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Measured as a percentage of GDP, the overall budget deficit is expected to be -4.3% in 2017/18, moving to -3.6% in 2018/19. With a revenue shortfall of R48.2 billion arising in the current year, government borrowing will increase, reflected in the debt-to-GDP ratio climbing from 53.3% in 2017/18 to 55.1% in 2018/19.

South Africa Budget 2018/19 Driving progress

Total Budgeted Expenditure 2018/19
R 1 671.2bn
Up by: **7%**

Debt-service costs
R 180.1bn
Up by **10%**

Health
R 205.4bn
Up by **7%**

Defence & public safety
R 200.8bn
Up by **3%**

Education
R 351.1bn
Up by **9%**

General Admin
R 64bn
Up by **3%**

Social Protection
R 259.4bn
Up by **8%**

Economic affairs & Agriculture
R 200.1bn
Up by **9%**

Local development & infrastructure
R 196.3bn
Up by **7%**

Total Budgeted Revenue 2018/19
R 1 490.7bn
Up by: **10%**

Customs duties
R 52.6bn
Up by **7%**

VAT
R 348.1bn
Up by **16%**

Corporate income tax
R 231.2bn
Up by **6%**

Provinces & social security
R 169.6bn
Up by **7%**

Specific excise duties
R 40.7bn
Up by **9%**

General fuel levy
R 77.5bn
Up by **9%**

Personal income tax
R 505.8bn
Up by **10%**

7 216 595 anticipated taxpayers
Earn < R1m p.a. Contribution: 61%

270 797 anticipated taxpayers
Earn > R1m p.a. Contribution: 39%

Key Tax Proposals

- **Increase in the VAT** rate from 14% to 15% with effect from 1 April 2018
- Below inflation adjustments to **personal income tax brackets and rebates**
- **Higher estate duty of 25%** for estates greater than R30 million and accompanying increase in rate of donations tax for amounts over R30 million, effective 1 March 2018
- Increase in the **general fuel levy by 22 cents per litre** and in the **Road Accident Fund levy by 30 cents per litre**
- **Taxes on alcohol and tobacco increased** between 6% and 10%
- Increase in ad-valorem excise duty rate on luxury goods from 7% to 9%
- Health promotion levy **(sugar tax)** to come into effect on 1 April 2018
- **Carbon tax** to be implemented from 1 January 2019

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Deloitte South Africa

Managing Partner: Africa Tax & Legal Services
Nazrien Kader
Tel: +27 (0)11 209 6030
Email: nkader@deloitte.co.za

Johannesburg: Nazrien Kader
Tel: +27 (0)11 209 6030
Email: nkader@deloitte.co.za

Cape Town: Luke Barlow
Tel: +27 (0)21 427 5480
Email: lbarlow@deloitte.co.za

Durban: Mark Freer
Tel: +27 (0)31 560 7079
Email: mfreer@deloitte.co.za

Port Elizabeth: Lise Claassen
Tel: +27 (0)41 398 4009
Email: lclaassen@deloitte.co.za

Pretoria: Annemarie Schroeder
Tel: +27 (0)12 482 0128
Email: aschroeder@deloitte.co.za