

Income tax relief for everyone!

Income tax on individuals is reduced by R4 billion

This means that:

An individual younger than 65 years of age earning—

- R32 222 or less pays no income tax
- R50 000 pays tax equal to an average rate of 6 per cent of the earnings and saves R400 tax a year
- R80 000 pays tax equal to an average rate of 11 per cent of the earnings and saves R680 tax a year
- R300 000 pays tax equal to an average rate of 28 per cent of the earnings and saves R2 430 tax a year

Increased exemption for interest income and distributions from unit trusts

The annual exemption for individuals younger than 65 years of age is raised from R10 000 to R11 000. The exemption for individuals 65 years of age and older is raised from R15 000 to R16 000.

This means that:

A 40 year old individual investing R150 000 in a savings account at 7 per cent interest per annum is not taxed on the interest income of R10 500.

A pensioner and the pensioner's spouse (both older than 65) invest R400 000 and earns interest of 8 per cent per annum. They will not pay tax on the interest income of R32 000 earned during the tax year.

Transfer duty payable on the purchase of property is reduced

This means that:

The purchaser of a property costing—

- R150 000, pays no transfer duty
- R300 000, pays transfer duty of R7 500 which is R500 less than the duty previously payable

Abolish excise duties on recorded music (e.g. CDs and DVDs), certain cosmetic products, print film, watches, clocks, printers and photo-copiers

Stamp duty on mortgage bonds is abolished

Provision will be made for broad-based tax-free share transfers to employees

Excise tax is increased as follows:

- Malt beer – 4c per 340ml can
- Wine – 21c per 750 ml bottle
- Spirits – R1,76 per 750ml bottle
- Cigarettes – 64c per packet of 20

Levies on fuel will be increased from 7 April by—

- 15c per litre in the case of diesel
- 15c per litre in the case of petrol

