

# 1

## Overview of revenue collections

### ■ Introduction

In 2007/08, the consolidated South African tax revenue of all three spheres of government was an estimated 29.1 percent of GDP or R599.3 billion.

Nationally collected taxes dominate the South African taxation system, accounting for 95.6 percent of total South African tax revenue (or 27.8 percent of GDP) in 2007/08. Provinces account for just under 1 percent of total South African tax revenue (0.2 percent of GDP) and local government around 3.6 percent of total South African tax revenue (1 percent of GDP).

This chapter gives an overview of:

- South African tax revenue
- National taxes
- Registered taxpayers
- Budget revenue and revenue performance
- Main sources of tax revenue
- Tax revenue by main category
- Tax relief
- Tax rates
- Roles of National Treasury and SARS.

### ■ South African tax revenue

Table 1.1 shows total South African tax revenue from the three spheres of government - national, provincial and local - with the corresponding percentages of GDP. Total South African tax revenue increased from R302 billion in 2002/03 to R599.3 billion in 2007/08. The total South African tax revenue as a percentage of GDP increased from 25.2 percent in 2002/03 to 29.1 percent in 2007/08.

National tax revenues are derived from three major taxes: personal income tax (PIT), corporate income tax (CIT) and value-added tax (VAT). Combined, these account for around 80 percent of total (national) budget revenue, with the fuel levy, excise and customs duties accounting for around 12 to 14 percent of total national budget revenue.

Provincial tax revenues account for less than 1 percent of total South African tax revenue and around 0.2 percent of GDP. The bulk of provincial tax revenue is derived from motor vehicle licences, with some revenue being derived from casino (gambling) taxes and liquor licences. Provincial tax revenue has increased from R2.8 billion in 2002/03 to R4.9 billion in 2007/08.

**Table 1.1: South African total tax revenue, 2002/03 – 2007/08**

R million	Nominal GDP <sup>1</sup>	Tax revenue			
		Total South Africa	National	Provinces <sup>2</sup>	Local government <sup>3</sup>
2002/03	1 198 457.0	<b>302 045.9</b>	282 209.7	2 773.4	17 062.8
2003/04	1 288 979.0	<b>324 777.7</b>	302 507.5	3 306.6	18 963.5
2004/05	1 427 445.0	<b>381 910.5</b>	354 980.3	3 525.5	23 404.7
2005/06	1 584 743.0	<b>446 650.1</b>	417 334.0	4 311.2	25 004.9
2006/07	1 808 271.1	<b>519 237.6</b>	495 515.1	4 815.3	18 907.1
2007/08	2 061 942.0	<b>599 347.8</b>	572 870.6	4 895.9	21 581.3
<b>Percentage of Total South African tax revenue</b>					
2002/03		<b>100.0%</b>	93.4%	0.9%	5.6%
2003/04		<b>100.0%</b>	93.1%	1.0%	5.8%
2004/05		<b>100.0%</b>	92.9%	0.9%	6.1%
2005/06		<b>100.0%</b>	93.4%	1.0%	5.6%
2006/07		<b>100.0%</b>	95.4%	0.9%	3.6%
2007/08		<b>100.0%</b>	95.6%	0.8%	3.6%
<b>Percentage of GDP</b>					
2002/03		<b>25.2%</b>	23.5%	0.2%	1.4%
2003/04		<b>25.2%</b>	23.5%	0.3%	1.5%
2004/05		<b>26.8%</b>	24.9%	0.2%	1.6%
2005/06		<b>28.2%</b>	26.3%	0.3%	1.6%
2006/07		<b>28.7%</b>	27.4%	0.3%	1.0%
2007/08		<b>29.1%</b>	27.8%	0.2%	1.0%

1. Source: South African Reserve Bank and Statistics South Africa.

2. Provincial numbers taken from the Provincial Budgets and Expenditure Review. All numbers relative to 2007/08 are budget numbers.

3. Local government numbers taken from the Local Government Budgets and Expenditure Review. The financial year of the municipalities starts on 1 July to 30 June of the following year. Regional service levies were abolished in 2006/07. Numbers up to 2005/06 have been audited, are pre-audited for 2006/07 and budgeted for 2007/08.

Local government (municipal) own tax revenue has decreased from 5.6 percent in 2002/03 to around 3.6 percent of total South African tax revenue in 2007/08. The decrease is mainly due to the termination of the regional services council (RSC) levies in 2006/07. Local government tax revenue accounts for around 1 percent of GDP. All local government tax revenue is derived from property rates and RSC levies prior to 2005/06. *Table 1.1.1<sup>1</sup>* provides a breakdown of provincial and local government tax revenues.

The rest of this publication focuses on national taxes only, as provincial and local government taxes are reported in other publications like the Local Government Budgets and Expenditure Review released earlier in 2008 and the Provincial Budgets and Expenditure Review published released in 2007. Both are available on National Treasury's website.

## **National taxes**

Section 213 of the Constitution requires that all money received by the national government be paid into the National Revenue Fund, except for money reasonably excluded by an act of Parliament. South Africa also collects customs and excise revenue on behalf of the Southern African Customs Union (SACU).

<sup>1</sup> Tables numbered in italics are included at the end of the chapter.

One of the first tax reforms instituted by the government after 1994 was the creation of the South African Revenue Service (SARS), which is a dedicated agency established to administer and collect taxes. The national tax base has grown substantially since 1994, with more people being tax compliant. National Treasury is responsible for the tax policy framework and it works closely with SARS to ensure that tax policy and tax administration are well aligned. Section 12(1) of the Public Finance Management Act (1999) (PFMA) requires that: “The South African Revenue Service must promptly deposit into a Revenue Fund all taxes, levies, duties, fees and other moneys collected by it for that Revenue Fund, in accordance with a framework determined by the National Treasury”.

The South African income taxation system is a residence based system, which means residents are taxed on their worldwide income, irrespective of where their income was earned. Non-residents are, however, taxed on their income from a South African source. Foreign taxes on foreign income are credited against the South African tax payable on foreign income.

## Registered taxpayers

The number of taxpayers registered as individuals, companies and trusts for income tax and employers for pay-as-you-earn (PAYE) and vendors for VAT are shown in table 1.2. It must be noted that the figures for registered taxpayers for income tax purposes exclude an estimated 4 million formal employees (standard income tax on employees (SITE)-only taxpayers) earning an annual taxable income below R60 000 from employment only, who are not required to register with SARS.

**Table 1.2: Registered taxpayers, 2002/03 – 2007/08**

Number	Individuals <sup>1</sup>	Companies (CIT) <sup>1</sup>	Trusts <sup>1</sup>	PAYE <sup>1</sup>	VAT <sup>1</sup>
2002/03	3 415 432	814 894	254 593	252 589	506 098
2003/04	3 777 005	817 381	283 825	274 764	536 281
2004/05	4 115 293	933 136	318 967	302 880	578 138
2005/06	4 476 261	1 054 969	344 882	330 194	633 703
2006/07	4 764 105	1 218 905	374 411	349 077	677 153
2007/08	5 204 805	1 584 002	384 747	379 675	745 487
<b>Percentage year-on-year growth</b>					
2003/04	10.6%	0.3%	11.5%	8.8%	6.0%
2004/05	9.0%	14.2%	12.4%	10.2%	7.8%
2005/06	8.8%	13.1%	8.1%	9.0%	9.6%
2006/07	6.4%	15.5%	8.6%	5.7%	6.9%
2007/08	9.3%	30.0%	2.8%	8.8%	10.1%

1. Excludes cases where status is in suspense, estate and address unknown.

The tax year for individuals starts on 1 March and ends at the end of February the following year. The tax year for companies is normally the financial year of the company for financial reporting purposes.

- **Individuals:** The number of registered individual taxpayers has increased from 3.4 million in 2002/03 to 5.2 million taxpayers in 2007/08. The percentage year-on-year growth has declined from 10.6 percent in 2003/04 to around 9.3 percent in 2007/08.
- **Companies:** The number of companies registered for income tax has nearly doubled from 814 894 in 2002/03 to over 1.5 million in 2007/08. The percentage year-on-year increase ranges from 0.3 percent in 2003/04 to 30 percent in 2007/08.
- **Trusts:** The number of registered trusts has increased from 254 593 in 2002/03 to 384 747 in 2007/08.

- *PAYE*: The number of taxpayers registered for PAYE has increased from 252 589 in 2002/03 to 379 675 in 2007/08.
- *VAT*: The number of registered VAT vendors has increased from 506 098 in 2002/03 to 745 487 in 2007/08. The percentage year-on-year growth has increased from 6 percent in 2003/04 to 10.1 percent in 2007/08.

## Budget revenue and revenue performance

Between 2002/03 and 2007/08, (national) tax revenue collections have (with the exception of 2003/04) exceeded budget estimates. This strong revenue performance is the result of robust economic growth, higher commodity prices and improvements in the effectiveness and efficiency of tax administration. The tax base has been broadened and tax compliance has improved.

Budget revenue consists of national tax revenue, and non-tax revenue less payments to Botswana, Lesotho, Namibia and Swaziland (BLNS countries). 98 percent of budget revenue is accounted for by tax revenue while 2 percent is non-tax revenue. (See table 1.3.) National budget revenue has increased as a percentage of GDP from 22.6 percent in 1994/95 to 27.1 percent in 2007/08.

Gross nominal tax revenue increased from R282.2 billion in 2002/03 to R572.9 billion in 2007/08, a cumulative percentage increase of 15.2 percent per year.

**Table 1.3: Total budget revenue, 1994/95 – 2007/08**

R million	Tax revenue		Non-tax revenue <sup>1</sup>		Total tax and non-tax revenue	Less: SACU payments	Total budget revenue	Nominal GDP <sup>2</sup>	Total budget revenue as % of GDP
		%		%					
1994/95	113 774.5	98.4%	1 802.2	1.6%	<b>115 576.7</b>	-3 248.8	<b>112 327.9</b>	497 170	22.6%
1995/96	127 278.0	98.0%	2 614.9	2.0%	<b>129 892.9</b>	-3 890.1	<b>126 002.7</b>	564 164	22.3%
1996/97	147 332.3	97.7%	3 522.7	2.3%	<b>150 855.0</b>	-4 362.7	<b>146 492.4</b>	635 183	23.1%
1997/98	165 327.4	98.0%	3 299.4	2.0%	<b>168 626.8</b>	-5 237.2	<b>163 389.6</b>	699 822	23.3%
1998/99	184 843.6	97.5%	4 738.5	2.5%	<b>189 582.1</b>	-5 576.7	<b>184 005.4</b>	757 084	24.3%
1999/00	201 386.0	98.1%	3 973.7	1.9%	<b>205 359.7</b>	-7 197.3	<b>198 162.4</b>	837 240	23.7%
2000/01	220 334.2	98.4%	3 653.8	1.6%	<b>223 987.9</b>	-8 396.1	<b>215 591.9</b>	951 682	22.7%
2001/02	252 298.3	98.4%	4 168.9	1.6%	<b>256 467.2</b>	-8 204.8	<b>248 262.4</b>	1 048 755	23.7%
2002/03	282 209.7	98.4%	4 557.5	1.6%	<b>286 767.2</b>	-8 259.4	<b>278 507.7</b>	1 198 457	23.2%
2003/04	302 507.5	97.9%	6 646.3	2.1%	<b>309 153.9</b>	-9 722.7	<b>299 431.2</b>	1 288 979	23.2%
2004/05	354 980.3	98.3%	6 201.9	1.7%	<b>361 182.2</b>	-13 327.8	<b>347 854.4</b>	1 427 445	24.4%
2005/06	417 334.0	98.0%	8 558.8	2.0%	<b>425 892.8</b>	-14 144.9	<b>411 747.9</b>	1 584 743	26.0%
2006/07	495 515.1	97.9%	10 880.5	2.1%	<b>506 395.6</b>	-25 194.9	<b>481 200.7</b>	1 808 271	26.6%
2007/08	572 870.6	98.0%	11 615.8	2.0%	<b>584 486.3</b>	-24 712.6	<b>559 773.8</b>	2 061 942	27.1%

1. Includes interest, dividends, rent on land, sales of goods and services, fines and penalties, sales of capital assets as well as financial transactions in assets and liabilities.

2. Source: South African Reserve Bank and Statistics South Africa.

## The Southern African Customs Union

South Africa is one of the five signatories to the SACU agreement, together with Botswana, Lesotho, Namibia and Swaziland. SACU's five member countries apply a common external tariff and have similar customs and excise legislation, the same excise duties on imported and locally manufactured goods and the same import duties on imported goods. Excise and customs (import duty) revenues are pooled and distributed among the SACU members based on a formula. South Africa currently administers this revenue pool and makes quarterly payments to the BLNS countries.

Table 1.4 is a summary of contributions “paid into” the SACU pool by the individual countries. South Africa collects a significant amount of customs and excise revenues on behalf of BLNS countries. Customs duties are paid to South Africa on goods imported by BLNS countries from abroad and transported via South Africa in bond to the BLNS countries. In addition, since 2002/03, excise duties have been collected at source. Excise duty is paid in South Africa on excisable goods exported from South Africa to BLNS countries.

**Table 1.4: Contributions to SACU pool, 2000/01 – 2007/08**

R million	Botswana	Lesotho	Namibia	Swaziland	Total BLNS	South Africa <sup>1</sup>	Total contributions
1999/00	220.9	53.8	235.5	33.2	<b>543.4</b>	15 454.8	<b>15 998.2</b>
2000/01	220.0	64.3	180.3	54.9	<b>519.3</b>	17 154.3	<b>17 673.6</b>
2001/02	200.2	32.6	268.1	53.0	<b>553.8</b>	18 382.1	<b>18 935.9</b>
2002/03	175.6	33.9	269.2	31.4	<b>510.2</b>	20 249.8	<b>20 759.9</b>
2003/04	161.1	69.8	172.4	49.8	<b>453.1</b>	20 407.0	<b>20 860.1</b>
2004/05	162.5	98.5	186.5	28.9	<b>476.4</b>	26 493.8	<b>26 970.2</b>
2005/06	192.1	87.4	195.9	30.6	<b>506.0</b>	33 501.3	<b>34 007.3</b>
2006/07	173.6	86.6	363.9	161.7	<b>785.8</b>	40 563.2	<b>41 349.1</b>
2007/08	149.6	100.3	361.0	135.1	<b>746.0</b>	45 422.6	<b>46 168.7</b>
<b>Percentage year-on-year growth</b>							
2000/01	-0.4%	19.6%	-23.5%	65.3%	<b>-4.4%</b>	11.0%	<b>10.5%</b>
2001/02	-9.0%	-49.3%	48.7%	-3.4%	<b>6.6%</b>	7.2%	<b>7.1%</b>
2002/03	-12.3%	4.2%	0.4%	-40.7%	<b>-7.9%</b>	10.2%	<b>9.6%</b>
2003/04	-8.2%	105.7%	-36.0%	58.5%	<b>-11.2%</b>	0.8%	<b>0.5%</b>
2004/05	0.9%	41.1%	8.2%	-41.9%	<b>5.1%</b>	29.8%	<b>29.3%</b>
2005/06	18.2%	-11.2%	5.0%	5.7%	<b>6.2%</b>	26.4%	<b>26.1%</b>
2006/07	-9.6%	-1.0%	85.8%	428.5%	<b>55.3%</b>	21.1%	<b>21.6%</b>
2007/08	-13.8%	15.9%	-0.8%	-16.5%	<b>-5.1%</b>	12.0%	<b>11.7%</b>

1. Contribution by South Africa includes some collections on behalf of BLNS countries.

Table 1.5 shows how the revenues are allocated based on a revenue share formula. The revenue share accruing to each member state is calculated based on three components:

- a share of the customs pool
- a share of the excise pool
- a share of a development component.

These three components are then distributed as follows:

- The customs component is allocated according to each country’s share of total intra-SACU trade, including re-exports.
- The excise component, net of the development component, is allocated on the basis of GDP.
- The development component is set at 15 percent of the total excise pool. The share accruing to each member country is calculated based on the country’s GDP per capita compared to the average of SACU’s GDP per capita. The development component ensures that poorer countries, that is countries whose GDP per capita falls below the SACU’s per capita average, are compensated by the other relatively well off member states.

**Table 1.5: Share received from SACU pool, 2000/01 – 2007/08**

R million	Botswana	Lesotho	Namibia	Swaziland	Total BLNS	South Africa <sup>1</sup>	Total
1999/00	2 552.0	1 183.1	2 240.7	1 221.5	<b>7 197.3</b>	8 800.9	<b>15 998.2</b>
2000/01	2 986.4	1 126.1	2 877.3	1 406.2	<b>8 396.1</b>	9 277.6	<b>17 673.6</b>
2001/02	2 622.4	1 438.2	2 641.2	1 503.1	<b>8 204.8</b>	10 731.0	<b>18 935.9</b>
2002/03	2 574.8	1 470.0	2 596.9	1 617.8	<b>8 259.4</b>	12 500.5	<b>20 759.9</b>
2003/04	3 387.6	1 421.7	3 035.6	1 877.8	<b>9 722.7</b>	11 137.4	<b>20 860.1</b>
2004/05	4 336.7	2 012.4	4 206.8	2 771.9	<b>13 327.8</b>	13 642.4	<b>26 970.2</b>
2005/06	4 772.6	2 306.0	3 891.9	3 136.2	<b>14 106.7</b>	19 900.6	<b>34 007.3</b>
2006/07	7 756.3	3 945.0	8 161.2	5 321.1	<b>25 183.6</b>	16 165.5	<b>41 349.1</b>
2007/08	9 001.4	4 097.7	6 621.8	4 989.0	<b>24 709.9</b>	21 458.7	<b>46 168.7</b>
<b>Percentage of total</b>							
1999/00	16.0%	7.4%	14.0%	7.6%	<b>45.0%</b>	55.0%	<b>100.0%</b>
2000/01	16.9%	6.4%	16.3%	8.0%	<b>47.5%</b>	52.5%	<b>100.0%</b>
2001/02	13.8%	7.6%	13.9%	7.9%	<b>43.3%</b>	56.7%	<b>100.0%</b>
2002/03	12.4%	7.1%	12.5%	7.8%	<b>39.8%</b>	60.2%	<b>100.0%</b>
2003/04	16.2%	6.8%	14.6%	9.0%	<b>46.6%</b>	53.4%	<b>100.0%</b>
2004/05	16.1%	7.5%	15.6%	10.3%	<b>49.4%</b>	50.6%	<b>100.0%</b>
2005/06	14.0%	6.8%	11.4%	9.2%	<b>41.5%</b>	58.5%	<b>100.0%</b>
2006/07	18.8%	9.5%	19.7%	12.9%	<b>60.9%</b>	39.1%	<b>100.0%</b>
2007/08	19.5%	8.9%	14.3%	10.8%	<b>53.5%</b>	46.5%	<b>100.0%</b>
<b>Percentage year-on-year growth</b>							
2000/01	17.0%	-4.8%	28.4%	15.1%	<b>16.7%</b>	5.4%	<b>10.5%</b>
2001/02	-12.2%	27.7%	-8.2%	6.9%	<b>-2.3%</b>	15.7%	<b>7.1%</b>
2002/03	-1.8%	2.2%	-1.7%	7.6%	<b>0.7%</b>	16.5%	<b>9.6%</b>
2003/04	31.6%	-3.3%	16.9%	16.1%	<b>17.7%</b>	-10.9%	<b>0.5%</b>
2004/05	28.0%	41.5%	38.6%	47.6%	<b>37.1%</b>	22.5%	<b>29.3%</b>
2005/06	10.1%	14.6%	-7.5%	13.1%	<b>5.8%</b>	45.9%	<b>26.1%</b>
2006/07	62.5%	71.1%	109.7%	69.7%	<b>78.5%</b>	-18.8%	<b>21.6%</b>
2007/08	16.1%	3.9%	-18.9%	-6.2%	<b>-1.9%</b>	32.7%	<b>11.7%</b>

1. Includes amounts allocated to South Africa, the balance of the "surplus/deficit" for that fiscal year and allocations to the SACU Secretariat.

## ■ Main sources of tax revenue

The contribution of the different types of taxes as a percentage of total tax revenue collections has changed over the period. (See *table 1.2.1* and *figure 1.1.*) PIT, as a percentage of total tax revenue, increased from 39.5 percent in 1994/95 to a high of 42.6 percent in 1999/00 and has since decreased to 29.5 percent in 2007/08. On the other hand, CIT, as a percentage of total tax revenue, has increased from 10.5 percent in 1994/95 to 24.5 percent in 2007/08.

Nominal corporate income tax revenue increased from R55.7 billion in 2002/03 to R140.1 billion in 2007/08, a cumulative percentage increase of 151.4 percent or 20.2 percent per year. The headline corporate income tax rate was reduced from 35 percent in 1994/95 to 30 percent in 1999/00, 29 percent in 2005/06 and 28 percent in 2008/09. Thus, corporate income tax revenues increased while the headline corporate income tax rate decreased.

Nominal customs revenue increased cumulatively by 181.5 percent between 2002/03 and 2007/08, or 23 percent per year, while revenue from the general fuel levy increased cumulatively by only 54.8 percent between 2002/03 and 2007/08, or 9.1 percent annually.

It should be noted that these numbers and percentages include inflation. Much of the increase in nominal tax revenues has been due to higher economic growth, higher commodity prices, improved tax administration and tax compliance.

Figure 1.1 Composition of main sources of tax revenue, 1994/95 – 2007/08

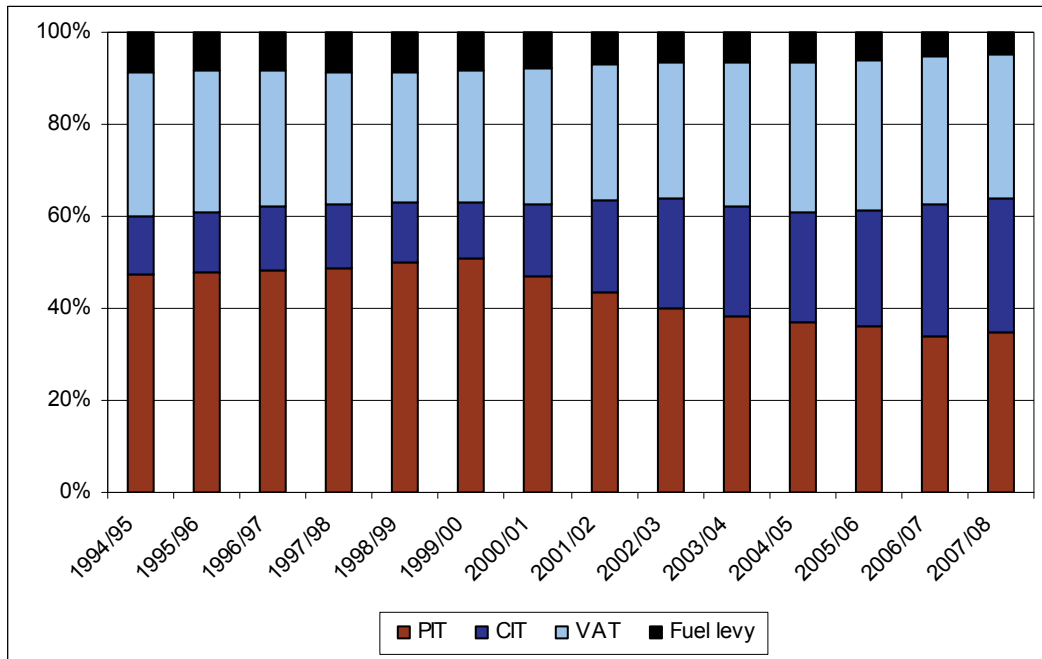


Table 1.3.1 and figure 1.2 show the main sources of tax revenue as a percentage of GDP. PIT, as a percentage of GDP, was around 9 to 10 percent in the 1990s, fluctuating at around 7.9 percent of GDP over the last few years, and increasing slightly to around 8.2 percent of GDP in 2007/08. CIT, as a percentage of GDP, has increased from 2.4 percent in 1994/95 to 6.8 percent in 2007/08. VAT, as a percentage of GDP, was around 7.4 percent in 2006/07 and 2007/08, after being stable at around 5.8 percent during the 1990s and early 2000s.

Figure 1.2 Main revenue sources as percentage of GDP, 1994/95 – 2007/08

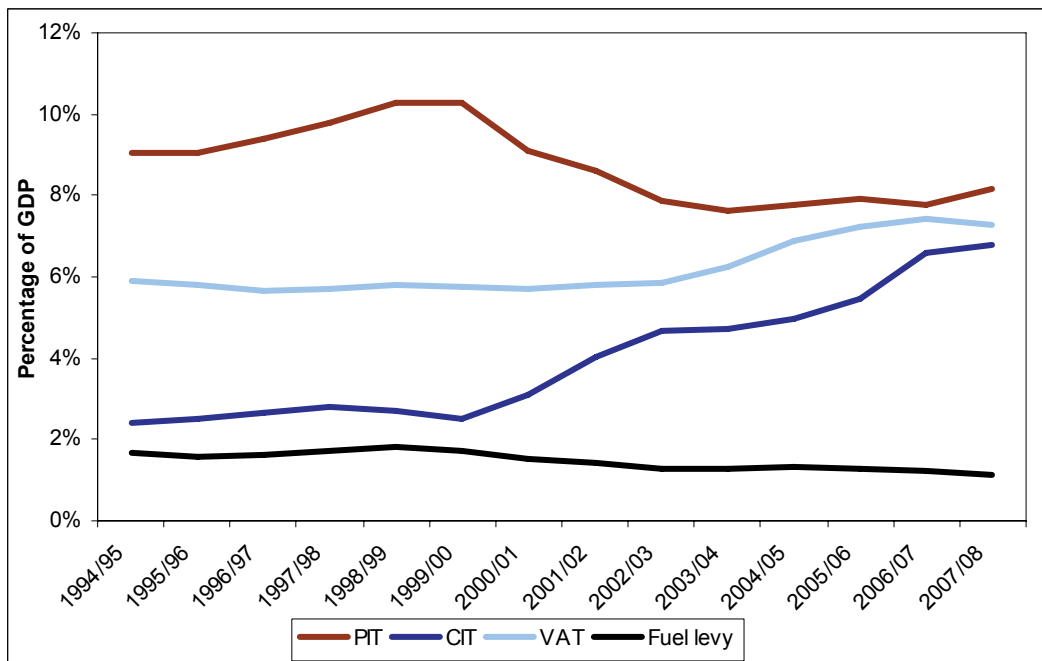
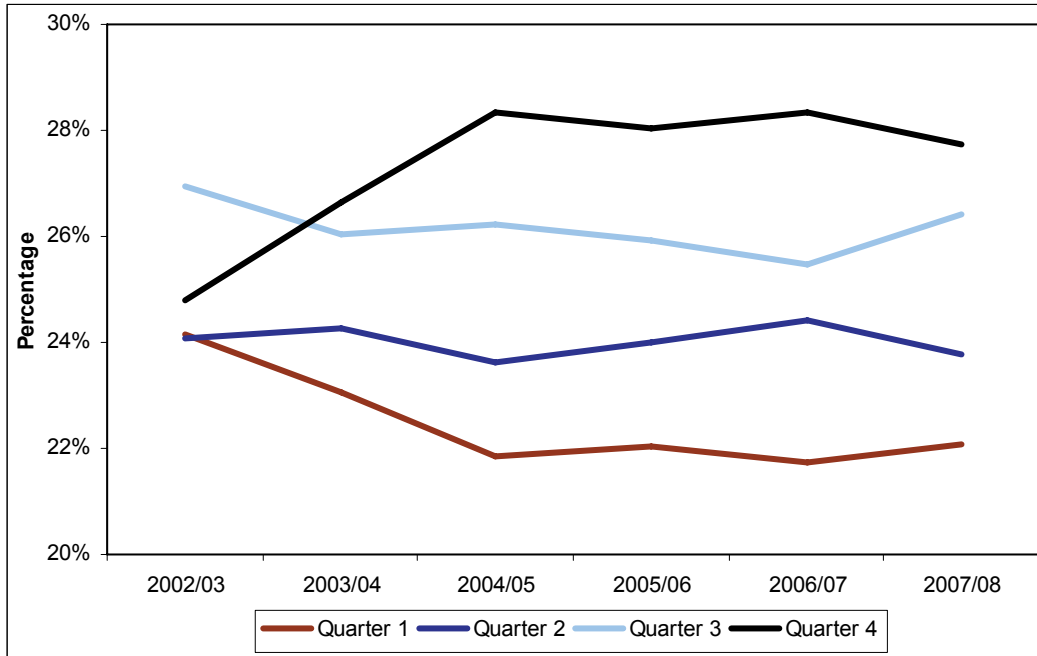


Table 1.4.1 and figure 1.3 show the monthly and quarterly trends in the collection of tax revenues. The peaks in the different quarters, namely June, September, December and March, are largely due to provisional corporate tax payments.

Figure 1.3 Net quarterly tax revenue collections, 2002/03 – 2007/08



## Tax revenue by main category

Table 1.5.1 and table 1.5.2 show tax revenue by main category.

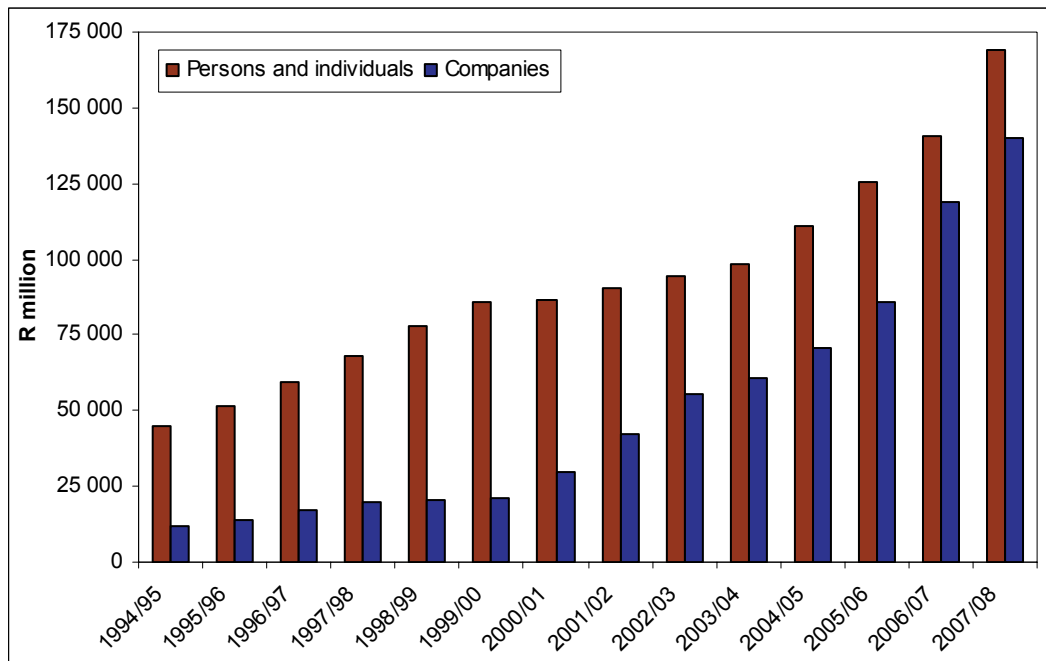
### Taxes on income and profits

Table 1.6.1 shows that taxes on income and profits comprise of the following tax instruments:

- Persons and individuals:* Income tax is the government's main source of income and is levied in terms of the Income Tax Act (1962). Income tax is levied on residents' worldwide income, with appropriate relief to avoid double taxation. Non-residents are taxed on their income from a South African source. Tax is levied on taxable income that, in essence, consists of gross income less exemptions and allowable deductions. On average around 95.5 percent of taxes on persons and individuals is from PAYE. (See table 1.6.2.)
- Companies:* Between 2002/03 and 2004/05, companies were taxed at a rate of 30 percent, between 2005/06 and 2007/08 they were taxed at a rate of 29 percent and in 2008/09 at a rate of 28 percent. A special formula tax applies in the case of gold mining companies. Small business corporations (those with an annual turnover of less than R14 million) benefit from graduated tax rates of 0 percent on the first R46 000 taxable income (equal to the PIT tax threshold), 10 percent from R46 001 to R300 000 taxable income, and R25 400 plus 28 percent on taxable income in excess of R300 001. Table 1.6.3 shows the breakdown of corporate income taxes.



Figure 1.4 Taxes on income and profits – PIT and CIT, 1994/95 – 2007/08



- *Capital gains tax (CGT)*: CGT was introduced in October 2001. It forms part of the income tax system (collections are reflected under persons and individuals, and companies) and is based on capital gains made on the disposal of assets.
- *Secondary tax on companies (STC)*: STC is levied at a rate of 10 percent (12.5 percent prior to 1 October 2007) on profits of companies distributed by way of dividends.
- *Tax on retirement funds (TRF)*: TRF was a tax levied on the gross interest, net rental and foreign dividend income of retirement funds - in other words, pension, provident and retirement annuity funds. TRF was abolished in 2007.
- *Other*: Includes interest charges on overdue tax.

### Taxes on payroll and workforce

- *Skills development levy*: The skills development levy is a compulsory levy to fund training by companies. SARS administers the collection of this levy in consultation with the Department of Labour. The rate is 1 percent of a company's total payroll and is payable by employers that are registered with SARS for employees' tax purposes and which have an annual payroll of more than R500 000 (R250 000 before 1 August 2005).

### Taxes on property

Table 1.7.1 shows that taxes on property comprise of the following tax instruments:

- *Donations tax*: Donations tax is levied at a flat rate of 20 percent on the value of the donation. The first R100 000 donated in each year by a natural person is exempt from donations tax. In the case of a taxpayer who is not a natural person, the exempt donations are limited to casual gifts not exceeding R10 000 per year in total. Dispositions between spouses and donations to certain public benefit organisations are exempt from donations tax.

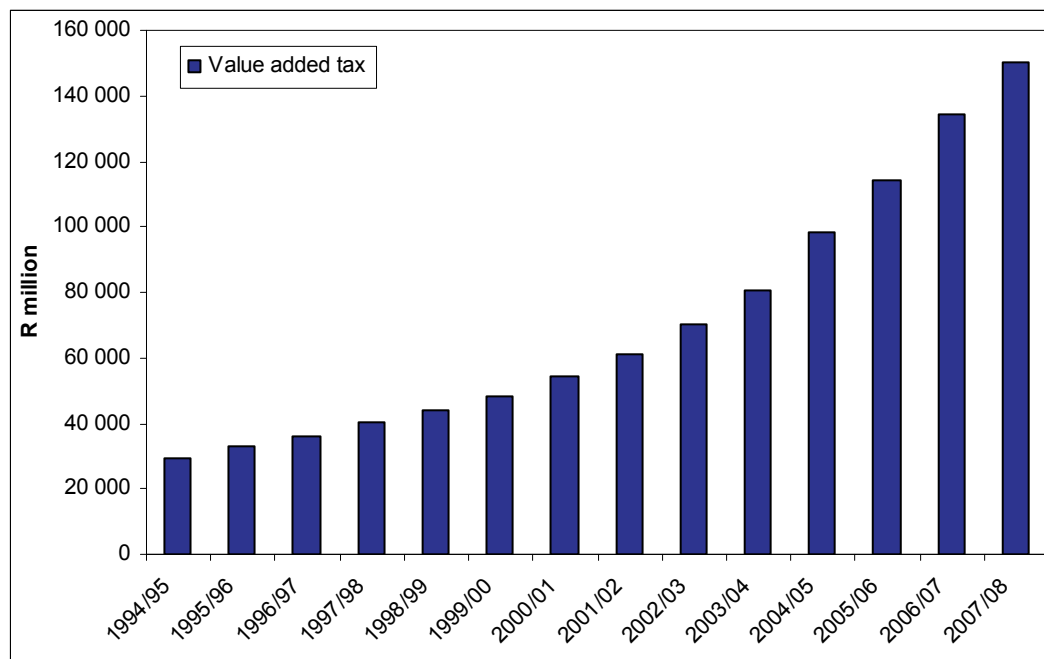
- *Estate duty*: For the purposes of estate duty, an estate consists of all property of the deceased including deemed property, such as life insurance policies and payments from pension funds wherever situated. However, the estate of a deceased non-resident consists only of his or her South African assets. The duty, at a rate of 20 percent, is calculated on the dutiable amount of the estate. Certain admissible deductions from the total value of the estate are allowed.
- *Uncertificated securities tax (UST)*: UST is payable in respect of the change in beneficial ownership of listed securities (securities transfer tax (STT)) on the transfer of securities as from 1 July 2008). It is levied at a rate of 0.25 percent.
- *Transfer duties*: Transfer duty is payable by individuals when they acquire property at the rate of 5 percent of the value above R500 000 and at 8 percent of the value exceeding R1 million. When property is acquired by a person other than an individual, such as a company or trust, transfer duty is payable at a rate of 8 percent of the value. All transactions relating to the supply of goods (property) that are subject to VAT are exempt from transfer duty.

### Domestic taxes on goods and services

Table 1.8.1 shows that domestic taxes on goods and services comprise of the following tax instruments:

- *Value-added tax (VAT)*: VAT is levied at a standard rate of 14 percent on most goods and services subject to certain exemptions, exceptions and zero-ratings, provided for in the Value-Added Tax Act (1991). VAT is levied on the supply of all goods and services rendered by registered vendors. VAT is also levied on the importation of goods and services into South Africa. (See table 1.8.2 and figure 1.5.)

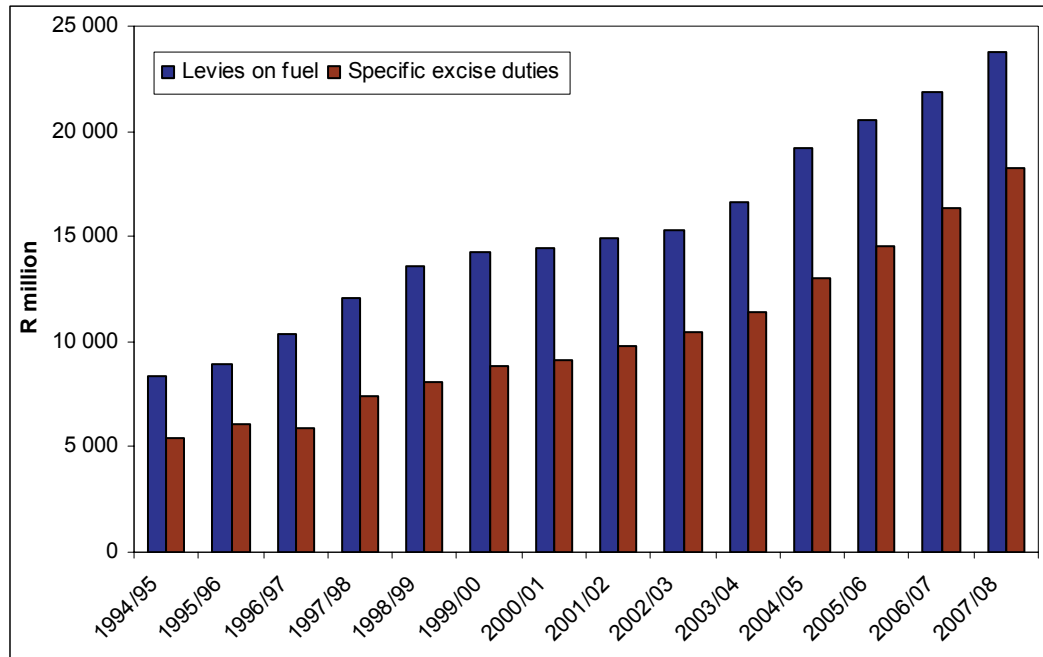
Figure 1.5 Domestic taxes on goods and services – VAT, 1994/95 – 2007/08



- *Excise duties*: Excise duties are levied on certain locally manufactured goods and on their imported equivalents. This duty is levied as a specific duty on tobacco and liquor, and as an *ad valorem* duty on cosmetics, televisions, audio equipment and motor cars. Relief from excise duty is available where excisable products are exported. (See figure 1.6.)

- *Fuel levy:* The fuel levy is a specific excise tax imposed in terms of the Customs and Excise Act (1964). Relief is available through a diesel refund system for farming activities, forestry, mining, offshore vessels, harbour vessels, locomotives used for rail freight, and large electricity generation plants. (See figure 1.6.)

**Figure 1.6 Domestic taxes on goods and services – Levies on fuel and specific excise duties, 1994/95 – 2007/08**



- *International air passenger departure tax:* Fee-paying passengers departing on international flights pay a tax of R120 per passenger and passengers flying to Botswana, Lesotho, Namibia and Swaziland pay R60 per passenger.
- *Environmental levy:* The current environmental levy is essentially a tax on certain types of plastic shopping bags. The levy aims to encourage the sustainable use of these bags.

### Taxes on international trade and transactions

Taxes on international trade and transactions mainly comprise of customs duties:

- *Customs duties:* Customs or import duties are levies imposed on goods imported into South Africa. Import duties are imposed as a means to protect certain local producers. They also include anti-dumping and countervailing duties.
- *Miscellaneous customs revenue:* This primarily comprises customs duties that have yet to be allocated to the appropriate duty types.

### Stamp duties and fees

- Stamp duty is levied on leases of fixed property and until June 2008 on the registration of transfer of unlisted marketable securities.

### State miscellaneous revenue

- This is revenue received by SARS in respect of taxation that cannot be allocated to specific revenue types.

### Other revenue collected by SARS

- *Unemployment Insurance Fund (UIF) contributions:* The UIF provides short term relief to workers when they become unemployed or are unable to work because of maternity or adoption leave, or illness. It also provides relief to the dependants of a deceased contributor. The bulk of contributions to the UIF is collected by SARS and transferred to the fund, which is administered by the unemployment insurance commissioner.
- *Road Accident Fund (RAF):* SARS is responsible for the collection of the RAF levy on petrol and diesel.

### Other taxes

- Provincial governments impose taxes such as motor vehicle licence fees and gaming (gambling) taxes. Local governments partly finance the provision of municipal services by levying rates on the value of immovable property.

## ■ Tax relief

Both individuals and companies have benefited from the tax relief over the last few years. However, most of the tax relief has accrued to individuals. *Table 1.9.1* provides a summary of tax relief.

Changes in tax policy between 2002/03 and 2006/07 included significant personal income tax relief, through adjustments to the personal income tax brackets and the primary and secondary rebate thresholds, and a marginal reduction in the headline corporate income tax rate.

The effectiveness of tax administration continued to improve during this period. This was supported by measures to improve the fairness of the tax system by closing down various tax loopholes and enhanced efforts at ensuring tax compliance.

## ■ Tax rates

*Table 1.10.1* shows the maximum marginal tax rates for the major tax instruments. The maximum PIT tax rate has remained constant at 40 percent. The headline CIT rate was reduced from 30 percent to 28 percent. PIT relief was provided over the last five years by significantly adjusting the income tax brackets while leaving the marginal tax rates unchanged.

## ■ Roles of National Treasury and SARS

### National Treasury

The Tax Policy Unit within National Treasury advises the Minister of Finance on the formulation of tax policy and is also responsible for drafting tax legislation, tax revenue analysis and tax revenue forecasting, in consultation with SARS.

The Tax Policy Unit aims to design tax instruments that fulfil revenue-raising objectives, achieve efficiency and equity objectives, and support redistributive and social policy objectives. In designing tax policy, there is close co-operation between SARS and National Treasury; consultation with other stakeholders, both the public and private sector, is also viewed as important.

### **South African Revenue Service**

The South African Revenue Service Act (1997) (the SARS Act) gives SARS the mandate to:

- collect all tax revenues that are due to the fiscus
- ensure maximum compliance with relevant legislation
- provide a customs service that will maximise revenue, facilitate trade and protect ports of entry against smuggling and other illegal trade.

SARS' main functions are to:

- collect and administer all national taxes, duties and levies
- collect revenue that may be imposed under any other legislation, as agreed between SARS and an organ of state or institution entitled to the revenue
- provide protection against the illegal importation and exportation of goods
- facilitate trade
- advise the Minister of Finance on tax revenue matters.

SARS is responsible for collecting a wide range of taxes:

- Personal income tax (PIT), including capital gains tax (CGT)
- Corporate income tax (CIT), including CGT
- Value-added tax (VAT)
- Customs/import duties
- Excise duties
- Donations tax
- Transfer duty
- Estate duty
- Stamp duty (until March 2009)
- Uncertificated securities tax (securities transfer tax from 1 July 2008)
- Skills development levy
- Unemployment insurance fund (UIF) contributions
- International air passenger departure tax
- Donations tax
- Fuel levy
- Environmental levy
- Other taxes.

## Operating cost of SARS

The operating cost to revenue ratio is an indication of the efficiency with which revenue is collected. However, this ratio is influenced by the tax bases of the different taxes collected and systems development costs. *Table 1.11.1* shows that this ratio is around 1 percent.

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**Table 1.1.1: Provincial and local government tax revenue, 2002/03 – 2007/08**

R million	Provinces <sup>1</sup>					Local government <sup>2</sup>		
	Casino taxes	Horse racing taxes	Liquor licences	Motor vehicle licences	Total provincial tax revenue	Property rates	Regional service levies <sup>3</sup>	Total local government tax revenue
2002/03	533.6	103.6	14.8	2 121.4	2 773.4	12 602.8	4 460.0	17 062.8
2003/04	650.8	103.4	14.4	2 538.0	3 306.6	13 980.2	4 983.3	18 963.5
2004/05	723.0	89.9	17.7	2 694.9	3 525.5	16 396.0	7 008.8	23 404.7
2005/06	896.2	96.5	18.8	3 299.7	4 311.2	17 401.0	7 603.9	25 004.9
2006/07	1 064.8	124.5	20.1	3 605.8	4 815.3	18 521.4	385.7	18 907.1
2007/08	1 101.7	117.2	37.1	3 639.8	4 895.9	21 486.1	95.2	21 581.3

1. Provincial numbers taken from the Provincial Budgets and Expenditure Review. All numbers relating to 2007/08 are Budget numbers.

2. Local government numbers taken from the Local Government Budgets and Expenditure Review. The financial year of the municipalities starts on 1 July to 30 June of the following year. Numbers up to 2005/06 have been audited, are pre-audited for 2006/07 and budgeted for 2007/08.

3. Regional service levies were abolished in 2006/07.

Table 1.2.1: Tax revenue by main revenue source, 1994/95 – 2007/08

R million	Personal income tax (PIT)	Corporate income tax (CIT)	Secondary tax on companies (STC)	Value Added Tax (VAT)	Fuel levy	Customs	Specific excise duties	Other <sup>1</sup>	Total tax revenue
1994/95	44 972.8	11 961.3	1 303.6	29 288.4	8 351.5	5 606.4	5 431.3	6 859.3	113 774.5
1995/96	51 179.3	14 059.0	1 262.2	32 768.2	8 928.0	6 169.6	6 075.0	6 836.6	127 278.0
1996/97	59 519.8	16 985.0	1 337.9	35 902.9	10 391.6	7 200.5	5 912.4	10 082.3	147 332.3
1997/98	68 342.4	19 696.4	1 446.4	40 095.6	12 091.2	5 638.6	7 425.8	10 591.0	165 327.4
1998/99	77 733.9	20 388.0	1 930.8	43 985.4	13 640.0	6 052.5	8 052.8	13 060.2	184 843.6
1999/00	85 883.8	20 971.6	3 149.9	48 376.8	14 289.8	6 778.1	8 886.1	13 049.8	201 386.0
2000/01	86 478.0	29 491.8	4 031.3	54 455.2	14 495.3	8 226.6	9 126.6	14 029.3	220 334.2
2001/02	90 389.5	42 354.5	7 162.7	61 056.6	14 923.2	8 680.1	9 797.2	17 934.4	252 298.3
2002/03	94 336.7	55 745.1	6 325.6	70 149.9	15 333.8	9 619.8	10 422.6	20 276.3	282 209.7
2003/04	98 495.1	60 880.8	6 132.9	80 681.8	16 652.4	8 414.3	11 364.6	19 885.6	302 507.5
2004/05	110 981.9	70 781.9	7 487.1	98 157.9	19 190.4	13 285.7	13 066.7	22 028.8	354 980.3
2005/06	125 645.3	86 160.8	12 277.6	114 351.6	20 506.7	18 201.9	14 546.5	25 643.5	417 334.0
2006/07	140 578.3	118 998.6	15 291.4	134 462.6	21 844.6	24 002.2	16 369.4	23 968.0	495 515.1
2007/08	168 774.4	140 119.8	20 585.4	150 442.8	23 740.5	27 081.8	18 218.4	23 907.4	572 870.6
<b>Percentage of total</b>									
1994/95	39.5%	10.5%	1.1%	25.7%	7.3%	4.9%	4.8%	6.0%	100.0%
1995/96	40.2%	11.0%	1.0%	25.7%	7.0%	4.8%	4.8%	5.4%	100.0%
1996/97	40.4%	11.5%	0.9%	24.4%	7.1%	4.9%	4.0%	6.8%	100.0%
1997/98	41.3%	11.9%	0.9%	24.3%	7.3%	3.4%	4.5%	6.4%	100.0%
1998/99	42.1%	11.0%	1.0%	23.8%	7.4%	3.3%	4.4%	7.1%	100.0%
1999/00	42.6%	10.4%	1.6%	24.0%	7.1%	3.4%	4.4%	6.5%	100.0%
2000/01	39.2%	13.4%	1.8%	24.7%	6.6%	3.7%	4.1%	6.4%	100.0%
2001/02	35.8%	16.8%	2.8%	24.2%	5.9%	3.4%	3.9%	7.1%	100.0%
2002/03	33.4%	19.8%	2.2%	24.9%	5.4%	3.4%	3.7%	7.2%	100.0%
2003/04	32.6%	20.1%	2.0%	26.7%	5.5%	2.8%	3.8%	6.6%	100.0%
2004/05	31.3%	19.9%	2.1%	27.7%	5.4%	3.7%	3.7%	6.2%	100.0%
2005/06	30.1%	20.6%	2.9%	27.4%	4.9%	4.4%	3.5%	6.1%	100.0%
2006/07	28.4%	24.0%	3.1%	27.1%	4.4%	4.8%	3.3%	4.8%	100.0%
2007/08	29.5%	24.5%	3.6%	26.3%	4.1%	4.7%	3.2%	4.2%	100.0%
<b>Nominal percentage increase from 2002/03 to 2007/08</b>									
Cumulative	78.9%	151.4%	225.4%	114.5%	54.8%	181.5%	74.8%	17.9%	103.0%
Per year	12.3%	20.2%	26.6%	16.5%	9.1%	23.0%	11.8%	3.3%	15.2%

1. Includes transfer duties and uncertified securities tax.



Table 1.3.1: Tax revenue by main revenue source as percentage of GDP, 1994/95 – 2007/08

Percentage of GDP	Personal income tax (PIT)	Corporate income tax (CIT)	Secondary tax on companies (STC)	Value Added Tax (VAT)	Fuel levy	Customs	Specific excise duties	Other	Total tax revenue
1994/95	9.0%	2.4%	0.3%	5.9%	1.7%	1.1%	1.1%	1.4%	22.9%
1995/96	9.1%	2.5%	0.2%	5.8%	1.6%	1.1%	1.1%	1.2%	22.6%
1996/97	9.4%	2.7%	0.2%	5.7%	1.6%	1.1%	0.9%	1.6%	23.2%
1997/98	9.8%	2.8%	0.2%	5.7%	1.7%	0.8%	1.1%	1.5%	23.6%
1998/99	10.3%	2.7%	0.3%	5.8%	1.8%	0.8%	1.1%	1.7%	24.4%
1999/00	10.3%	2.5%	0.4%	5.8%	1.7%	0.8%	1.1%	1.6%	24.1%
2000/01	9.1%	3.1%	0.4%	5.7%	1.5%	0.9%	1.0%	1.5%	23.2%
2001/02	8.6%	4.0%	0.7%	5.8%	1.4%	0.8%	0.9%	1.7%	24.1%
2002/03	7.9%	4.7%	0.5%	5.9%	1.3%	0.8%	0.9%	1.7%	23.5%
2003/04	7.6%	4.7%	0.5%	6.3%	1.3%	0.7%	0.9%	1.5%	23.5%
2004/05	7.8%	5.0%	0.5%	6.9%	1.3%	0.9%	0.9%	1.5%	24.9%
2005/06	7.9%	5.4%	0.8%	7.2%	1.3%	1.1%	0.9%	1.6%	26.3%
2006/07	7.8%	6.6%	0.8%	7.4%	1.2%	1.3%	0.9%	1.3%	27.4%
2007/08	8.2%	6.8%	1.0%	7.3%	1.2%	1.3%	0.9%	1.2%	27.8%

Table 1.4.1: Net monthly and quarterly tax revenue collections, 2002/03 – 2007/08

R million	Month												Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
2002/03	18 546.0	20 016.8	29 581.5	21 149.0	19 697.7	27 139.8	22 004.1	20 610.4	33 449.4	20 852.8	20 292.9	28 869.3	282 209.7
2003/04	17 734.6	19 102.0	32 939.3	22 800.0	23 530.1	27 037.1	24 508.1	21 467.3	32 830.3	23 880.5	23 265.3	33 412.9	302 507.5
2004/05	20 337.8	22 128.1	35 075.6	24 119.4	24 543.3	35 189.6	26 715.8	25 030.5	41 289.0	28 434.0	28 022.5	44 094.5	354 980.3
2005/06	23 432.1	26 362.6	42 170.5	29 229.6	28 477.9	42 516.6	30 651.6	30 742.7	46 759.6	33 078.5	31 573.5	52 338.8	417 334.0
2006/07	25 908.2	29 629.8	52 237.5	32 755.6	36 385.9	51 920.8	35 123.4	33 960.3	57 114.3	36 637.5	40 708.3	63 133.4	495 515.1
2007/08	31 225.7	33 481.4	61 663.9	36 127.8	40 841.4	59 283.3	41 921.5	39 734.8	69 716.8	42 341.2	46 451.7	70 080.9	572 870.6
<b>Percentage of total</b>													
2002/03	6.6%	7.1%	10.5%	7.5%	7.0%	9.6%	7.8%	7.3%	11.9%	7.4%	7.2%	10.2%	100.0%
2003/04	5.9%	6.3%	10.9%	7.5%	7.8%	8.9%	8.1%	7.1%	10.9%	7.9%	7.7%	11.0%	100.0%
2004/05	5.7%	6.2%	9.9%	6.8%	6.9%	9.9%	7.5%	7.1%	11.6%	8.0%	7.9%	12.4%	100.0%
2005/06	5.6%	6.3%	10.1%	7.0%	6.8%	10.2%	7.3%	7.4%	11.2%	7.9%	7.6%	12.5%	100.0%
2006/07	5.2%	6.0%	10.5%	6.6%	7.3%	10.5%	7.1%	6.9%	11.5%	7.4%	8.2%	12.7%	100.0%
2007/08	5.5%	5.8%	10.8%	6.3%	7.1%	10.3%	7.3%	6.9%	12.2%	7.4%	8.1%	12.2%	100.0%
<b>Percentage of total</b>			<b>Quarter 1</b>			<b>Quarter 2</b>			<b>Quarter 3</b>			<b>Quarter 4</b>	
2002/03			24.1%			24.1%			27.0%			24.8%	100.0%
2003/04			23.1%			24.3%			26.1%			26.6%	100.0%
2004/05			21.8%			23.6%			26.2%			28.3%	100.0%
2005/06			22.0%			24.0%			25.9%			28.0%	100.0%
2006/07			21.8%			24.4%			25.5%			28.4%	100.0%
2007/08			22.1%			23.8%			26.4%			27.7%	100.0%

Table 1.5.1: Tax revenue by main category, 1994/95 – 2007/08

R million	Taxes on income and profits	Taxes on payroll and workforce	Taxes on property <sup>1</sup>	Domestic taxes on goods and services	Taxes on international trade and transactions	Stamp duties and fees & state miscellaneous revenue <sup>2</sup>	Total tax revenue
1994/95	61 004.7	–	2 074.7	44 070.3	5 606.4	1 018.5	113 774.5
1995/96	68 883.8	–	2 233.9	48 881.7	6 169.6	1 108.9	127 278.0
1996/97	82 876.1	–	2 359.3	53 572.9	7 200.5	1 323.6	147 332.3
1997/98	95 003.6	–	2 618.4	60 619.0	5 638.6	1 447.8	165 327.4
1998/99	108 021.5	–	2 830.5	66 270.8	6 052.5	1 668.3	184 843.6
1999/00	116 148.9	0.1	3 808.4	72 304.7	6 778.1	2 345.9	201 386.0
2000/01	126 145.2	1 257.4	3 978.8	79 092.5	8 226.6	1 633.6	220 334.2
2001/02	147 310.4	2 717.3	4 628.3	86 888.4	8 680.1	2 073.9	252 298.3
2002/03	164 565.9	3 352.1	5 084.6	97 581.9	9 619.8	2 005.4	282 209.7
2003/04	171 962.8	3 896.4	6 707.5	110 173.5	8 414.3	1 353.0	302 507.5
2004/05	195 219.1	4 443.3	9 012.6	131 982.8	13 285.7	1 036.7	354 980.3
2005/06	230 803.6	4 872.0	11 137.5	151 361.9	18 201.9	957.1	417 334.0
2006/07	279 990.5	5 597.4	10 332.3	174 637.9	24 002.2	954.8	495 515.1
2007/08	332 058.3	6 330.9	11 883.9	194 746.3	27 081.8	769.4	572 870.6
<b>Percentage of total</b>							
1994/95	53.6%	0.0%	1.8%	38.7%	4.9%	0.9%	100.0%
1995/96	54.1%	0.0%	1.8%	38.4%	4.8%	0.9%	100.0%
1996/97	56.3%	0.0%	1.6%	36.4%	4.9%	0.9%	100.0%
1997/98	57.5%	0.0%	1.6%	36.7%	3.4%	0.9%	100.0%
1998/99	58.4%	0.0%	1.5%	35.9%	3.3%	0.9%	100.0%
1999/00	57.7%	0.0%	1.9%	35.9%	3.4%	1.2%	100.0%
2000/01	57.3%	0.6%	1.8%	35.9%	3.7%	0.7%	100.0%
2001/02	58.4%	1.1%	1.8%	34.4%	3.4%	0.8%	100.0%
2002/03	58.3%	1.2%	1.8%	34.6%	3.4%	0.7%	100.0%
2003/04	56.8%	1.3%	2.2%	36.4%	2.8%	0.4%	100.0%
2004/05	55.0%	1.3%	2.5%	37.2%	3.7%	0.3%	100.0%
2005/06	55.3%	1.2%	2.7%	36.3%	4.4%	0.2%	100.0%
2006/07	56.5%	1.1%	2.1%	35.2%	4.8%	0.2%	100.0%
2007/08	58.0%	1.1%	2.1%	34.0%	4.7%	0.1%	100.0%

1. Includes transfer duties, uncertificated securities tax, donations tax and estate duty.

2. Revenue received by SARS which could not be allocated to specific revenue types.

**Table 1.5.2: Tax revenue by main category, 1995/96 – 2007/08 [percentage change year-on-year]**

Percentage	Taxes on income and profits	Taxes on payroll and workforce	Taxes on property	Domestic taxes on goods and services	Taxes on international trade and transactions	Stamp duties and fees & state miscellaneous revenue	Total tax revenue
1995/96	12.9%	–	7.7%	10.9%	10.0%	8.9%	11.9%
1996/97	20.3%	–	5.6%	9.6%	16.7%	19.4%	15.8%
1997/98	14.6%	–	11.0%	13.2%	-21.7%	9.4%	12.2%
1998/99	13.7%	–	8.1%	9.3%	7.3%	15.2%	11.8%
1999/00	7.5%	–	34.5%	9.1%	12.0%	40.6%	8.9%
2000/01	8.6%	–	4.5%	9.4%	21.4%	-30.4%	9.4%
2001/02	16.8%	116.1%	16.3%	9.9%	5.5%	27.0%	14.5%
2002/03	11.7%	23.4%	9.9%	12.3%	10.8%	-3.3%	11.9%
2003/04	4.5%	16.2%	31.9%	12.9%	-12.5%	-32.5%	7.2%
2004/05	13.5%	14.0%	34.4%	19.8%	57.9%	-23.4%	17.3%
2005/06	18.2%	9.6%	23.6%	14.7%	37.0%	-7.7%	17.6%
2006/07	21.3%	14.9%	-7.2%	15.4%	31.9%	-0.2%	18.7%
2007/08	18.6%	13.1%	15.0%	11.5%	12.8%	-19.4%	15.6%

**Table 1.6.1: Taxes on income and profits, 1994/95 – 2007/08**

R million	Taxes on income and profits					Total
	Persons and individuals	Companies	Secondary tax on companies	Tax on retirement funds	Other <sup>1</sup>	
1994/95	44 972.8	11 961.3	1 303.6	–	2 767.0	61 004.7
1995/96	51 179.3	14 059.0	1 262.2	–	2 383.2	68 883.8
1996/97	59 519.8	16 985.0	1 337.9	2 565.5	2 467.9	82 876.1
1997/98	68 342.4	19 696.4	1 446.4	3 229.7	2 288.7	95 003.6
1998/99	77 733.9	20 388.0	1 930.8	5 098.8	2 870.0	108 021.5
1999/00	85 883.8	20 971.6	3 149.9	5 330.4	813.1	116 148.9
2000/01	86 478.0	29 491.8	4 031.3	5 219.8	924.3	126 145.2
2001/02	90 389.5	42 354.5	7 162.7	6 190.6	1 213.1	147 310.4
2002/03	94 336.7	55 745.1	6 325.6	6 989.7	1 169.0	164 565.9
2003/04	98 495.1	60 880.8	6 132.9	4 897.7	1 556.3	171 962.8
2004/05	110 981.9	70 781.9	7 487.1	4 406.1	1 562.2	195 219.1
2005/06	125 645.3	86 160.8	12 277.6	4 783.1	1 936.7	230 803.6
2006/07	140 578.3	118 998.6	15 291.4	3 190.5	1 931.7	279 990.5
2007/08	168 774.4	140 119.8	20 585.4	285.4	2 293.3	332 058.3

1. Includes interest on overdue tax, non-resident shareholders' tax, non-residents' tax on interest, tax on undistributed profits and small business tax amnesty in 2006/07 and 2007/08.

**Table 1.6.2: Taxes on persons and individuals, 2002/03 – 2007/08**

R million	Persons and individuals				Total
	PAYE	Provisional tax	Assessment payments	Refunds	
2002/03	90 388.3	7 121.4	3 280.9	-6 453.9	94 336.7
2003/04	94 592.5	7 132.3	3 495.0	-6 724.7	98 495.1
2004/05	106 719.2	7 748.4	3 725.2	-7 210.9	110 981.9
2005/06	121 025.5	8 720.1	4 065.9	-8 166.1	125 645.3
2006/07	133 760.4	10 370.8	4 986.8	-8 539.7	140 578.3
2007/08	158 106.2	12 319.7	4 796.3	-6 447.8	168 774.4
<b>Percentage of total</b>					
2002/03	95.8%	7.5%	3.5%	-6.8%	100.0%
2003/04	96.0%	7.2%	3.5%	-6.8%	100.0%
2004/05	96.2%	7.0%	3.4%	-6.5%	100.0%
2005/06	96.3%	6.9%	3.2%	-6.5%	100.0%
2006/07	95.2%	7.4%	3.5%	-6.1%	100.0%
2007/08	93.7%	7.3%	2.8%	-3.8%	100.0%
<b>Percentage year-on-year growth</b>					
2003/04	4.7%	0.2%	6.5%	4.2%	4.4%
2004/05	12.8%	8.6%	6.6%	7.2%	12.7%
2005/06	13.4%	12.5%	9.1%	13.2%	13.2%
2006/07	10.5%	18.9%	22.7%	4.6%	11.9%
2007/08	18.2%	18.8%	-3.8%	-24.5%	20.1%

**Table 1.6.3: Taxes on companies, 2002/03 – 2007/08**

R million	Companies					Total
	Provisional tax	Assessment payments	Royalties	Refunds <sup>1</sup>		
2002/03	56 573.8	2 921.6	209.6	-3 960.0		55 745.1
2003/04	60 673.0	3 040.6	99.5	-2 932.2		60 880.8
2004/05	70 571.8	4 007.4	145.4	-3 942.7		70 781.9
2005/06	87 949.6	4 487.9	123.7	-6 400.4		86 160.8
2006/07	118 205.1	7 084.2	513.5	-6 804.2		118 998.6
2007/08	139 281.0	7 595.9	203.8	-6 960.8		140 119.8
<b>Percentage of total</b>						
2002/03	101.5%	5.2%	0.4%	-7.1%		100.0%
2003/04	99.7%	5.0%	0.2%	-4.8%		100.0%
2004/05	99.7%	5.7%	0.2%	-5.6%		100.0%
2005/06	102.1%	5.2%	0.1%	-7.4%		100.0%
2006/07	99.3%	6.0%	0.4%	-5.7%		100.0%
2007/08	99.4%	5.4%	0.1%	-5.0%		100.0%
<b>Percentage year-on-year growth</b>						
2003/04	7.2%	4.1%	-52.5%	-26.0%		9.2%
2004/05	16.3%	31.8%	46.1%	34.5%		16.3%
2005/06	24.6%	12.0%	-14.9%	62.3%		21.7%
2006/07	34.4%	57.9%	315.2%	6.3%		38.1%
2007/08	17.8%	7.2%	-60.3%	2.3%		17.7%

1. Includes tax credit certificates.

**Table 1.7.1: Taxes on property, 1994/95 – 2007/08**

<b>R million</b>	<b>Taxes on property</b>					<b>Total</b>
	<b>Donations tax</b>	<b>Estate duty</b>	<b>Uncertificated securities tax<sup>1</sup></b>	<b>Transfer duties</b>		
1994/95	104.4	125.3	431.4	1 413.5		<b>2 074.7</b>
1995/96	61.0	181.3	462.9	1 528.7		<b>2 233.9</b>
1996/97	46.7	181.8	397.3	1 733.5		<b>2 359.3</b>
1997/98	17.7	302.6	442.3	1 855.8		<b>2 618.4</b>
1998/99	9.1	256.4	721.1	1 843.9		<b>2 830.5</b>
1999/00	15.2	304.2	1 090.4	2 398.6		<b>3 808.4</b>
2000/01	32.1	442.7	1 102.1	2 401.9		<b>3 978.8</b>
2001/02	20.6	481.9	1 212.8	2 913.0		<b>4 628.3</b>
2002/03	17.7	432.7	1 205.2	3 429.0		<b>5 084.6</b>
2003/04	17.1	417.1	1 101.1	5 172.1		<b>6 707.5</b>
2004/05	25.2	506.9	1 365.9	7 114.6		<b>9 012.6</b>
2005/06	29.5	624.7	1 973.4	8 510.0		<b>11 137.5</b>
2006/07	47.0	747.4	2 763.9	6 774.0		<b>10 332.3</b>
2007/08	27.6	691.0	3 757.1	7 408.2		<b>11 883.9</b>

1. *Marketable securities tax prior to 2006/07.*



**Table 1.8.1: Domestic taxes on goods and services, 1994/95 – 2007/08**

R million	Domestic taxes on goods and services							Total
	Value added tax	Specific excise duties	Ad valorem excise duties	Levies on fuel	Air departure tax	Other <sup>1</sup>		
1994/95	29 288.4	5 431.3	372.9	8 351.5	–	626.1	<b>44 070.3</b>	
1995/96	32 768.2	6 075.0	400.2	8 928.0	–	710.2	<b>48 881.7</b>	
1996/97	35 902.9	5 912.4	718.7	10 391.6	–	647.2	<b>53 572.9</b>	
1997/98	40 095.6	7 425.8	581.6	12 091.2	–	424.8	<b>60 619.0</b>	
1998/99	43 985.4	8 052.8	518.9	13 640.0	–	73.7	<b>66 270.8</b>	
1999/00	48 376.8	8 886.1	584.3	14 289.8	–	167.7	<b>72 304.7</b>	
2000/01	54 455.2	9 126.6	693.9	14 495.3	85.8	235.8	<b>79 092.5</b>	
2001/02	61 056.6	9 797.2	776.1	14 923.2	296.4	38.8	<b>86 888.4</b>	
2002/03	70 149.9	10 422.6	1 050.2	15 333.8	324.8	300.7	<b>97 581.9</b>	
2003/04	80 681.8	11 364.6	1 016.2	16 652.4	367.2	91.5	<b>110 173.5</b>	
2004/05	98 157.9	13 066.7	1 015.2	19 190.4	412.2	140.5	<b>131 982.8</b>	
2005/06	114 351.6	14 546.5	1 157.3	20 506.7	458.2	341.7	<b>151 361.9</b>	
2006/07	134 462.6	16 369.4	1 282.7	21 844.6	484.8	193.7	<b>174 637.9</b>	
2007/08	150 442.8	18 218.4	1 480.5	23 740.5	540.6	323.4	<b>194 746.3</b>	

1. Includes levy on plastic bags, mining leases and ownership, and Universal Service Fund.

Table 1.8.2: Value-added tax (VAT), 2002/03 – 2007/08

R million	VAT			Total
	Domestic	Customs	Gross	
2002/03	83 675.3	37 745.8	121 421.0	70 149.9
2003/04	96 405.3	36 947.5	133 352.7	80 681.8
2004/05	110 166.8	43 465.7	153 632.5	98 157.9
2005/06	125 756.3	50 261.1	176 017.4	114 351.6
2006/07	144 884.0	66 917.0	211 801.0	134 462.6
2007/08	171 618.8	77 929.2	249 548.0	150 442.8
<b>Percentage of total</b>				
2002/03	68.9%	31.1%	100.0%	57.8%
2003/04	72.3%	27.7%	100.0%	60.5%
2004/05	71.7%	28.3%	100.0%	63.9%
2005/06	71.4%	28.6%	100.0%	65.0%
2006/07	68.4%	31.6%	100.0%	63.5%
2007/08	68.8%	31.2%	100.0%	60.3%
<b>Percentage year-on-year growth</b>				
2003/04	15.2%	-2.1%	9.8%	15.0%
2004/05	14.3%	17.6%	15.2%	21.7%
2005/06	14.2%	15.6%	14.6%	16.5%
2006/07	15.2%	33.1%	20.3%	17.6%
2007/08	18.5%	16.5%	17.8%	11.9%

**Table 1.9.1: Summary of tax relief, 2002/03 – 2007/08**

R million	Direct taxes			Indirect taxes			Total relief	
	PIT	CIT	Other	Total	Excise	Fuel levy		Other <sup>1</sup>
2002/03	-14 855	-335	-204	-15 394	663	–	-434	229
2003/04	-13 427	-2 060	–	-15 487	907	642	-1 119	430
2004/05	-4 062	–	–	-4 062	1 453	909	-600	1 762
2005/06	-7 110	-2 000	-1 477	-10 587	1 310	950	-1 054	1 206
2006/07	-12 125	-2 400	-440	-14 965	1 370	–	-5 532	-4 162
2007/08	-8 870	-2 785	-3 000	-14 655	1 480	950	-175	2 255

1. The 2006/07 number includes R4.5 billion transfer duties.

**Table 1.10.1: Maximum marginal tax rates, 2002/03 – 2007/08**

Percentage	PIT <sup>1</sup>	CIT	STC	VAT	RFT <sup>2</sup>
01 Apr 2002 – 28 Feb 2003	40.0%	30.0%	12.5%	14.0%	25.0%
01 Mar 2003 – 31 Mar 2003	40.0%	30.0%	12.5%	14.0%	18.0%
01 Apr 2003 – 31 Mar 2004	40.0%	30.0%	12.5%	14.0%	18.0%
01 Apr 2004 – 31 Mar 2005	40.0%	30.0%	12.5%	14.0%	18.0%
01 Apr 2005 – 28 Feb 2006	40.0%	29.0%	12.5%	14.0%	18.0%
01 Mar 2006 – 31 Mar 2006	40.0%	29.0%	12.5%	14.0%	9.0%
01 Apr 2006 – 28 Feb 2007	40.0%	29.0%	12.5%	14.0%	9.0%
01 Mar 2007 – 30 Sep 2007	40.0%	29.0%	12.5%	14.0%	0.0%
01 Oct 2007 – 31 Mar 2008	40.0%	29.0%	10.0%	14.0%	0.0%

1. An individual's tax year starts on 1 March and ends at the end of February the following year.

2. Tax on retirement funds.

**Table 1.11.1: Total tax revenue and cost of collections, 1998/99 – 2007/08**

R million	Tax revenue collected	Operating cost <sup>1</sup>	Operating cost as a % of tax revenue
1998/99	184 843.6	1 663.2	0.90%
1999/00	201 386.0	1 906.3	0.95%
2000/01	220 334.2	1 922.5	0.87%
2001/02	252 298.3	2 332.6	0.92%
2002/03	282 209.7	2 878.5	1.02%
2003/04	302 507.5	3 562.8	1.18%
2004/05	354 980.3	4 311.7	1.21%
2005/06	417 334.0	5 135.5	1.23%
2006/07	495 515.1	5 156.1	1.04%
2007/08	572 870.6	5 607.9	0.98%

1. SARS' own account budget includes revenue transferred from National Treasury as well as other operating revenue.