

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2208 [NW2521E]
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2208. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether he will offer South African citizens a tax dispensation similar to that being offered by the new British government to its citizens, not to increase taxes for the duration of its term of office in order to give British taxpayers the certainty requisite to take out a mortgage to purchase a house; if not, why not; if so, when will he make such an announcement?

NW2521E

REPLY:

South Africa is a sovereign country and would not copy or follow the tax policies of other countries without completing a thorough due diligence process to establish the benefits for our citizens. South Africa tax policy is developed in a transparent manner and outlined in the annual Budget and forms part of the fiscal framework which is shaped by the long-term objectives of the government as outlined in the National Development Plan and medium-term objectives like the Medium-Term Strategic Framework. Tax policy has been broadly stable since 1994 and provides relative certainty to all citizens and investors. Major tax policy changes are referred to expert committees like the Davis Tax Committee, which is currently considering various challenges faced by tax policy in South Africa. This follows on the work of the Katz Commission which shaped the tax policies of the democratic government soon after 1994. To the extent that changes in policy are made, they are done in a deeply consultative way and on the advice of expert committees and are not done in an ad-hoc manner. It should be noted that South Africa has different objectives and challenges to an advanced economy like Britain and our policies therefore reflect different priorities from Britain.

In considering the objective of encouraging South Africans to own their homes, I do not believe that tax certainty is an issue at all. The bigger challenges posing home ownership probably relates to non-tax issues like the cost of borrowing; availability and supply of housing, land; and the price and affordability of houses.