were treated by the SARS officials.

Findings showed that 53.08% of the respondents were registered as taxpayers with SARS. Nevertheless, only 39.23% had consulted with SARS officials in the past. The respondents who had consulted with SARS officials in the past were requested to agree, disagree or

indicate if they had no opinion concerning a number of statements relating to their experience with the SARS officials.

Table 9 indicates the percentage of respondents who agreed, disagreed or had no opinion regarding each statement. In general, the respondents believed that SARS officials were efficient (75.49%), treated them with respect (80.39%) and possessed a high standard of tax knowledge (67.65%).

Table 9: Findings related to statements that concern respondents' experience with SARS officials

Statement	Agree	Disagree	No opinion
When I consulted with SARS officials I found them to be efficient (i.e., I did not have to wait a long time for assistance)	75.49%	10.78%	13.73%
When I consulted with SARS officials they did not treat me with respect	5.88%	80.39%	13.73%
When I consulted with SARS officials I found their knowledge relating to tax issues to be of a high standard	67.65%	12.74%	19.61%

The influence of the respondents' relationship with SARS on their perceptions is investigated in chapter 5 (see section 5.2 – 5.4).

4.6 FISCAL ATTITUDES

The respondents were asked to indicate how strongly they support the present government. From the responses it became evident that 42.31% support the government very strongly, 38.46% are neutral and 19.23% do not support the current government at all.

The respondents were also requested to indicate their beliefs about the future of South Africa. The responses indicated that 40.77% of the respondents were concerned about the future of South Africa, 24.61% were neutral and 34.62% were hopeful about the country's future.

The respondents were requested to indicate their view on *income distribution* in South Africa (that is, whether they believe that all income earned should accrue to the government which should then distribute this evenly among all South Africans, or whether everyone should be entitled to keep the income they earn).

In relation to the respondents' views on income distribution in South Africa, it was noted that the majority (76.15%) believed that all income earned should accrue to the government, which should distribute this equally among all South Africans. The remainder (23.85%) were of the opinion that everyone should be entitled to keep the income they earn.

The influence of the abovementioned fiscal attitudes of the respondents on their perceptions is investigated in chapter 5 (see section 5.2 – 5.4).

4.7 SUMMARY

Using descriptive statistics, this chapter presented the demographic background of the respondents, their economic circumstances, risk profile, relationship with SARS and fiscal attitudes. The information provided in this chapter shows that the selected sample was broadly representative of the universe of the sample, namely, the four major South African population groups in the Tshwane metropolitan area, who were twenty-one years and older.

The following chapter discusses the manner in which individual economic, demographic or other factors influenced respondents' perceptions with regard to general tax-related issues, as well as a selected number of statements that deal with tax evasion and tax compliance issues. Perceptions concerning the penalties for tax evasion are also elaborated upon.