

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1288 [NW1392E]
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1288. Mr A D Beesley (ActionSA) to ask the Minister of Finance:

- (1) What is the current tax gap estimated to be;
- (2) whether he has found that the SA Revenue Service (SARS) is currently adequately funded; if not, what (a) is the estimated underfunding and (b) steps will he take to ensure that SARS is adequately funded; if so, what informs his fiscal decisions?

NW1392E

REPLY

1. A “tax gap” is the difference between a theoretic estimate of how much tax revenue could have been collected and what was actually collected. There are various methodologies and estimates for tax gaps, and there are indeed many potential gaps that can be estimated. There is not a single agreed number, as the measurement and assumptions of different methodologies lead to different estimates. The estimates range from R11.3 billion for Value Added Tax in 2013 to R87.8 billion for Corporate Income Tax in 2017. The PWC estimate quoted in their “Taxing Times” publication, which estimates a tax gap for all taxes in South Africa, amounts to R300 billion. SARS own estimate of the tax gap is R465 billion.
2. Details are in the MTBPS publication as tabled on the 30 October 2024, but in short additional funding is proposed for allocation to SARS in line with the tabled fiscal framework that aims stabilise debt as a percentage of GDP at 75.5 per cent in 2025/26.