Feb 2024 Budget speech Wednesday 22 February 2023

- This was a speech to gain votes in an Election year
- VAT has not been increased and remains at 15%
- The maximum marginal tax rate has remained the same at 45%
- The flat rate for Trusts has remained the same at 45%
- The flat rate applicable to companies has been reduced from 28% to 27%
- Excise duties on alcoholic beverages and tobacco to increase by 4.9%
- The carbon fuel levy will increase to 10c/liter for petrol and to 11c/liter for diesel effective from 5 April 2023
- An expanded tax incentive for businesses of 125% of the cost of renewable energy assets used for electricity generation
- NHI- again not much said??
- The health sector is expected to receive an allocation of R848 billion over the Medium Term Expenditure Framework with at least R1.4 billion directed to the National Health Insurance (NHI)
- Currently, 60c of every R1 collected in revenue goes to public sector wages and servicing debt
- Bottomline –we are living on debt! Our expenses EXCEEDS our income

Rating agency Fitch

R150 billion from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) held by the Reserve Bank, which played a large part in lowering the projected budget deficit and the debt-to-GDP ratio

These funds used to reduce our budget deficit to 3.7% vs 4.2 in the MTBPs

The budget does not address underlying issues driving the government's debt accumulation or the sovereign's other main rating drivers, including South Africa's low economic growth potential, persistent and large fiscal deficits, elevated public debt and exceptionally high levels of poverty and inequality."

End of financial year tax savings

- **Top-up your retirement annuity**
- the current limit being up to 27.5% of taxable income with an annual cap of R350 000
- Retirement annuities housed on a LISP platform -Linked Investment Service Provider (LISP)- offer complete contribution flexibility incl. offshore funds in UD$ GBP and Euros
- RAs provide significant advantages in that investment premiums are tax deductible, dividends and interest are tax-exempt, and no capital gains tax (CGT) applies to investment growth

Maximise your tax-free savings since 2015

- Tax-free savings accounts (TFSAs) offer investors some useful tax benefits as dividends, interest, and capital gains within the investment remain tax-free
- Current legislation permits annual investments of up to R36 000 in a TFSA, with a total lifetime contribution capped at R500 000. Generally speaking, the tax advantages of a TFSA become meaningful after about 10 years
- Future Income derived from the TFSA are as the name indicates TAX FREE

Take advantage of donations tax exemptions

Something to benefit others

Donate to a Public Benefit Organisation (PBO) that is registered as such with Sars, keeping in mind that the tax exemption must be approved by the Sars Tax Exemption Unit.

If you're unsure whether the charity you are donating to is registered as a PBO, you can ask them for proof that they are a registered Section 18A institution.

If duly registered, you can request a Section 18A certificate from your PBO at the end of the tax year, which will provide proof of your donations during the course of the tax year when doing your e-filing.