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## Glossary

<i>Accounting officer</i>	The civil servant in a department who is accountable to Parliament for financial management, usually the Director-General or head of the department.
<i>Accrual</i>	An accounting convention by which payments and receipts are recorded as they occur, even if no cash flow takes place.
<i>Activity-based costing</i>	A method of costing services by measuring the amount of money, personnel and other resources required to undertake a specific activity.
<i>Ad valorem duty</i>	A tax based on the value of a good, raised as a percentage of the price at the retail, wholesale or manufacturing stage, or on import.
<i>Adjustments estimate</i>	Presentation to Parliament of the amendments to be made to the appropriations voted in the main budget for the year.
<i>Agency payments</i>	Payments made by one government department to another, in the same or in a different sphere of government, to pay for services administered by the department receiving the payments. Agency payments do not form part of the budget of the department receiving the payment.
<i>Allocated expenditure</i>	The part of the national budget that can be divided between the national, provincial and local spheres of government, after debt interest and the contingency reserve have been taken into account.
<i>Amortisation</i>	The method by which a loan is repaid in instalments over the duration of the loan.
<i>Appropriation</i>	The approval by Parliament of spending from the National Revenue Fund, or by a provincial legislature from the Provincial Revenue Fund.
<i>Asset swap</i>	An arrangement whereby financial institutions are permitted to exchange a portfolio of South African shares and securities for a portfolio of foreign shares and securities. This enables South African investors to diversify offshore, while minimising the impact on domestic financial markets and the rand.
<i>Average tax rate</i>	Usually applied to personal income tax and understood to mean the amount of tax paid as a proportion of total income.
<i>Balance of payments</i>	A summary statement of all the international transactions of the residents of the nation with the rest of the world during a particular period.

<b>Baseline</b>	The initial allocations used during the budget process, derived from the previous year's forward estimates.
<b>Bond market capitalisation</b>	The total value of securities issued in the bond market.
<b>Budget Council</b>	A body established to coordinate financial relations between national and provincial government, comprising the Minister and Deputy Minister of Finance and the nine provincial MECs for finance.
<b>Budget deficit/surplus</b>	The difference between budgeted expenditure and budgeted revenues.
<b>Buoyancy of tax revenue</b>	The extent to which the tax yield keeps pace with or exceeds the rate of growth of a country's gross national product and the retail price index.
<b>Capital asset</b>	Property of any kind, including assets that are movable or immovable, tangible or intangible, fixed or circulating, but excluding trading stock held for the purpose of business activities.
<b>Capital expenditure</b>	Government expenditure on assets that last for a year or more, such as buildings, land, infrastructure and equipment.
<b>Capital formation</b>	A measure of the net increase in the country's total stock of capital goods, after allowing for depreciation.
<b>Capital gains tax</b>	Tax levied on the profits realized from the disposal of capital assets or investments by a taxpayer. A capital gain is the excess selling price over purchase price of the capital asset.
<b>Capital goods</b>	Durable produced goods used over a period of time for the production of other goods. (See also <i>intermediate goods</i> ).
<b>Capital inflow</b>	An increase of foreign assets in the country or a reduction in the country's assets abroad.
<b>Capital-output ratio</b>	The ratio of the stock of capital employed to the output produced.
<b>Collective bargaining</b>	Negotiations between employees and employers on procedures and rules to cover conditions of work and rates of pay.
<b>Conditional grants</b>	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
<b>Consolidated expenditure</b>	Total expenditure by national and provincial government, excluding allocations to local government other than <i>agency payments</i> .
<b>Consolidated general government</b>	National, provincial and local government, as well as extra-budgetary government institutions and social security funds.
<b>Consumer price inflation</b>	Price increases as measured by the consumer price index (CPI), which reflects the prices of a representative basket of consumer goods and services.
<b>Consumption expenditure</b>	Expenditure on goods and services that are used up within a short period of time, usually a year. Salaries absorb most of Government's consumption expenditure.
<b>Contingency reserve</b>	An amount that is not allocated in advance in order to accommodate changes to the economic environment and to meet unforeseen

	spending pressures.
<b><i>Contingent liabilities</i></b>	A government obligation that will only result in expenditure upon the occurrence of a specific event – such as a government guarantee.
<b><i>Controlled foreign entity (CFE)</i></b>	A term generally used in the context of a tax regime designed to combat the tax sheltering of profits in companies resident in low- or no-tax jurisdictions. An essential feature of such regimes is that they attribute a proportion of the income sheltered in such companies to the shareholder resident in the country concerned.
<b><i>Core inflation</i></b>	Consumer price inflation, excluding certain items such as mortgage costs, indirect taxes and the costs of certain foods.
<b><i>Corporatisation</i></b>	The transformation of state owned enterprises into commercial companies, subject to commercial legal requirements and governance structures, while retaining state ownership.
<b><i>Cost-push inflation</i></b>	Inflation that is caused by an increase in production costs, such as wages or oil prices.
<b><i>CPIX inflation</i></b>	Consumer price inflation excluding mortgage costs.
<b><i>Crowding-out</i></b>	A fall in either private consumption or investment as a result of a rise in government expenditure.
<b><i>Current account deficit/surplus</i></b>	The difference between total imports and total exports, also taking into account service payments and receipts, interest, dividends and transfers. A current account deficit means that South African residents consume more than they produce, and must be financed by capital inflows from abroad.
<b><i>Current expenditure</i></b>	Government expenditure on goods and services, such as salaries, rent, maintenance and interest payments.
<b><i>De minimis exemption</i></b>	An annual exempt amount that a taxpayer is allowed to deduct against net capital gains.
<b><i>Debt service costs</i></b>	The cost of interest on government debt.
<b><i>Dedicated levy</i></b>	Revenue earmarked or assigned for specific purposes, usually outside the budget process, but accounted for in the consolidated accounts of the general government.
<b><i>Depreciation (capital)</i></b>	A reduction in the value of fixed capital as a result of wear and tear or redundancy.
<b><i>Depreciation (exchange rates)</i></b>	A reduction in the external value of the rand. A depreciation makes South African goods cheaper to foreign purchasers and imported goods more expensive to South African buyers.
<b><i>Derivative financial instrument</i></b>	A financial asset that derives its value from an underlying asset, which may be a physical asset such as gold, or a financial asset such as a government bond.
<b><i>Designated countries</i></b>	Countries with which South Africa has agreements to prevent double taxation. See also <i>double tax agreement</i> .

<b><i>Devaluation</i></b>	A deliberate change in the exchange rate by a nation's monetary authorities from one fixed level to another.
<b><i>Direct investment</i></b>	Investment from abroad in physical assets such as factories.
<b><i>Direct taxes</i></b>	Taxes charged on taxable income of individuals and legal entities.
<b><i>Disposable income</i></b>	Excess income after paying all taxes and necessary expenses.
<b><i>Dissaving</i></b>	The difference between current income and current expenditure, including the depreciation of fixed capital.
<b><i>Division of revenue</i></b>	The allocation of funds between the spheres of government, as required by the Constitution. See also <i>equitable share</i> .
<b><i>Domestic absorption</i></b>	Total spending in the economy on household consumption, government consumption and investment.
<b><i>Domestic demand</i></b>	The total level of spending in an economy, including imports but excluding exports.
<b><i>Double tax agreement</i></b>	An agreement between two countries to prevent income that is taxed in one country from being taxed in the other as well. See also <i>designated countries</i> .
<b><i>Economic growth</i></b>	An increase in total output, income and spending in the economy.
<b><i>Economically active population</i></b>	The part of the population of working age that is employed or seeking work in the market economy.
<b><i>Effective tax rate</i></b>	Actual tax liability (or a reasonable estimate thereof) expressed as a percentage of a pre-tax income base rather than as a percentage of taxable income, i.e. tax rates that take into account not only the statutory or nominal tax rate, but other aspects of the tax system (e.g. allowable deductions), which determine the tax liability.
<b><i>Emerging markets</i></b>	A name given by international investors to middle income economies.
<b><i>Equalisation Fund levy</i></b>	A dedicated fuel levy that is used to subsidise the local synthetic fuel industry.
<b><i>Equitable shares</i></b>	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution. See also <i>division of revenue</i> .
<b><i>Exchange control</i></b>	Government regulations that restrict the free flow of currency out of South Africa, or restrict the amount of foreign assets held by South African individuals and companies.
<b><i>Excise duties</i></b>	Taxes on the manufacture or sale of certain domestic or imported products. It is imposed either as a user charge for government services, as a regulatory charge on activities, or as a special tax on the consumption of a commodity. Excise duties are usually charged on products such as alcoholic beverages, tobacco products and petroleum products.
<b><i>Expenditure and production switching</i></b>	Changes in expenditure or output patterns brought about by tariff policies, exchange rate movements or other relative prices changes.

<b><i>Externalities</i></b>	The positive or negative spillover effect that one activity may have on another. For example, the environmental pollution generated by a factory may impose a negative externality on surrounding communities.
<b><i>Financial account</i></b>	A statement of all financial transactions between the nation and the rest of the world, including portfolio and fixed investment flows and movements in foreign reserves.
<b><i>Financial and Fiscal Commission (FFC)</i></b>	An independent body established by the Constitution to make recommendations to Parliament and provincial legislatures about financial issues affecting the three spheres of government.
<b><i>Financial year</i></b>	The 12 months according to which companies and organisations budget and account. (See also <i>fiscal year</i> )
<b><i>Fiscal drag</i></b>	The effect of inflation on average or effective tax rates. Under an unindexed progressive income tax system, the effective tax rate is increased when money incomes increase, even though real incomes may not be increasing. This happens because taxpayers are pushed into higher income tax brackets where higher marginal rates apply.
<b><i>Fiscal policy</i></b>	Policy on tax, spending and borrowing by the government.
<b><i>Fiscal year</i></b>	The 12 months on which government budgets are based, beginning 1 April and ending 31 March of the subsequent calendar year.
<b><i>Fixed investment</i></b>	Spending on buildings, machinery and equipment contributing to production capacity.
<b><i>Foreign direct investment (FDI)</i></b>	Movements of international capital entailing the purchase or establishment of ownership and control of a domestic operation by a foreign company.
<b><i>Forward book</i></b>	The total amount of contracts for the future exchange of foreign currency entered into by the South African Reserve Bank any a given point in time.
<b><i>Forward cover</i></b>	Transactions involving an agreed exchange rate at which foreign currency will be purchased or sold at a future date.
<b><i>Forward markets</i></b>	Markets in which currencies, commodities or securities are bought and sold at agreed prices for delivery at specified future dates.
<b><i>Fuel levy</i></b>	An excise tax on liquid fuels.
<b><i>Function shift</i></b>	The movement of a function from one departmental vote or sphere of government to another.
<b><i>Funded pension arrangements</i></b>	A pension scheme in which expected future benefits are funded in advance and as entitlement accrues.
<b><i>GDP inflation</i></b>	A measure of the total increase in prices in the whole economy. Unlike CPI inflation, GDP inflation includes price increases in goods that are exported, excludes imported goods, and includes intermediate goods such as machines.

<b>Generally recognised accounting practice (GRAP)</b>	Accounting standards for government as required by the Constitution. The public sector equivalent of generally accepted accounting practice (GAAP), which sets out private sector accounting standards.
<b>Government debt</b>	The total amount of money owed by the government as a consequence of its borrowing in the past.
<b>Gross domestic product (GDP)</b>	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services that are produced outside the market economy, such as work within the household.
<b>Gross fixed capital formation</b>	The addition to a country's fixed capital stock during a specific period, before provision for depreciation.
<b>Growth</b>	An increase in the total amount of output, income and spending in the economy.
<b>Hedging</b>	An action taken by a buyer or seller to protect income against changes in prices, interest rates or exchange rates.
<b>Horizontal equity</b>	A key principle in taxation that holds that similarly situated taxpayer should face a similar tax treatment or tax burden, i.e. taxpayers earning same amount of income or capital should be accorded equal treatment.
<b>Improvements in conditions of service (ICS)</b>	The sum set aside to meet the costs of pay increases for public servants. The distribution of improvements in conditions of service depends on the agreements between the government as employer and the public service unions.
<b>Inflation</b>	The rate of increase of prices.
<b>Inflation targeting</b>	A framework for conducting monetary policy in which the Government and Reserve Bank agree on a specific inflation target rate or band that the Reserve Bank is expected to achieve within a certain period of time.
<b>Integrated Justice System</b>	The cluster of government activities consisting of Correctional Services, Justice and the South African Police Services.
<b>Inter vivos</b>	A transfer of wealth while the transferor is still alive.
<b>Intermediate goods</b>	Goods produced to be used as inputs in the production of final goods.
<b>Inventories</b>	Stocks of goods held by firms. An increase in inventories reflects an excess of output relative to spending over a period.
<b>Investment</b>	The flow of expenditure on new capital goods.
<b>Labour intensity</b>	The relative amount of labour that is required to produce a fixed quantity of output.
<b>Late requests and surrenders</b>	Requests for additional funds, or the surrender of surplus funds, made by government departments after the end of the financial year.
<b>Levies</b>	Compulsory statutory payments made in exchange for non-direct benefits received, e.g. fuel levies.

<b><i>Liquidity</i></b>	The ease with which assets can be bought and sold.
<b><i>Liquidity requirements</i></b>	The amount of liquid or freely convertible assets that banks are required to hold relative to their liabilities, for prudential and regulatory purposes.
<b><i>M3</i></b>	The broadest definition of money supply in South Africa, including notes and coins; demand and fixed deposits; and credit.
<b><i>Macroeconomic</i></b>	The branch of economics that deals with the whole economy – including issues like, growth, inflation, unemployment and the balance of payments.
<b><i>Marginal lending rate</i></b>	A penalty rate of interest charged by the Reserve Bank for lending to financial institutions in the money market in excess of the daily liquidity provided to the money market at the repurchase rate. See also <i>repurchase agreements</i> .
<b><i>Marginal return to labour</i></b>	The fraction of income attributed to the portion of output produced by an additional unit of labour.
<b><i>Marginal tax rate</i></b>	The rate of tax on an incremental unit of income. The rate is also applied to increments of expenditure and gifts.
<b><i>Marketable securities tax</i></b>	A charge on the purchase of securities traded on a stock exchange. It operates as an ad valorem excise tax at a rate of 0,25 per cent on the value of the stock exchange transactions.
<b><i>Maturity</i></b>	The date on which the liability of the issuer of a security expires. The date for the repayment of the principal.
<b><i>Medium Term Expenditure Committee (MTEC)</i></b>	The technical committee responsible for evaluating the MTEF budget submissions of national departments and making recommendations to the Minister of Finance regarding MTEF budget allocations to national departments.
<b><i>Medium-term expenditure framework (MTEF)</i></b>	The 3-year spending plans of national and provincial governments, published at the time of the budget.
<b><i>Merchandise exports</i></b>	Exports of goods, but not services. In the South African accounts this usually excludes exports of gold.
<b><i>Microeconomics</i></b>	The branch of economics that deals with the behaviour individual firms, consumers and markets.
<b><i>Ministers' Committee on the Budget (Mincombud)</i></b>	The political committee that considers key policy and budgetary issues that pertain to the budget process before they are tabled in Cabinet.
<b><i>MinMEC</i></b>	A MinMEC is a political forum where national and provincial departments in the same sector discuss policy issues. It consists of the national Minister and the nine provincial MECs, supported by key departmental officials.
<b><i>Monetary policy</i></b>	Policy in relation to interest rates, the exchange rate and the supply of money in the economy. Monetary policy is usually focused mainly on controlling of inflation. See also <i>inflation</i> .
<b><i>Money supply</i></b>	The amount of money in an economy.

<b>National Budget</b>	The projected revenue and expenditures that flow through the national Exchequer Account. Does not include spending by provinces or local government from their own revenues.
<b>Negotiable certificate of deposit (NCD)</b>	Short-term deposit instruments issued by banks, at a variable interest rate, for a fixed period.
<b>Net open forward position</b>	The difference between aggregate future commitments of purchases and sales of foreign exchange by the South African Reserve Bank.
<b>Nominal exchange rates</b>	The current rate of exchange between the rand and foreign currencies.
<b>Nominal wage</b>	The return, or wage, to employees at the current price level.
<b>Non-financial public enterprises</b>	Government-owned or controlled organisations, in goods and non-financial services, trading as business enterprises. Includes Eskom, Telkom, SABC, Transnet, Mossgas, etc.
<b>Non-tax revenue</b>	Income received by the government as a result of administrative charges, licences, fees, sales of goods and services, etc.
<b>Organisation for Economic Co-operation and Development (OECD)</b>	An organisation of 29 mainly industrialised member countries. South Africa is not a member of the OECD.
<b>Outputs</b>	Goods and services delivered by government.
<b>Passive income</b>	Income from an indirect source or where the taxpayer does not take part in producing the income, e.g. interest income, rental income, royalties, dividends, annuities.
<b>Permanent establishment</b>	Term used in double taxation agreements to determine when a non-resident entrepreneur/firm is taxable in a country; i.e. an enterprise in one country will not be liable for the income tax of the other country unless it has a 'permanent establishment' through which it conducts business in that other country.
<b>Permanent structure</b>	Physical infrastructure works with a long economic life, such as roads, railway tracks, power transmission lines or pipelines.
<b>Personal saving rate</b>	Saving as a percentage of disposable income.
<b>Portfolio investment</b>	Investment in financial assets such as stocks and shares or government bonds.
<b>Primary deficit/surplus</b>	The amount by which total government expenditure exceeds total revenue, minus interest payments on government debt.
<b>Primary exemption</b>	An annual exempt amount that a taxpayer is allowed to deduct against net capital gains.
<b>Primary rebate</b>	A rebate from income tax that is available to all taxpayers.
<b>Primary sector</b>	The agricultural and mining sectors of the economy.
<b>Private sector credit extension</b>	Credit provided to the private sector by banks. This includes all loans, credit cards and leases.
<b>Privatisation</b>	The full or partial sale of state-owned enterprises to private individuals or companies.



<b><i>Producer price inflation</i></b>	Price increases measured by the producer price index (PPI), which reflects the prices of a representative basket of goods used in domestic production.
<b><i>Productivity</i></b>	A measure of the amount of output generated from every unit of input. Typically used to measure changes in labour efficiency.
<b><i>Public authorities</i></b>	Includes national, regional and local government departments and extra-budgetary government bodies and funds.
<b><i>Public corporations</i></b>	Companies that are fully or partly owned by government or public authorities and are regulated by law.
<b><i>Public Private Partnerships (PPPs)</i></b>	A contractual arrangement whereby a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria.
<b><i>Public sector</i></b>	National government, provincial government, local government, extra budgetary governmental institutions, social security funds and non-financial public enterprises.
<b><i>Public sector borrowing requirement (PSBR)</i></b>	The consolidated cash borrowing requirement of general government and public enterprises.
<b><i>R293 towns</i></b>	Towns in which municipal services are provided by a provincial department in terms of regulations applied in former homeland areas.
<b><i>Rating agency</i></b>	Institutions that evaluate the ability of countries or other borrowers to honour their international and domestic debt obligations. Credit ratings are used by international investors as indications of the sovereign risk of a country.
<b><i>Real effective exchange rate</i></b>	A measure of the rate of exchange of the rand relative to a trade-weighted average of South Africa's trading partners' currencies, adjusted for price trends in South Africa and the countries included.
<b><i>Real exchange rate</i></b>	The level of the exchange rate taking account of inflation differences.
<b><i>Real expenditure</i></b>	The level of expenditure after taking account of inflation.
<b><i>Real wage</i></b>	The return, or wage, to employees, measured at a constant price level.
<b><i>Realization basis</i></b>	The sale or disposal of assets could give rise to a taxable event in terms of capital gains tax provision in the income tax system. It could be deemed to be either ordinary income on a revenue account or a capital gain.
<b><i>Recession</i></b>	A period in which national output and income declines. A recession is usually defined as two consecutive quarters of negative growth.
<b><i>Regional service council (RSC) levies</i></b>	Taxes on payroll and turnover collected by local authorities to fund mainly infrastructural development projects.
<b><i>Remuneration</i></b>	The costs of personnel including salaries, housing allowances, car allowances and other benefits received by personnel.
<b><i>Repo rate</i></b>	The rate of interest that the Reserve Bank pays on repurchase agreements with money market participants.

<b><i>Repurchase agreements</i></b>	Short-term contracts between the Reserve Bank and private banks in the money market to sell specified amounts of money at an interest rate determined by daily auction.
<b><i>Reserves (foreign exchange)</i></b>	Holdings of foreign exchange, either of the Reserve Bank only or of the Reserve Bank and domestic banking institutions.
<b><i>Residence-based income tax system</i></b>	A tax system where income that accrues to a resident of a country is subject to the taxes of that country.
<b><i>Restraint of trade</i></b>	A legal order issued in exchange for a consideration by the acquiring party that keeps a taxpayer from practising his/her profession or trade.
<b><i>Retained earnings</i></b>	Those funds retained from net profits for use in the financing of a firm's activities.
<b><i>Rolling budgets</i></b>	A budget system in which 3year forward projections are revised annually.
<b><i>Rollover relief</i></b>	Rollover relief allows gains on the disposal of an asset to be deferred if a replacement asset is acquired within a certain specified period from the disposal of the asset.
<b><i>Saving</i></b>	The difference between income and spending.
<b><i>Secondary rebate</i></b>	A rebate from income tax, in addition to the primary rebate, that is available to taxpayers over the age of 65.
<b><i>Secondary tax on companies</i></b>	Tax on dividends declared by a company which is calculated at the rate of 12,5 per cent of the net amount of dividends declared.
<b><i>Section 21 company</i></b>	Non-profit making entities registered in terms of Section 21 of the Companies Act.
<b><i>Service and transfer payments</i></b>	Services involve transactions of non-tangible commodities, while transfers are unrequited transactions that do not generate a counter economic value (e.g. gifts and grants).
<b><i>Skills Development levy</i></b>	A payroll tax designed to finance training initiatives, in terms of the skills development strategy.
<b><i>Source-based income tax system</i></b>	A tax system where income is taxed in the country where that income originates.
<b><i>Southern African Customs Union (SACU)</i></b>	An agreement that allows for the unrestricted flow of goods and services between South Africa, Botswana, Namibia, Lesotho and Swaziland.
<b><i>Southern African Development Community (SADC)</i></b>	A regional governmental organisation which promotes collaboration, economic integration and technical cooperation throughout Southern Africa. Member nations are South Africa, Botswana, Namibia, Lesotho, Swaziland, Mozambique, Zimbabwe, Zambia, Angola, Malawi, Tanzania, the Democratic Republic of Congo, Mauritius and the Seychelles.
<b><i>Sovereign debt rating</i></b>	An assessment of the likelihood that a government will default on its debt obligations.

<b><i>Specific excise duty</i></b>	A tax on each unit of output of a good, unrelated to the value of the good.
<b><i>Spot exchange rates</i></b>	The nominal price of a currency traded for immediate delivery.
<b><i>Spot markets</i></b>	Markets in which currencies or commodities are traded for immediate delivery.
<b><i>Stamp duty</i></b>	A duty imposed on the issue of official documents such as passports, contracts, deeds for the transfer of ownership and cheques.
<b><i>Standing appropriations</i></b>	Government's expenditure obligations that do not require a vote or statutory provision, including contractual guarantee commitments and international agreements.
<b><i>Statutory appropriations</i></b>	Amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote.
<b><i>Tax amnesty</i></b>	When tax authorities allow a period within which taxpayers who are outside the tax net, but should be registered for tax purposes, can register for tax without incurring penalties for the period in which they were illegitimately outside the net.
<b><i>Tax arbitrage</i></b>	This entails taking advantage of the different rates at which different kinds of income or different individuals are taxed, or where the same kinds of income or individuals are taxed differently in different tax jurisdictions.
<b><i>Tax avoidance</i></b>	When individuals or businesses legitimately use provisions in the tax law to reduce their tax liability.
<b><i>Tax base</i></b>	The aggregate value of income, sales or transactions on which particular taxes are levied.
<b><i>Tax evasion</i></b>	When individuals or businesses illegally reduce their tax liability.
<b><i>Tax gap</i></b>	A measure of tax evasion that emerges from comparing the tax liability or taxable income declared to the tax authorities with the tax base or taxable income calculated from other sources.
<b><i>Tax incentives</i></b>	Specific provisions in the tax code that provide favourable tax treatment to individuals and businesses to encourage specific behaviour or activities, e.g. accelerated depreciation provisions to encourage investment and provisions to encourage retirement saving.
<b><i>Tax incidence</i></b>	The final distribution of the burden of tax. Statutory incidence defines where the law requires a tax to be levied. Economic incidence refers to those who experience a decrease in real income as a result of the imposition of a tax.
<b><i>Tax loopholes</i></b>	Unintended weakness in the legal provisions in the tax system, which taxpayers use to avoid paying tax liability.
<b><i>Tax-GDP ratio</i></b>	For public finance comparison purposes a country's tax burden, or tax-GDP ratio, is computed by taking the total tax payments for a particular fiscal year as a fraction or percentage of the gross domestic product for that year.

<b>Total factor productivity (TFP)</b>	An index used to measure the efficiency of all inputs that contribute to the production process. Increases in TFP are usually attributable to technological improvements.
<b>Trade regime</b>	The system of tariffs, quotas and quantitative restrictions applied to protect domestic industries, together with subsidies and incentives used to promote international trade.
<b>Trademark</b>	A legal right pointing distinctly to the origin or ownership of merchandise to which it is applied and legally reserved for the exclusive use of the owner as maker or seller.
<b>Transfer pricing</b>	The pricing of goods and services outside normal commercial parameters so as to gain some tax advantage.
<b>Treasury committee</b>	The Cabinet committee that evaluates all requests for additional funds for unavoidable and unforeseen expenditure during a financial year.
<b>Unallocated reserves</b>	Potential expenditure provision not allocated to a particular use. Mainly consists of the <i>contingency reserve</i> and amounts of money left unallocated by provinces.
<b>Unauthorised expenditure</b>	Money that was spent for purposes other than for which it was appropriated, or expenditure in excess of appropriations. See also <i>appropriation</i> .
<b>Unit labour cost</b>	The cost of labour per unit of output. Calculated by dividing average wages by productivity (output per worker per hour).
<b>User charge</b>	Voluntary payments made in exchange for direct benefits accrued, e.g. road toll fees.
<b>Velocity</b>	The number of times that a unit of currency changes hands in a year. Calculated as GDP divided by money supply.
<b>Vertical division</b>	The division of revenue between spheres of government.
<b>Vertical equity</b>	A doctrine in taxation that holds that differently situated taxpayers should be treated differently in terms of income tax provisions; i.e. taxpayers with more income and/or capital should pay more tax.
<b>Virement</b>	The transfer of resources from one programme to another within the same department during the financial year.
<b>Vote</b>	An appropriation voted by Parliament.
<b>White Book</b>	The First Print of the Estimate of Expenditure, which sets out the detailed spending plans for each government department for the coming year.
<b>Withholding tax</b>	Tax on income deducted at source. Withholding taxes are widely used in respect of dividends, interest and royalties.
<b>Zero coupon bonds</b>	A security upon which interest is accrued and paid on maturity. (See also <i>accrual</i> )
<b>Zero-rate tax countries</b>	This refers to jurisdictions that levy a zero rate corporate income tax. In effect no tax is paid; this is akin to an indefinite tax holiday.