

2008 Tax Statistics

A joint publication between National Treasury and the South African Revenue Service



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Department
National Treasury
REPUBLIC OF SOUTH AFRICA



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&

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The *2008 Tax Statistics* publication is compiled with the latest available data from the South African Revenue Service (SARS) and National Treasury. Some of this data may be incomplete and subject to revision.

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The *2008 Tax Statistics* publication is also available on www.treasury.gov.za and www.sars.gov.za.

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Foreword

The *2008 Tax Statistics* publication is an important milestone for National Treasury and the South African Revenue Service (SARS).

The availability of comprehensive tax revenue data is the cornerstone upon which appropriate tax policy and effective tax administration are predicated. Equally, the availability of disaggregated tax revenue data is important for academic research and analysis by private sector economists and other interested parties.

The often heated discourse on economic policy, public sector expenditure priorities and the role of taxes to promote growth and equity needs to be underpinned by rigorous analysis. It is our hope that this publication will make a contribution to enhance the quality of research and analysis and help to support evidence based policy formulation.

The buoyancy in tax revenue collections over the past decade has been the result of a combination of tax reforms, improved tax administration and tax compliance and robust economic growth. Tax reforms have been characterised by a reduction in marginal and average tax rates, the broadening of the tax base, the closing of various tax loopholes and improved tax administration.

It is generally acknowledged that the tax system should be fair, efficient and certain. In addition, taxes and tax incentives are often used to change price signals and thereby influence the behaviour of taxpayers, consumers and producers. The use of excise duties to also take into account the negative externalities associated with tobacco products and alcoholic beverages, in addition to serve as a source of revenue for this fiscus, is well known. Increasingly, the tax system will also be used to help address negative environmental externalities, in particular climate change.

Improvements in tax revenue collection have given government the space to continually look at ways to improve the efficiency, fairness and effectiveness of the tax system and how tax revenues are deployed, to ensure that the welfare of all citizens is addressed.

This publication provides an overview of disaggregated tax revenue data for the period 2002/03 to 2005/06. It contains data on revenue collections with the focus on the three main tax instruments: personal income tax (PIT), corporate income tax (CIT) and value-added tax (VAT). It also includes a brief summary of customs revenue by main tariff heading.

Given that this is the first publication of its kind for South Africa, the scope and quality of data will undoubtedly improve over time. The more we interact with users and become familiar with their needs, as well as consistently enhancing SARS' data capturing processing and systems, the greater the improvements will be. We hope that the data contained in this publication will form the basis for more in-depth analysis and debate that will also inform the refinement of the publication in future.

Finally, we would like to express our appreciation to the Tax Policy Unit of National Treasury and the Revenue Analysis Unit of the South African Revenue Service for their efforts to ensure the publication of the *2008 Tax Statistics*.



Lesetja Kganyago
Director-General: National Treasury



Pravin Gordhan
Commissioner: SARS

About this publication

This *2008 Tax Statistics* publication is an overview of tax revenues for the period 2002/03 to 2005/06. In some instances aggregate revenues for early and later periods, where available, are provided.

This publication is intended to fill a void in relation to the public availability of tax revenue data at a more disaggregate level. Many commentators and analysts have, over the years, requested tax revenue data at a more disaggregate level.

Chapter 1: Overview of revenue collections provides a summary of aggregate tax revenue collection trends in South Africa.

Chapter 2: Personal income tax gives an overview of assessed personal income tax (PIT) revenues of registered individual taxpayers. It provides information on taxable income by income categories, age, gender, source of income, fringe benefits, allowances and other deductions. It should be noted that a large percentage of income taxpayers (standard income tax on employees (SITE)-only taxpayers) – those with taxable income below R60 000 per year) are not reported on in this chapter. SITE-only taxpayers do not have to register with the South African Revenue Service (SARS) and are not required to file annual tax returns. Although larger in number, their contribution to total PIT revenues is small.

Chapter 3: Corporate income tax is an overview of corporate income tax (CIT) revenues. Information on taxable income by income category, sector and type of business entity is provided.

Chapter 4: Value-added tax gives an overview of value-added tax (VAT). It gives a breakdown of VAT receipts and refunds by sector, type of business entity and payment category. In a separate section, it also analyses the topical issue of VAT concessions.

Chapter 5: Customs/import duties provides information on the customs value of imported goods by product type in terms of the Harmonised System¹, second digit level (chapter-level), as well as VAT, customs/import duty, *ad valorem* excise duty revenues on imported goods.

All statistics are based on the income, expenses, deductions and other items reported by taxpayers and traders in their tax returns. Information on the sector (industry) classification is based on the classification as declared by taxpayers, based on their main source of income. Trade classification data is based on the classification as declared by the trader, based on the Harmonised System.

Disaggregated income tax data is based on assessed PIT and CIT returns. Given the time delay in the submission of tax returns by some taxpayers and the time taken to assess such returns, the latter year's statistics are lower than that of earlier years. Where figures have not been rounded, discrepancies may occur between the numbers of the component items and the totals in the tables. The disaggregated income tax data was extracted from SARS' systems in July 2007².

Where figures have not been rounded, discrepancies may occur between the numbers of the component items and the totals in the tables. Where there is a single year e.g. 2005, this refers to the tax year and where the year has a forward slash e.g. 2004/05, this refers to the fiscal year.

An electronic version of this publication (as well as the Excel tables) is available for download on both the websites of National Treasury (www.treasury.gov.za) and the South African Revenue Service (SARS) (www.sars.gov.za).

¹ The Harmonised System Nomenclature, also known as the International Convention on the Harmonised Commodity Description and Coding System (Harmonised System) is, essentially, the system according to which all internationally traded products, components, or commodities are classified. This international system is currently used by 200 countries and customs or economic unions, which account for about 98 per cent of world trade.

² We would like to thank the University of Pretoria for their assistance with the processing of the data.

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