

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 248 [CW343E]
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248. Ms B A Engelbrecht (Gauteng: DA) to ask the Minister of Finance:

Whether the National Treasury has considered to have value-added tax exemption on sanitary towels; if not, why not; if so, what are the relevant details?

CW343E

REPLY:

1. National Treasury is considering the issue of sanitary dignity in the context of the interdepartmental task team, led by the Department of Women, which is developing the National Framework on Sanitary Dignity. The task team seeks to provide for an integrated and coordinated responsive government programme aimed at the provision of sanitary products free of charge to indigent women and girl learners and students. There is broad agreement in the task team to focus on indigent women and girls in the immediate phase.
2. Targeted expenditure programmes aimed at poorer communities are generally more effective than any tax instrument in achieving socio-economic objectives. This approach has been adopted through the initial roll out of free sanitary towels to schools in Kwazulu-Natal.
3. VAT is a broad-based consumption tax, and it is a very efficient way of collecting large and buoyant revenue for government to fund government's expenditure programmes, including initiatives to help poor communities. However, inasmuch as zero-rating targeted at specific products may assist indigent persons, zero-rating also benefits the rich, often more than proportionately. This is especially true in the case of an item widely used such as sanitary products or in cases where producers are unlikely to pass the price reduction on to consumers. Therefore, to assist indigent persons, it is more effective to design and implement a program aimed at providing these products free of charge to indigent persons. From a revenue perspective, shrinkage of the current broad tax base and its impact on the fiscal framework also needs to be taken into account.
4. After the recent increase in VAT from 14 to 15 per cent on 1 April 2018, the Minister of Finance has established a panel of independent experts to review the current list of zero-rated items. The panel is mandated to take public submissions, convene hearings, and engage with different stakeholders from civil society organisations, organised labour and business, and all other interested parties. The Panel has invited all interested stakeholders to make written submissions via e-mail to vatsubmissions@treasury.gov.za by close of business on 24 May 2018. The panel is expected to conclude its work and present a report with all the options and recommendations to the Minister of Finance by 30 June 2018.