



BUDGET HIGHLIGHTS

2019/2020

Highlights Tax Reforms for the Current Tax Year



FUEL LEVY

- Increase of **15c/litre**.
- Increase of **5c/litre** in the Road Accident Fund.



SUGAR TAX

Health promotion levy on sugary beverages increases by **2.21 cents per gram** in excess of **4 grams** of sugar per 100 ml effective from **1 April 2019**.



ALCOHOL AND TOBACCO

Increases between **6% and 10%**.



EMPLOYMENT TAX INCENTIVE

The eligible income bands for the employment tax incentive will be increased from **1 March 2019**.

VAT

White bread flour, cake flour and sanitary pads will be zero-rated for VAT purposes from **1 April 2019**.



CARBON TAX

Carbon Tax of **9 cents per litre** on petrol and **10 cents per litre** on diesel with effective from **5 June 2019**.



INDIVIDUAL TAX

No inflation adjustments in the Personal Income Tax rates, resulting in government raising **R12.8 billion**.

Tax threshold increased to:

- **R79 000** for those below **65 years**
- **R122 300** for those older the **65 years**
- **136 750** for those older than **75 years**

Highlights on Budget Framework and Spending Programmes

- Over the medium term, **spending has been reduced by R50.3 billion**, which is 54% of which comes from compensation budget adjustments.
- Due to the Eskom's reconfiguration plan, **provisional allocations of R75.3 billion** was budgeted over the 2019 medium-term expenditure framework period.
- The budget deficit is projected to **decrease from 4.5% of GDP in 2019/20 to 4% in 2021/22**.
- Gross debt is expected to stabilise at 60.2% of GDP in 2023/24.
- **Total public spending** over the medium-term expenditure framework period is **expected to be R5.9 trillion**.
- The bulk of spending is allocated to learning and culture, social development, health and community development.



- Compensation of employees remains the largest spending (on average accounts for 34.4% of consolidated expenditure). **Measures are introduced to reduce compensation by R27 billion.**

Tax Revenue 2019/2020

R552.9 billion	Personal income tax
R360.5 billion	VAT
R229.6 billion	Corporate income tax
R106.8 billion	Customs and excise duties
R89.5 billion	Other
R83.0 billion	Fuel levies