



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

DTC

The Davis Tax Committee

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MEDIA STATEMENT:

THE DAVIS TAX COMMITTEE CALLS FOR SUBMISSIONS

3 June 2014

In less than a year after its establishment, the Davis Tax Committee (DTC) has added three more sub-committees to its existing ones for Small Business, Macro Analysis and Base Erosion and Profit Shifting (BEPS). The new sub-committees to deal with further specifics in the Terms of Reference of the Committee are for Mining, VAT and Estate Duty.

To date the DTC has submitted interim reports on Small Business and Macro Analysis to the Minister of Finance. The Minister announced in the 2014 Budget Review that two small business recommendations by the Committee have been accepted and that the Small Business report will be released by his office for public comment. The BEPS interim report will be submitted to the Minister by 30 June 2014 (deadline for submissions has passed).

On his recent re-election, President Zuma reaffirmed his commitment to making the National Development Plan the blueprint of South Africa's future development and the next phase of its economic transformation. The Terms of Reference of the DTC are framed against the backdrop of the National Development Plan. Accordingly the broad mandate of the DTC is to inquire into the role of the tax system in the promotion of inclusive economic growth, employment creation, development and fiscal sustainability. This has become even more significant in light of the economic contraction in the first quarter of 2014.

In keeping with the participatory and consultative approach of the DTC, the new sub-committees are calling upon all interested parties to make separate submissions on the following specific areas, as outlined in the Terms of Reference of the Committee:

Mining (submissions due by 31 July 2014)

"4. As noted in the 2013 Budget Review, the committee will consider

a) Whether the current mining tax regime is appropriate, taking account of:

- i) *the agreement between Government, Labour and Business to ensure that the mining sector contributes to growth and job creation, remains a competitive investment proposition, and all role players contribute to better working and living conditions;*
- ii) *the challenges facing the mining sector, including low commodity prices, rising costs, falling outputs and declining margins, as well as to its current contribution to tax revenues."*

VAT (submissions due by 15 July 2014)

"5. As noted in the 2013 Budget Review, the committee will consider Value added tax with specific reference to efficiency and equity. In this examination, the advisability and effectiveness of dual rates, zero rating and exemptions must be considered."

Estate Duty (submissions due by 31 July 2014)

"7. The progressivity of the tax system and the role and continued relevance of estate duty to support a more equitable and progressive tax system. In this inquiry, the interaction between capital gains tax and the estate duty should be considered."

The Estate Duty Sub-Committee will release a more detailed brief on the DTC website at a later stage to provide guidance on the specific nature of submissions that it is seeking.

The full version of the Terms of Reference can be viewed on the DTC's website, www.taxcom.org.za

Submissions can be sent via e-mail to taxcom@sars.gov.za or by post to **PO Box 2344, Brooklyn Square, Pretoria, 0075.**

Questions relating to this Media Statement can be directed to Mr Vinesh Pillay (Head of Secretariat for the Davis Tax Committee) on the telephone number 012 432 9390.