

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 35

DATE OF PUBLICATION: 6 FEBRUARY 2009

DR D T GEORGE (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Which macroeconomic variables are informing the tax policy in response to the prevailing economic outlook?
- (2) whether the needs of any specific sector of the economy are receiving priority; if not, why not; if so, what are the relevant details;
- (3) whether any steps will be taken to rationalise the tax regime; if not, why not; if so, what are the relevant details;
- (4) whether the tax revenue forecast has been adjusted; if not, why not; if so, in what way?

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REPLY:

- (1) I note that these questions were posed five days prior to the 2009 Budget, during which most or all of the answers were provided. I refer the Honorable member to chapter 2 of the 2009 Budget Review, which provides details on the key macroeconomic assumptions informing the fiscal framework for the 2009 Budget. This analysis and these projections are based on the latest available global and domestic statistics. They draw on global trends as published by international agencies, such as the latest update of the World Economic Outlook published by the IMF.
- (2) As announced in the 2009 Budget and in chapter 4 of the 2009 Budget Review, the implementation of the Minerals and Petroleum Royalties Act will be delayed until 1 March 2010. This concession will provide relief of R1.8 billion to the mining industry for the year 2009/10 and should go some way in assisting marginal mines. No sector is prioritised outside the framework of our industrial policy, as led and implemented by the Department of Trade and Industry. The President has also established a Presidential Task Team that will report on the nature and type of other support measures as may be agreed with business, labour and community representatives – this is expected to be done within the fiscal framework published in the Budget Review.

- (3) The tax policy and tax administrative reforms may be found in Chapter 4 and Annexure C of the Budget Review. Our tax proposals build on the policy and administrative reforms over the past decade, which have contributed to a more equitable and efficient tax system. There is no need to rationalise the tax regime.
- (4) As announced in the 2009 Budget, projected tax revenues have been adjusted downwards due the contraction in global and domestic economic activities. The 2009 Budget Review provides greater detail in this regard.