

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 403 [NW479E]
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403. Dr M J Cardo (DA) to ask the Minister of Finance:

Has the National Treasury commissioned an impact study to examine the effectiveness of the Employment Tax Incentive; if so, what are its terms of reference?

NW479E

REPLY:

Yes.

National Treasury commissions research to inform and augment our technical analyses of specific policies as a matter of course. Commissioned research into the impact of the Employment Tax Incentive, under the auspices of our long-standing research project into youth employment dynamics, is underway.

The terms of reference seek to understand the impact of the Employment Tax Incentive on firm-level employment practices, including the hiring of young workers, total employment and the composition of employment. This forms part of the broader government objective to move toward better evidence-based policy making.

National Treasury has committed to a full review of the incentive before 31 December 2016 to identify potential reforms to the incentive to improve its effectiveness. This research will feed into that review process.