

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1581 [NW1751E]
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1581. Mr D J Maynier (DA) to ask the Minister of Finance:

- a) What (i) was the total cost of implementing the Employment Tax Incentive (ETI), as introduced by the Employment Tax Incentive Act, Act 26 of 2013, (aa) in the (aaa) 2014 and (bbb) 2015 calendar years and (bb) since 1 January 2016 and (ii) is the estimated budget for the 2016 calendar year,
- b) how many jobs were created through the implementation of the ETI in each of the specified calendar years and
- c) for each job created in each of the specified calendar years, how many of the jobs created were (i) newly created and (ii) created for a period of (aa) less than three months, (bb) between 6 and 12 months, (cc) between 12 and 24 months and (dd) over 24 months?

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REPLY:

The South African Revenue Service provided the following information:

- a) In general, tax incentive information is only available at least two years after employers submit their annual tax returns for a tax year to the South African Revenue Service (SARS) and most of the returns have been audited. Therefore, the data on the Employment Tax Incentive (ETI) that is provided is preliminary and could be significantly revised. The data for the last tax year and the current tax year are as per the monthly returns that employers submit to SARS for PAYE, which are very preliminary and subject to revision. The imminent review of the ETI will be the first comprehensive assessment to be conducted and it is expected to be completed by September 2016.
- i) The total cost (tax revenue forgone) of the ETI since implementation on 1 January 2014 to 31 March 2016 was R6 060 million.
 - aa. These amounts were claimed as follows:
 - aaa. R2 037 million during calendar year 2014
 - bbb. R3 435 million during calendar year 2015, and
 - bb. R589 million from 1 January 2016 to 29 February 2016.

- ii) The estimated tax revenue forgone for the 2016 calendar year is around R4 100 million (which includes the figure for the period 1 January 2016 to 29 February 2016, mentioned in bb above).

b) & c)

An in-depth analysis of the estimated number of employees involved and jobs created is currently underway in the review that National Treasury has undertaken. This review will also study the efficacy of the ETI, while some effects will only become measurable as time and data availability permits. The National Treasury will provide the Standing Committee of Finance with a report of this review once it is available. Government is also engaging with Business and Labour constituencies in Nedlac to inform the review. The review will assist to make necessary or appropriate design changes.

Anecdotal evidence and interactions with businesses in public fora indicate a positive response to utilizing this incentive and providing our youth an invaluable opportunity to gain work experience.