

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR ORAL REPLY

QUESTION NUMBER 51

29 MAY 2007

MS J F TERBLANCHE TO ASK THE MINISTER OF FINANCE:

- (1) Whether the Government intends instituting a tax on windfall profits in the liquid fuels industry; if not, what is the position in this regard; if so, what will be the impact of such a tax on the prospects to increase South Africa's inland liquid fuels production;
- (2) whether he will make a statement on the matter? **C1002E**

REPLY:

- (1) As noted in the 2007 Budget Review, I will only announce Government's decision on a tax on windfall profits made by the liquid fuels industry on or before 31 July 2007, after completing the process of consultations with the industry. The Task Team appointed to investigate the possibility of a tax on the windfall gains made by the synthetic fuel industry completed its report and was made public on 23 February 2007 (available on the

website of the National Treasury). Interested parties were asked to comment by 31 March 2007 on the findings and recommendations. Government will only make a final decision after studying the Task Team report and all comments received.

- (2) No, I will not make a statement at this stage, but will do so by the end of July 2007, as indicated in the 2007 Budget Review.