national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

SARS

MEDIA STATEMENT

NATIONAL TREASURY AND THE SOUTH AFRICAN REVENUE SERVICE

ON 10TH ANNUAL EDITION OF TAX STATISTICS

PRETORIA, TUESDAY 12 DECEMBER 2017 – The National Treasury and the South African Revenue Service are pleased to announce the release of the 10th annual edition of the *Tax Statistics* today, on Tuesday 12 December 2017.

The 2017 edition provides an overview of tax revenue collections and tax return information for the 2013 to 2016 tax years, as well as the 2012/13 to 2016/17 fiscal years.

Accompanying the publication are detailed tables on revenue collection and data pertaining to all the major tax types for the past 10 years. This provides data on the key trends of the past decade, and underlines the important role the tax system has played in contributing to South Africa's fiscal health and socio-economic development.

Revenue from personal income tax (PIT), as a percentage of total tax revenue, increased from 29.6% in 2007/08 to 37.2% in 2016/17 with a compound annual growth rate (CAGR) of 10.8%, and a proportion of 8.4% of GDP over this period.

This robust performance allowed Government to offer large scale tax relief to all South Africans. This is despite the fact that the minimum tax thresholds for taxpayers below the age of 65 has increased from R40 000 in the 2007 tax year, to R73 650 in the 2016 tax year.

Furthermore, for those who are 65 – 74 years, the minimum tax threshold increased from R65 000 to R114 800, and those who are 75 years and older the threshold increased from R104 261 in the 2012 tax year, when it was introduced, to R128 500.

Also worth noting is the impact that tax reforms have had on the social mobility of South Africans since the advent of democracy.

An illustrative graphic on page 34 of the Tax Statistics shows that a taxpayer earning taxable income of R100 000 in 1995 paid tax at a rate of 33.8%. The same taxpayer, with income adjusted for increases limited to inflation, in 2016 earned R344 653, but had an effective tax rate of 18.3%, providing more disposable income.

The adjustment of income brackets and the minimum tax threshold for fiscal drag has resulted in reducing marginal tax rates for low and middle-income taxpayers. Measures to include the taxation of capital gains and taxing individuals on a residence basis on worldwide income have served to broaden the tax base, thus ensuring that the tax burden is spread more equitably.

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Some of the main highlights SARS achieved over the past decade:

- Tax revenue collected all but doubled in 10 years. It increased from R572.8 billion in 2007/08 to R1 144.1 billion in 2016/17, growing by R571.3 billion. This is a CAGR of 8.0% for the nine-year period prior to 2016/17.
- The total revenue collected for the fiscal years, from 2007/08 to 2016/17, amounted to R8.13 trillion.
- Net value-added tax (VAT) collections have been the second largest contributor to total tax revenue in the past 10 years. On average, net VAT accounted for 25.9% of total tax revenue, with net VAT collections comprising 6.4% of GDP for the period.
- Corporate Income Tax (CIT) has been the third largest contributor to total tax revenue for the past decade. It briefly surpassed VAT in 2008/09, but slipped back after the global financial crisis, which affected the profitability of companies.
  Although CIT has retained its status as the third largest contributor, its relative contribution has declined from a peak of 26.7% in 2008/09 to 18.1% in 2016/17.

Data in the main 2017 Tax Statistics publication focuses on the 2013 to 2016 tax years as well as the 2012/13 to 2016/17 fiscal years.

Key points in the 2017 edition are:

- Tax revenue collected amounted to R1 144.1 billion, growing year-on-year by R74.1 billion (6.9%) mainly supported by PIT which grew by R36.6 billion (9.4%);
- Despite tough economic conditions in which GDP increased from 0.5% to 0.7%, the Tax-to-GDP ratio stabilised at 26.0% from 2015/16, slightly below the peak of 26.4% achieved in 2007/08;
- A demographic and geographic analysis of the assessments of the taxpayers who had been assessed as at the end of June 2017 produced some interesting results:
  - 1 928 707 (40.2%) of assessed taxpayers were registered in Gauteng;
  - 623 715 of assessed taxpayers lived in the Johannesburg Metro and were taxed on an average taxable income of R424 083;
  - 1 293 364 (26.9%) of assessed taxpayers were aged 35 to 44 years; and
  - 2 645 855 (55.1%) of assessed taxpayers were male taxpayers; 2 154 489 (44.9%) were female.
- Net VAT collections totalled R289.2 billion and grew by 2.9% compared to the previous year. Domestic VAT, which amounted to R321.5 billion and grew by 8.1%, was the key driver for the aggregate growth in net VAT. VAT refunds totalled R181.6 billion and grew by 8.7%.
- Revenue collected from import taxes, Import VAT and Customs Duties declined by 1.0% and 1.5% respectively against the prior year. Subdued growth levels of merchandise imports, resulting from currency-driven high import costs and muted domestic activity, diminished the overall demand for consumption and capital goods.
  Import VAT accounted for 13.0% of the year's Total Tax Revenue, with Customs Duties constituting 4.0%. This resulted in an aggregate 17.0% contribution to Total Tax Revenue, which is a drop from the 18.5% average over the preceding five years.

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The 2017 Tax Statistics documents are available on the SARS and National Treasury websites, or visit the link at http://www.sars.gov.za/About/SATaxSystem/Pages/Tax-Statistics.aspx

SARS and National Treasury welcome public comments and suggestions to continue to enhance the publication's utility in policy evaluation, and developing new insights in South Africa's social and economic context. These can be provided *via* e-mail to taxstatistics@sars.gov.za.

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