The budget: DDD
DEFICIT, DISSAVING, DEPRECIATION

How the budget’s dissaving squeezes the Rand

EFFICIENT GROUP
State Revenue since 1961

% of GDP

14 15 16 17 18 19 20 21 22 23 24 25 26 27 28


Theo Phillus Donges
Nicholaas J Diederichs
Owen Horwood
Barend du Plessis
Derek Keys
Chris Liebenberg
Trevor Manuel
Pravin Gordhan
Primary Deficit/Surplus since 1998

% of GDP


Trevor Manual

Pravin Gordhan
SACU
Receive:Pay

South Africa
Swaziland
Namibia
Lesotho
Botswana
SACU pool receipts relative to size of economy

- South Africa
- Swaziland
- Namibia
- Lesotho
- Botswana
# PIT taxpayers registered to assessed

**Compulsory to register employees**

<table>
<thead>
<tr>
<th></th>
<th>31 March 2009</th>
<th>31 March 2010</th>
<th>31 March 2011</th>
<th>31 March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>5.5</td>
<td>6.0</td>
<td>12.5</td>
<td>13.5</td>
</tr>
<tr>
<td>Liable to submit returns</td>
<td>4.5</td>
<td>5.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Assessed</td>
<td>4.0</td>
<td>4.5</td>
<td>6.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**Millions**
Taxpayers and tax paid by taxable income groups, 2012

- Number
- Taxable income
- Tax paid

Legend:
- Loss
- R0 to R60 000
- R60 000 to R120 000
- R120 000 to R400 000
- R400 000 +
# PIT taxpayers registered to assessed

- **31 March 2009**: Registered: 5 millions, Liable to submit returns: 4 millions, Assessed: 3 millions
- **31 March 2010**: Registered: 6 millions, Liable to submit returns: 5 millions, Assessed: 4 millions
- **31 March 2011**: Registered: 12 millions, Liable to submit returns: 7 millions, Assessed: 5 millions
- **31 March 2012**: Registered: 14 millions, Liable to submit returns: 8 millions, Assessed: 6 millions

**Compulsory to register employees**
Top personal income tax rates (Selected countries)
Like VAT... like the Economy
(Are tough times on the way?)
Government saving/dissaving and GDP
Tax burden
(Historic International comparison)
Consumption > Production

- Production side of GDP
- Consumption side of GDP

Years: 1994 to 2013

Millions

- Production side of GDP
- Consumption side of GDP
Undervaluation of the Rand vs CA

- 2014: R11.00/$
- 2015: R11.50/$
- 2016: R12.00/$
- 2017: R12.50/$

Graph showing the undervaluation of the Rand against CA from 1980 to 2016.
<table>
<thead>
<tr>
<th>Fiscal deficit(-) /surplus(+)</th>
<th>Government Capital Formation</th>
<th>Saving(+) /Dissaving(-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>-5</td>
<td>3</td>
<td>-2</td>
</tr>
<tr>
<td>-5</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>-5</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>
Expenditure: GDP
1994-2016

- Recreation and culture
- Environmental protection
  - Water supply
- Community development
- Housing development
- Social protection
- Education
- Health
- Economic affairs
- Prisons
- Law courts
- Police services
- Defence
- State debt cost
- General public services

[Bar chart showing expenditures for different categories from 1994/95 to 2015/16]
Compensation of employees % of Total expenditure
Cost of Government Debt

Yields on 10-year government bonds
Interest payments: GDP
Government Debt : GDP
(2014 Estimates)

- United States
- United Kingdom
- South Africa
- Nigeria
- Japan
- Indonesia
- India
- Germany
- China
- Botswana
- Australia

0%  50%  100%  150%  200%  250%
<table>
<thead>
<tr>
<th>Tax brackets</th>
<th>Current tax rate</th>
<th>Adjusted tax rate</th>
<th>Adjusted PIT assessed (R mil)</th>
<th>Additional PIT sourced (R mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0 - R160 000</td>
<td>18%</td>
<td>18%</td>
<td>R 13,325</td>
<td>-</td>
</tr>
<tr>
<td>R160 001 - R250 000</td>
<td>25%</td>
<td>25%</td>
<td>R 47,963</td>
<td>-</td>
</tr>
<tr>
<td>R250 001 - R346 000</td>
<td>30%</td>
<td>30%</td>
<td>R 24,202</td>
<td>-</td>
</tr>
<tr>
<td>R346 001 - R484 000</td>
<td>35%</td>
<td>35%</td>
<td>R 19,394</td>
<td>-</td>
</tr>
<tr>
<td>R484 001 - R617 000</td>
<td>38%</td>
<td><strong>45%</strong></td>
<td>R 40,791</td>
<td>R 8,244</td>
</tr>
<tr>
<td>R617 001 +</td>
<td>40%</td>
<td><strong>55%</strong></td>
<td>R 99,189</td>
<td>R 29,956</td>
</tr>
<tr>
<td>Total (R mil)</td>
<td></td>
<td></td>
<td>R 244,863</td>
<td>R 38,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Revenue (R mil)</th>
<th>R739,803</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of total revenue extra</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>VAT rate</td>
</tr>
<tr>
<td>---------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Companies</strong></td>
<td>14%</td>
</tr>
<tr>
<td><strong>Individuals</strong></td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Proportion of total revenue extra</strong></td>
<td></td>
</tr>
</tbody>
</table>
SACU pool receipts relative to size of economy

South Africa
Swaziland
Namibia
Lesotho
Botswana

-5%  0%  5%  10%  15%  20%  25%  30%
SACU pool receipts relative to total fiscal revenue

South Africa: -10%
Swaziland: 80%
Namibia: 35%
Lesotho: 50%
Botswana: 35%
Amount received relative to amount paid

- South Africa
- Swaziland
- Namibia
- Lesotho
- Botswana

Amount of times greater

0  5  10  15