

**A CONCEPTUAL FRAMEWORK
FOR EVALUATING THE TAX BURDEN
OF INDIVIDUAL TAXPAYERS
IN SOUTH AFRICA**

by

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ABSTRACT

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In South Africa, just as in a number of other countries around the world, the tax burden of individual taxpayers is a highly controversial issue that frequently arises as a topic of discussion. Studies and debates around the tax burden are often contradictory – to a large extent, this can be attributed to the lack of a comprehensive basis from which the tax burden of individual taxpayers in South Africa can be evaluated, especially from individual taxpayers' point of view. Hence, there is a need in South Africa for a conceptual framework for evaluating the tax burden of individual taxpayers, not only objectively, in terms of the taxes imposed by government on individual taxpayers, but also subjectively, in terms of how these taxpayers perceive the tax burden.

The main objective in this study was to develop a conceptual framework for evaluating the tax burden of individual taxpayers in South Africa. In order to achieve this objective, it was essential to define, on the basis of a literature review, the construct of the imposed tax burden and the construct of the perceived tax burden. These definitions of the imposed and perceived tax

burden, formulated on the basis of the literature, then served as a theoretical foundation for the development of the conceptual framework.

The theoretical constructs underpinning the imposed tax burden were used to formulate a classification framework that provides criteria for classifying government imposts used by the South African government as sources of revenue to fund the public sector, according to their inherent characteristics, irrespective of the label given to a particular impost by the government. The results of this classification of government imposts in South Africa, combined with the theoretical constructs of the perceived tax burden derived from the literature, were used to formulate a conceptual framework for evaluating the tax burden of individual taxpayers in South Africa.

The conceptual framework was then applied in a real-life context, using multiple households as case studies. The purpose of the case study research was to assess the validity of the theoretical constructs underpinning the conceptual framework in a real-life environment. The validity of these theoretical constructs was confirmed by the results of the data analysis in this study. Therefore, this study proposes a conceptual framework for evaluating the tax burden of individual taxpayers in South Africa, both objectively, in terms of the imposed tax burden, and subjectively, in terms of the perceived tax burden.

CONTENTS

ACKNOWLEDGEMENTS	i
ABSTRACT	iii
CHAPTER 1: INTRODUCTION	1
1.1 BACKGROUND	1
1.2 RATIONALE FOR THE STUDY	7
1.3 RESEARCH OBJECTIVES	17
1.4 SCOPE AND LIMITATIONS OF THE STUDY	17
1.5 RESEARCH METHOD	19
1.6 STRUCTURE OF THE THESIS	20
1.6.1 Chapter 1: Introduction	20
1.6.2 Chapter 2: The imposed tax burden	20
1.6.3 Chapter 3: The imposed tax burden in South Africa	21
1.6.4 Chapter 4: The perceived tax burden	21
1.6.5 Chapter 5: Formulating the conceptual framework	21
1.6.6 Chapter 6: Validating the conceptual framework	21
1.6.7 Chapter 7: Data analysis	21
1.6.8 Chapter 8: Conclusion	22
CHAPTER 2: THE IMPOSED TAX BURDEN	23
2.1 INTRODUCTION	23
2.2 THE IMPOSED TAX BURDEN AS A CONSTRUCT	23
2.2.1 Historical overview of taxes	24
2.2.2 Government revenue	28
2.2.3 Inherent characteristics of a tax	30
2.2.4 Inherent characteristics of a user charge	36
2.2.4.1 <i>Compulsory</i>	36
2.2.4.2 <i>Raise revenue</i>	38
2.2.4.3 <i>Public benefits</i>	40

2.2.4.4	<i>Classification of user charges</i>	41
2.2.4.5	<i>Conclusion to the section</i>	42
2.2.5	Framework for classifying government imposts	42
2.2.6	A (tax) burden as a construct	43
2.2.6.1	<i>Stocks and flows</i>	44
2.2.6.2	<i>Tax incidence and shifting</i>	45
2.2.6.3	<i>Framework for classifying the tax burden</i>	48
2.2.7	Framework for classifying the imposed tax burden	49
2.3	CONCLUSION	51
CHAPTER 3: THE IMPOSED TAX BURDEN IN SOUTH AFRICA		53
3.1	INTRODUCTION	53
3.2	HISTORICAL OVERVIEW OF TAXES IN SOUTH AFRICA	53
3.3	IMF FRAMEWORK FOR CLASSIFYING GOVERNMENT REVENUE	57
3.4	PUBLIC SECTOR STRUCTURE AND FUNDING IN SOUTH AFRICA	66
3.4.1	South African national government	67
3.4.2	Provincial government	77
3.4.3	Local government	85
3.4.4	Public entities	92
3.4.4.1	<i>Constitutional institutions</i>	94
3.4.4.2	<i>Major public entities</i>	96
3.4.4.3	<i>National and provincial public entities</i>	99
3.4.4.4	<i>National and provincial government business enterprises</i>	104
3.4.5	Structure of government revenue sources in South Africa	106
3.5	IMPOSTS ON INCOME AND PROFITS IN SOUTH AFRICA	113
3.5.1	Income tax	113
3.5.2	Secondary tax on companies	114
3.5.3	Dividends tax	114
3.6	IMPOSTS ON PAYROLL AND WORKFORCE IN SOUTH AFRICA	115

3.7	IMPOSTS ON CAPITAL GAINS IN SOUTH AFRICA	117
3.8	RECURRENT IMPOSTS ON IMMOVABLE PROPERTY IN SOUTH AFRICA	118
3.9	IMPOSTS ON ESTATES AND DONATIONS IN SOUTH AFRICA	119
3.9.1	Estate duty	119
3.9.2	Donations tax	120
3.10	IMPOSTS ON FINANCIAL AND CAPITAL TRANSACTIONS IN SOUTH AFRICA	121
3.10.1	Transfer duty	122
3.10.2	Securities transfer tax	123
3.11	IMPOST ON VALUE-ADDED TRANSACTIONS IN SOUTH AFRICA	124
3.12	IMPOSTS ON TURNOVER IN SOUTH AFRICA	125
3.13	EXCISES IMPOSED IN SOUTH AFRICA	127
3.13.1	Specific excise duties	127
3.13.2	<i>Ad valorem</i> excise duties	128
3.14	IMPOSTS ON SPECIFIC SERVICES IN SOUTH AFRICA	129
3.15	IMPOSTS ON THE USE OF MOTOR VEHICLES IN SOUTH AFRICA	130
3.15.1	Imposts on motor vehicles	130
3.15.1.1	<i>Ad valorem</i> excise duties on motor vehicles	130
3.15.1.2	<i>CO₂</i> motor vehicle emissions tax	131
3.15.1.3	<i>Motor vehicle licences</i>	131
3.15.2	Imposts on fuel	132
3.15.2.1	<i>General fuel levy and the Road Accident Fund levy</i>	135
3.15.2.2	<i>Specific customs and excise duty on fuel</i>	135
3.15.2.3	<i>Demand-side management levy</i>	135
3.15.2.4	<i>Illuminating paraffin tracer dye levy</i>	137
3.15.3	Impost on drivers of motor vehicles	138
3.15.3.1	<i>Drivers' licences</i>	138
3.15.3.2	<i>Fines for traffic violations</i>	140

3.16	IMPOSTS ON THE USE OF GOODS AND ON THE PERMISSION TO USE GOODS, OR ON THE PERMISSION TO PERFORM SERVICES	140
3.16.1	Firearms licences	141
3.16.2	Liquor licences	142
3.16.3	Business licences	144
3.16.4	Television licences	146
3.17	OTHER IMPOSTS ON THE USE OF GOODS AND SERVICES IN SOUTH AFRICA	147
3.17.1	Electricity environmental levy	147
3.17.2	Plastic bags levy	147
3.17.3	Incandescent light bulb levy	148
3.17.4	Minerals and petroleum royalties, prospecting fees and surface rentals	148
3.17.5	Levy on suppliers of telecommunication services	149
3.17.6	Levy on educators	150
3.17.7	Levies on the suppliers of electricity, pipeline petroleum and piped gas	152
3.17.8	Levy on medical schemes	152
3.17.9	Levy on suppliers of private security services	153
3.17.10	Aircraft passenger safety charge	154
3.17.11	Aviation fuel levy	155
3.17.12	Maritime safety levy	156
3.17.13	Water research levy	157
3.18	IMPOSTS ON INTERNATIONAL TRADE AND TRANSACTIONS	158
3.18.1	Custom duties	158
3.18.2	Diamond export levy	159
3.18.3	Air passenger tax	160
3.19	SOCIAL SECURITY CONTRIBUTIONS IN SOUTH AFRICA	161
3.19.1	Contributions to the Unemployment Insurance Fund	162
3.19.2	Contributions to the Compensation Fund	163
3.19.3	Contributions to the Government Employees Pension Fund	165

3.20	GOVERNMENT TRANSFERS IN SOUTH AFRICA	166
3.21	REVENUE FROM PROPERTY	166
3.22	SALE OF PUBLIC GOODS AND SERVICES IN SOUTH AFRICA	166
3.22.1	Municipal services in South Africa	167
3.22.1.1	<i>Electricity service fees</i>	168
3.22.1.2	<i>Water service fees</i>	171
3.22.1.3	<i>Sanitation service fees</i>	174
3.22.1.4	<i>Refuse removal service fees</i>	176
3.22.2	Communication services in South Africa	178
3.22.2.1	<i>Broadband infrastructure rental tariffs</i>	178
3.22.2.2	<i>Air broadcasting service tariffs</i>	179
3.22.2.3	<i>Broadcasting network service tariffs</i>	179
3.22.2.4	<i>Telecommunication service tariffs</i>	180
3.22.2.5	<i>Postal service tariffs</i>	181
3.22.3	Energy supply services in South Africa	181
3.22.3.1	<i>Electricity supply tariffs</i>	182
3.22.3.2	<i>Nuclear energy supply tariffs</i>	186
3.22.4	Human settlement services	187
3.22.5	Public order and safety services	188
3.22.6	Air transport services in South Africa	188
3.22.6.1	<i>Air traffic and navigation service fees</i>	189
3.22.6.2	<i>Airport service fees</i>	189
3.22.6.3	<i>Air passenger transport fares</i>	192
3.22.7	Rail transport services in South Africa	192
3.22.7.1	<i>Passenger rail transport fares</i>	193
3.22.7.2	<i>Freight rail transport tariffs</i>	194
3.22.8	Road transport services in South Africa	194
3.22.8.1	<i>Toll fees</i>	194
3.22.8.2	<i>Passenger road transport fares</i>	196
3.22.9	Marine transport services in South Africa	198
3.22.10	Water supply services in South Africa	198
3.22.10.1	<i>Water Trading Entity</i>	199
3.22.10.2	<i>The Trans Caledon Tunnel Authority</i>	201

3.22.10.3	<i>Water boards</i>	202
3.23	ADMINISTRATIVE SERVICES	205
3.24	INCIDENTAL SALES BY NON-MARKET ESTABLISHMENTS	206
3.25	FINES, PENALTIES, AND FORFEITS	209
3.26	VOLUNTARY TRANSFERS AND MISCELLANEOUS INCOME	210
3.27	IMPOSED TAX BURDEN IN SOUTH AFRICA	210
3.28	CONCLUSION	218
CHAPTER 4: THE PERCEIVED TAX BURDEN		219
4.1	INTRODUCTION	219
4.2	THE PERCEIVED TAX BURDEN AS A CONSTRUCT	220
4.2.1	Fiscal illusion of taxpayers	224
4.2.2	Fiscal perceptions of taxpayers	225
4.2.2.1	<i>Fairness of taxes</i>	226
4.2.2.2	<i>Complexity of taxes</i>	229
4.2.2.3	<i>The taxpayer-government exchange</i>	231
4.2.3	Summary	236
4.3	THE PERCEIVED TAX BURDEN IN SOUTH AFRICA	236
4.3.1	Fiscal illusion of taxpayers in South Africa	237
4.3.2	Fiscal perceptions of taxpayers in South Africa	238
4.3.2.1	<i>Fairness of taxes in South Africa</i>	238
4.3.2.2	<i>Complexity of taxes in South Africa</i>	239
4.3.2.3	<i>The taxpayer-government exchange in South Africa</i>	239
4.3.3	Summary	241
4.4	CONCLUSION	242
CHAPTER 5: FORMULATING THE CONCEPTUAL FRAMEWORK		243
5.1	INTRODUCTION	243
5.2	METHODOLOGY UNDERPINNING THE CONCEPTUAL FRAMEWORK	243
5.3	UNIT OF ANALYSIS	245

5.4	TIME FRAME	247
5.5	METHOD OF MEASUREMENT	248
5.5.1	Measurement of gross household income	249
5.5.2	Measurement of the imposed taxes	251
5.5.3	Measurement of the fiscal illusion	252
5.5.4	Measurement of the fiscal perception	252
5.5.4.1	<i>Measurement of the fairness of taxes</i>	253
5.5.4.2	<i>Measurement of the complexity of taxes</i>	254
5.5.4.3	<i>Measurement of the taxpayer-government exchange</i>	255
5.5.5	Measuring the tax burden of individuals as taxpayers in South Africa	255
5.6	COVERAGE	257
5.6.1	Coverage of gross household income	257
5.6.2	Coverage of imposed taxes	259
5.6.3	Coverage of the perceived taxes	262
5.6.3.1	<i>Complexity of taxes</i>	262
5.6.3.2	<i>The taxpayer-government exchange</i>	264
5.7	VALUATION	266
5.7.1	Valuation of gross household income	266
5.7.2	Valuation of recurrent taxes imposed on households	266
5.7.2.1	<i>Valuation of direct recurrent taxes imposed on households</i>	267
5.7.2.2	<i>Valuation of indirect recurrent taxes imposed on households</i>	267
5.7.3	Valuation of the perceived taxes	270
5.8	INTER-UNIT COMPARISON	271
5.9	CONCLUSION	273
CHAPTER 6: VALIDATING THE CONCEPTUAL FRAMEWORK		274
6.1	INTRODUCTION	274
6.2	RESEARCH ORIENTATION	274
6.3	THE POPULATION	275
6.4	THE DATA AND ITS COLLECTION	276

6.4.1	Using case studies as a research strategy	276
6.4.2	Applicability of the case study technique	276
6.4.3	Approach in using the case study technique in the current research	279
6.5	FORMULATION OF A THEORY BY ANALYSING THE LITERATURE	280
6.6	DESIGN OF THE DATA COLLECTION INSTRUMENT AND PILOT INTERVIEW QUESTIONS	280
6.6.1	Design of interview questions	281
6.6.1.1	<i>Questions on demographic characteristics</i>	281
6.6.1.2	<i>Questions on the imposed tax burden</i>	282
6.6.1.3	<i>Questions on the perceived tax burden</i>	283
6.6.2	Piloting the interview questions	283
6.7	SELECTING CASES	284
6.7.1	Sampling design	284
6.7.2	Sampling technique	286
6.7.2.1	<i>Phase 1 – identifying willing participants</i>	286
6.7.2.2	<i>Phase 2 – selecting cases</i>	287
6.8	CONDUCTING MULTIPLE CASE STUDIES	287
6.8.1	Phase 1	287
6.8.2	Phase 2	288
6.9	SUMMARY	290
CHAPTER 7: DATA ANALYSIS		291
7.1	INTRODUCTION	291
7.2	ORIENTATION OF THE DATA ANALYSIS TECHNIQUE	291
7.2.1	Familiarisation	293
7.2.2	Thematic framework	294
7.2.3	Indexing	298
7.2.4	Charting	298
7.2.5	Mapping and interpretation	298

7.3	MAIN THEME 1: DEMOGRAPHIC PROFILE	300
7.4	DATA RELATING TO THE IMPOSED RECURRENT TAX BURDEN	302
7.4.1	Orientation of the process to capture and analyse the factual data	302
7.4.2	Main Theme 2: Gross household income	303
7.4.2.1	<i>Sub-theme 2.1: Nature of the gross monthly household income of the participating households</i>	306
7.4.2.2	<i>Sub-theme 2.2: Contributions to the gross monthly household income by individual taxpayers as members of the participating households</i>	308
7.4.2.3	<i>Conclusion on Main Theme 2</i>	310
7.4.3	Main Theme 3: Imposed direct recurrent taxes	310
7.4.3.1	<i>Sub-theme 3.1: Direct taxes imposed monthly on the participating households</i>	310
7.4.3.2	<i>Sub-theme 3.2: Direct taxes imposed monthly on the individual members of the participating households</i>	314
7.4.3.3	<i>Conclusion on Main Theme 3</i>	316
7.4.4	Main Theme 4: Imposed indirect recurrent taxes	316
7.4.4.1	<i>Sub-theme 4.1: Monthly household expenditure of the participating households</i>	316
7.4.4.2	<i>Sub-theme 4.2: Indirect taxes imposed monthly on the participating households</i>	319
7.4.4.3	<i>Conclusion on Main Theme 4</i>	324
7.5	DATA RELATING TO THE PERCEIVED TAX BURDEN	324
7.5.1	Orientation of the process to capture and analyse the data	325
7.5.2	Main Theme 5: Fiscal illusion	325
7.5.2.1	<i>Sub-theme 5.1: Estimated effective tax rates of the participating households</i>	326
7.5.2.2	<i>Sub-theme 5.2: Conceptual elements contributing to the fiscal illusion of the participating households</i>	330
7.5.2.3	<i>Conclusion on Main Theme 5</i>	337
7.5.3	Main Theme 6: Fairness of taxes	337

7.5.3.1	<i>Sub-theme 6.1: Participating households' perceptions on the fairness of taxes in South Africa</i>	338
7.5.3.2	<i>Sub-theme 6.2: The preferred effective tax rate of participating households</i>	338
7.5.3.3	<i>Sub-theme 6.3: Conceptual elements contributing to the participating households' perceptions of the fairness of taxes in South Africa</i>	342
7.5.3.4	<i>Conclusion on Main Theme 6</i>	350
7.5.4	Main Theme 7: Perceived taxes	350
7.5.4.1	<i>Sub-theme 7.1: Complexity of taxes in South Africa as perceived by the participating households</i>	350
7.5.4.2	<i>Sub-theme 7.2: The taxpayer-government exchange in South Africa as perceived by the participating households</i>	354
7.5.4.3	<i>Summary of the results from Theme 7</i>	361
7.6	MEASURING AND COMPARING THE TAX BURDEN	364
7.6.1	Main Theme 8: Measuring the tax burden	364
7.6.2	Main Theme 9: Comparing the tax burden	370
7.7	CONCLUSION	375
CHAPTER 8: CONCLUSION		376
8.1	INTRODUCTION	376
8.2	SUMMARY OF FINDINGS AND CONCLUSIONS	377
8.3	SUMMARY OF THE CONTRIBUTIONS OF THE STUDY	380
8.4	LIMITATIONS OF THE PRESENT RESEARCH	381
8.5	FUTURE RESEARCH	382
8.6	CONCLUDING REMARKS	383
LIST OF REFERENCES		384
ANNEXURE A		439
ANNEXURE B		444
ANNEXURE C		458



ANNEXURE D	464
ANNEXURE E	467
ANNEXURE F	484

LIST OF FIGURES

Figure 1: Imposed tax burden criteria	112
Figure 2: The subjective Necker cube	221
Figure 3: Nature of the gross monthly income of the participating households	307
Figure 4: Contribution to the gross monthly household income by individual taxpayers as members of the participating households.....	309
Figure 5: Direct taxes imposed monthly on the participating households.....	313
Figure 6: Monthly direct taxes imposed on the individual members of the participating households.....	315
Figure 7: Main categories of the monthly household expenditure of participating households.....	318
Figure 8: Indirect taxes imposed monthly on the participating households...	323
Figure 9: Estimated effective tax rate of the participating households.....	327
Figure 10: Comparison of the estimated and imposed effective tax rates	329
Figure 11: Conceptual elements contributing to the fiscal illusion of the participating households.....	336
Figure 12: Preferred effective tax rates by the participating households	339
Figure 13: Comparison of the preferred and imposed effective tax rates	341
Figure 14: Conceptual elements contributing to the participating households' perceived fairness of taxes in South Africa.....	349
Figure 15: Participating households' perceived taxes.....	363
Figure 16: Economic and perceived spending ability of the participating households	367
Figure 17: Effective tax rates of the participating households.....	369
Figure 18: Effect of equivalence scales as a basis for comparing the tax burden of the participating households.....	373

LIST OF TABLES

Table 1: Summary of the population and the labour force in South Africa.....	10
Table 2: Summary of taxpayers and contributions in South Africa	10
Table 3: Common elements from the definitions of a tax	35
Table 4: Framework for classifying government imposts.....	43
Table 5: Framework for classifying the (tax) burden.....	48
Table 6: Framework for classifying the imposed tax burden.....	50
Table 7: IMF framework for classifying government revenue	58
Table 8: Control framework for identifying government imposts in South Africa	59
Table 9: Imposts in the IMF framework excluded from this study.....	63
Table 10: Revenue sources of the National Revenue Fund in South Africa	69
Table 11: Revenue sources of the provincial revenue funds in South Africa...	79
Table 12: Revenue sources of municipal revenue funds in South Africa.....	87
Table 13: Main revenue sources of constitutional institutions in South Africa .	95
Table 14: Main revenue sources of the major public entities in South Africa ..	97
Table 15: Main revenue sources of national and provincial public entities in South Africa.....	100
Table 16: National and provincial government business enterprises.....	105
Table 17: Main sources of revenue sources of the South African government	106
Table 18: Classification of income tax in South Africa.....	113
Table 19: Classification of dividends tax in South Africa	115
Table 20: Classification of the skills development levy in South Africa.....	116
Table 21: Classification of capital gains tax in South Africa	117
Table 22: Classification of property rates in South Africa	118
Table 23: Classification of estate duty in South Africa.....	120
Table 24: Classification of donations tax in South Africa.....	121
Table 25: Classification of transfer duty in South Africa	122

Table 26: Classification of securities transfer tax in South Africa	123
Table 27: Classification of value-added tax in South Africa.....	124
Table 28: Classification of turnover tax for micro businesses in South Africa	126
Table 29: Classification of specific excise duties in South Africa.....	127
Table 30: Classification of <i>ad valorem</i> excise duties in South Africa.....	128
Table 31: Classification of motor vehicle licences in South Africa.....	131
Table 32: Fuel price components in South Africa.....	133
Table 33: Classification of the demand-side management levy in South Africa	136
Table 34: Classification of the illuminating paraffin tracer dye levy in South Africa	137
Table 35: Classification of drivers' licences in South Africa.....	138
Table 36: Classification of fines for traffic violations in South Africa.....	140
Table 37: Classification of firearms licences in South Africa	141
Table 38: Classification of liquor licences in South Africa	142
Table 39: Classification of business licences in South Africa	144
Table 40: Classification of television licences in South Africa	146
Table 41: Classification of imposts on mineral and petroleum resources in South Africa.....	149
Table 42: Classification of the levy on educators in South Africa	151
Table 43: Classification of the levy on the suppliers of private security services in South Africa	153
Table 44: Classification of the aircraft passenger safety charge in South Africa	154
Table 45: Classification of the aviation fuel levy in South Africa.....	155
Table 46: Classification of the maritime safety levy in South Africa.....	156
Table 47: Classification of the water research levy in South Africa	157
Table 48: Classification of the diamond export levy in South Africa	159
Table 49: Classification of the air passenger tax in South Africa.....	160
Table 50: Classification of the contributions to the Unemployment Insurance Fund	162

Table 51: Classification of the contributions to the Compensation Fund	164
Table 52: Classification of the contributions to the Government Employees Pension Fund	165
Table 53: Classification of municipal surcharges on the supply of electricity in South Africa.....	168
Table 54: Classification of the municipal surcharges on the supply of water in South Africa.....	172
Table 55: Classification of municipal sanitation service fees in South Africa.	174
Table 56: Classification of municipal refuse removal service fees in South Africa	176
Table 57: Eskom tariff structure for electricity supply in South Africa.....	183
Table 58: Classification of imposts in the electricity tariff structure of Eskom	184
Table 59: Classification of the NHBRC levies on home builders in South Africa	187
Table 60: Classification of imposts on airport services in South Africa.....	190
Table 61: Classification of passenger rail transport fees in South Africa.....	193
Table 62: Classification of toll fees in South Africa.....	195
Table 63: Classification of passenger road transport fares in South Africa ...	197
Table 64: Classification of imposts by the Water Trading Entity in South Africa	200
Table 65: Classification of the Trans Caledon Tunnel Authority impost on the supply of water in South africa	201
Table 66: Classification of surcharge by water boards in South Africa.....	203
Table 67: Classification of administration fees in South Africa	205
Table 68: Classification of incidental sales by non-market establishments in South Africa.....	206
Table 69: Classification of government imposts in South Africa	211
Table 70: Framework of measuring the tax burden of individual taxpayers in South Africa.....	256
Table 71: Framework of gross household income.....	259
Table 72: Framework of the imposed recurrent tax burden in South Africa...	260

Table 73: Key functional areas of the South African government.....	265
Table 74: Household expenditure framework.....	269
Table 75: Equivalence scales.....	272
Table 76: Thematic framework underpinning the data classification and analysis in the present research.....	296
Table 77: Demographic profiles of the participating households.....	301
Table 78: Composition of the gross monthly income of the participating households.....	304
Table 79: Elements underpinning the computation of the direct taxes imposed monthly on the participating households.....	311
Table 80: Elements underpinning the computation of the indirect taxes imposed monthly on the participating households.....	320
Table 81: Conceptual elements contributing to the fiscal illusion of the participating households.....	330
Table 82: Conceptual elements contributing to the participating households' perceptions on the fairness of taxes in South Africa.....	342
Table 83: Complexity of taxes in South Africa as perceived by the participating households.....	351
Table 84: Taxpayer-government exchange in South Africa as perceived by the participating households.....	355
Table 85: Measuring the tax burden of the participating households.....	365
Table 86: Comparing the tax burden of the participating households.....	371
Table 87: Coding framework for classifying the data from the case study research.....	468
Table 88: Monthly gross household income of the participating households.	485
Table 89: Direct taxes imposed monthly on the participating households.....	486
Table 90: Monthly household expenditure of participating households.....	487
Table 91: Indirect taxes imposed monthly on the participating households...	490
Table 92: Perceived taxes of households participating in the case study research.....	491

LIST OF ABBREVIATIONS AND ACRONYMS

Abbreviation /Acronym	Meaning
ACSA	Airports Company of South Africa
AEI	American Enterprise Institute
ARMSCOR	Armaments Corporation of South Africa Limited
ATNS	Air Traffic and Navigation Services Company Limited
BMR	Bureau of Market Research
BOCMA	Breede-Overberg Catchment Management Agency
CASA	Casino Association of South Africa
CGT	Capital gains tax
CHE	Council for Higher Education
CMS	Council for Medical Schemes
CSIR	Council for Scientific and Industrial Research
DA	Democratic Alliance
ELRC	Education Labour Relations Council
GAAL	Gateway Airport Authority Limited
GDP	Gross domestic product
GEPF	Government Employees Pension Fund
HDA	Housing Development Agency
HSRC	Human Sciences Research Council
ICASA	Independent Communications Authority of South Africa
IMF	International Monetary Fund
NBER	National Bureau for Economic Research
NECSA	Nuclear Energy Corporation Limited
NEMISA	National Electronic Media Institute of South Africa
NERSA	National Energy Regulator of South Africa
NHBRC	National Homebuilders Registration Council
NHFC	National Housing Finance Corporation Limited
NHLS	National Health Laboratory Service
NNR	National Nuclear Regulator
NRWDI	National Radioactive Waste Disposal Institute
NURCHA	National Urban Reconstruction and Housing Agency
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development

PAYE	Pay-As-You-Earn
PPSA	Public Protector of South Africa
PRASA	Passenger Rail Agency of South Africa
PSIRA	Private Security Industry Regulatory Authority
QCTO	Quality Council for Trades and Occupations
RAF	Road Accident Fund
RAL	Roads Agency Limpopo
RHLF	Rural Housing Loan Fund
RTMC	Road Traffic Management Corporation
SAA	South African Airways (Pty) Limited
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SACAA	South African Civil Aviation Authority
SACE	South African Council for Educators
SAMRC	South African Medical Research Council
SAMSA	South African Maritime Safety Authority
SANERI	South African National Energy Development Institute
SANRAL	South African National Roads Agency Limited
SAPO	South African Post Office Limited
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SDL	Skills development levy
SETA	Sector Education and Training Authority
SHF	Social Housing Foundation
SHRA	Social Housing Regulatory Authority
STC	Secondary tax on companies
TCTA	Trans-Caledon Tunnel Authority
TTC	Total Tax Contribution
UIF	Unemployment Insurance Fund
UNISA	University of South Africa
UPFS	Uniform Patient Fee Schedule
USA	United States of America
USAASA	Universal Service and Access Agency of South Africa
VAT	Value-added tax
WRC	Water Research Commission