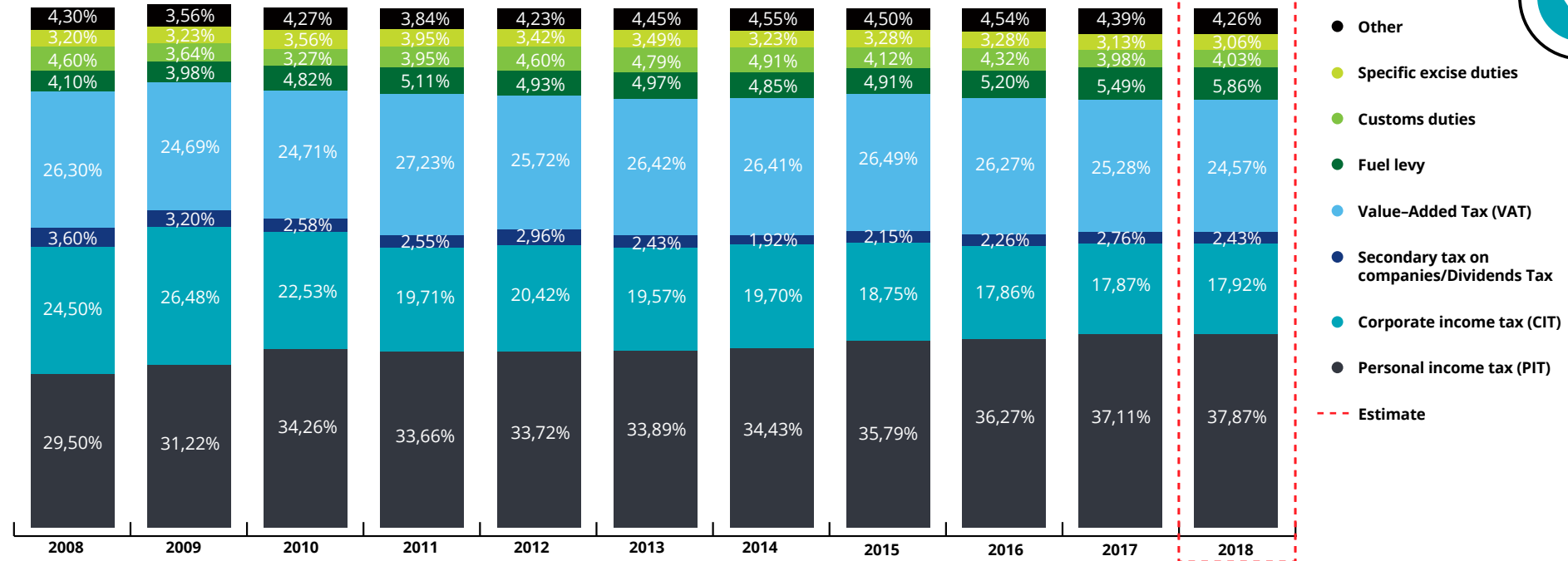




Sources of tax revenue



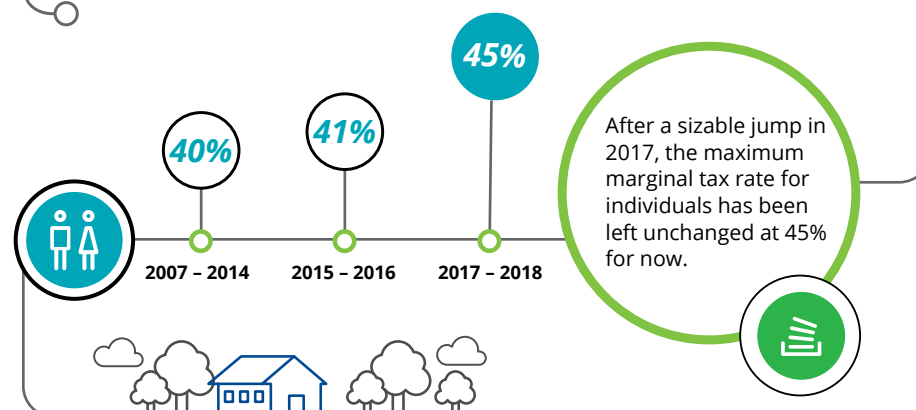
- Other
- Specific excise duties
- Customs duties
- Fuel levy
- Value-Added Tax (VAT)
- Secondary tax on companies/Dividends Tax
- Corporate income tax (CIT)
- Personal income tax (PIT)
- Estimate

The overall mix between direct and indirect tax has fluctuated over time but on average comprises approximately 57 percent in direct taxes and 43 percent in indirect taxes. With the proposed increase in VAT, environmental taxes and fuel levies, the share contributed by indirect taxes is set to rise.

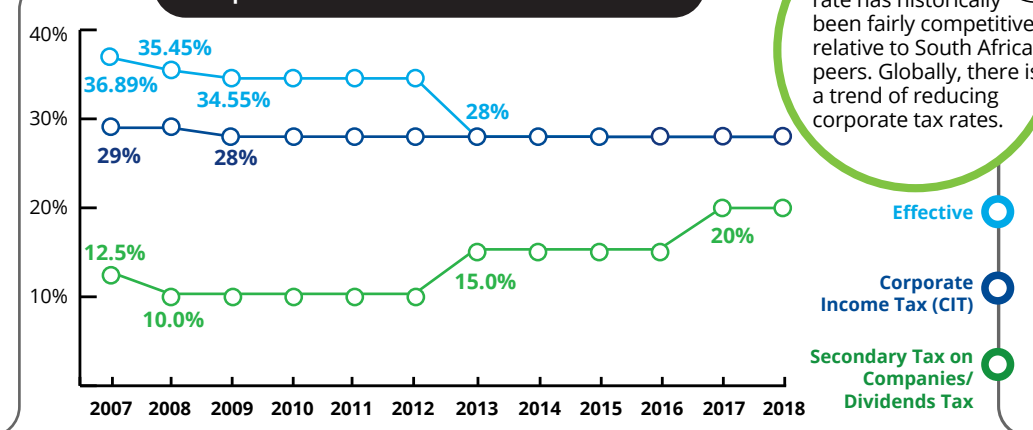
CIT is a significant, but declining, revenue source. In the late 1970's, it accounted for 41% of tax revenue versus a projected 17.9% in the 2018 fiscal year.



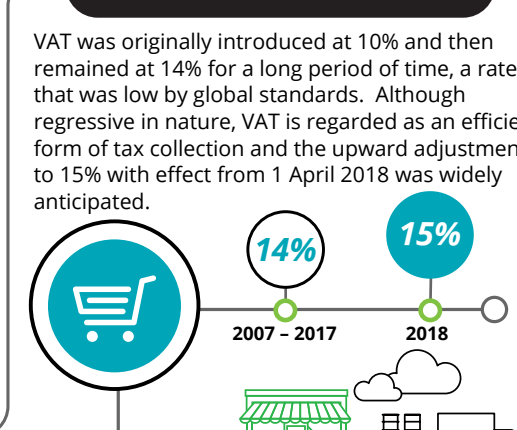
Income tax rates for individuals



Corporate income tax rates



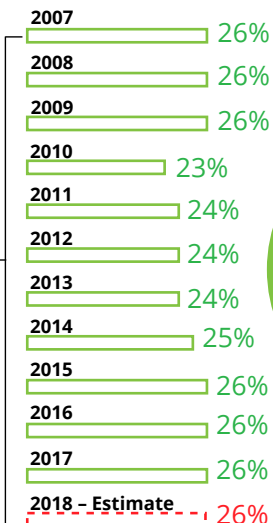
Value-added tax rates



Tax as a percentage of GDP

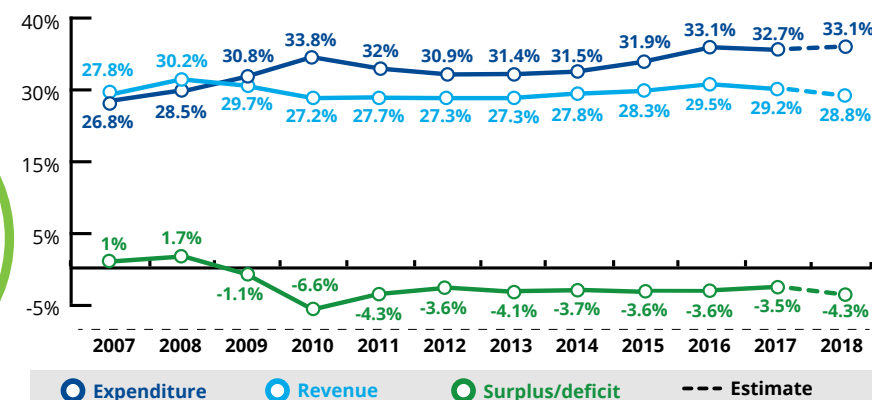
The South African Tax-to-GDP ratio showed a general upward trend during the past 20 years from a low of 21.9% in 1995/6 to projected 25.9% in 2017/18. This growth was largely driven by increased contributions from PIT and VAT.

Although lower than the OECD average, the South African tax-to-GDP ratio is higher than many developing countries and is significantly high when one considers that South Africa does not have large social security levies.



Government is under increasing pressure to manage the budget deficit but this will prove challenging with only modest economic growth.

Budget surplus/deficit - percentage of GDP



After creeping up to a projected 4.3% of GDP in 2017/18, the budget deficit it is currently expected to improve to a deficit of 3.5% in 2020/21. Tax buoyancy (the ratio of tax revenue growth to nominal GDP growth) has declined over the last two years and is not expected to increase as quickly as previously thought.

The gross debt-to-GDP level outlook has improved since the 2017 Medium Term Budget Policy Statement but is still pushing through the 50% level, with the expectation that it will stabilize at 56.2% of GDP in 2022/3.

Driving progress Budget 2018/19

Tax in South Africa - A 10 year Trajectory