



Understanding the National Budget Speech isn't easy. So we've taken care of it for you.

How does this year's Budget affect you?
The budget proposals involve strengthening the public finances by raising taxes, reducing and reprioritising government spend.



BUDGET Highlights

Value-Added Tax rate increases from 14% to 15% on 1 April 2018

Estate Duty rate increases from 20% to 25% on dutiable amount of estates of more than R30 million

Limited relief for the effect of inflation in adjusting **Personal Income Tax rates** resulting in additional tax of R6.8 billion

Donations Tax rate increases from 20% to 25% on donations of more than R30 million

Minister of Finance to approve six **special economic zones for tax relief**

Increased Excise Duties on tobacco and alcohol

General Fuel Levy increases by 22 cents per litre and **Road Accident Fund levy** increases by 30 cents per litre on 4 April 2018

Increased Environmental taxes on plastic bags, incandescent light bulbs and vehicle emissions tax, and health promotion levy on sugary beverages are effective from 1 April 2018

Where is the money going to?



Who won't pay income tax?

The amount an individual can earn before being required to pay personal income tax.

TAX THRESHOLDS	TAX YEAR 2017/18	TAX YEAR 2018/19
Below age 65	R75 750	R78 150
Age 65 to 74	R117 300	R121 000
Age 75 and over	R131 150	R135 300

The new tax thresholds are due to increases in the tax rebates for individual taxpayers

The new tax thresholds are due to increases in the tax rebates for individual taxpayers.

TAX THRESHOLDS	TAX YEAR 2017/18	TAX YEAR 2018/19
Primary (aged below 65)	R13 635	R14 067
Secondary (aged 65 and over)	R7 479	R7 713
Tertiary (aged 75 and over)	R2 493	R2 574

Who will pay tax? EVERYONE

Value-added tax

The VAT rate will increase from 14% to 15% from 1 April 2018. This increase will raise an additional R36 billion in revenue. Raising VAT is estimated to have the least harmful effects on growth over the period ahead.

Increases in fuel levies effective on 4 April 2018

The general fuel levy will increase by 22 cents per litre and the Road Accident Fund Levy will increase by 25 cents. This will push up:

- the general fuel levy to R3.37 per litre of petrol and to R3.22 per litre of diesel
- the road accident fund levy to R1.93 per litre for both petrol and diesel.

Sin taxes increase in taxes on alcohol and tobacco

	INCREASES BY
Malt beer	15c per 340ml can
Unfortified wine	23c per 750ml bottle
Fortified wine	28c per 750ml bottle
Sparkling wine	73c per 750ml bottle
Ciders and alcoholic fruit beverages	15c per 340ml bottle
Spirits	R4.80 per 750ml bottle
Cigarettes	R1.22 per packet of 20
Cigarette tobacco	R1.37 per 50g
Pipe tobacco	39c per 25g
Cigars	R6.45 per 23g

At what rate?

TAXABLE INCOME OF INDIVIDUALS (R)	Tax payable for the tax year ending 28 February 2019
0 to 195 850	18% of taxable income
195 851 to 305 850	35 253 + 26% of taxable income above 195 850
305 851 to 423 300	63 853 + 31% of taxable income above 305 850
423 301 to 555 600	100 263 + 36% of taxable income above 423 300
555 601 to 708 310	147 891 + 39% of taxable income above 555 600
708 311 to 1 500 000	207 448 + 41% of taxable income above 708 310
1 500 001 and above	532 041 + 45% of taxable income above 1 500 000
Trusts other than special trusts	Rate of tax 45%

INCOME TAX: COMPANIES

Type	Rate of Tax (R)
Companies	28% of taxable income

INCOME TAX: SMALL BUSINESS CORPORATIONS

Taxable Income (R)	Rate of Tax (R)
0 – 78 150	0% of taxable income
78 151 – 365 000	7% of taxable income above 78 150
365 001 – 550 000	20 080 + 21% of taxable income above 365 000
550 001 and above	58 930 + 28% of the amount above 550 000

TURNOVER TAX FOR MICRO BUSINESS

Financial years ending on any date between 1 March 2018 and 28 February 2019	
0 – 335 000	0% of taxable turnover
335 001 – 500 000	1% of taxable turnover above 335 000
500 001 – 750 000	1 650 + 2% of taxable turnover above 500 000
750 001 and above	6 650 + 3% of taxable turnover above 750 000

Estate duty and donations tax

- From 1 March 2018, the dutiable value of an estate exceeding R30 million will be taxed at a rate of 25% instead of the current rate of 20%.
- The amount of donations exceeding R30 million will be taxed at a rate of 25% instead of the current rate of 20%.

Providing social support to the poor

18.1 million South Africans will be receiving social grants by 2020. In the 2018 Budget, government will increase social grants at a higher rate than before in order to compensate the poor for the increase in VAT. This means that in 2018/19, the child support grant will be increase by **R25 per month** while the foster care grant will go up by **R40**. The old age grant will increase by **R95 a month** in 2018/19.

	2017/18	2018/19
State Old Age Grant	R1600	R1695
State Old Age Grant, over 75's	R1620	R1715
War Veterans Grant	R1620	R1715
Disability Grant	R1600	R1695
Foster Care Grant	R920	R960
Care Dependency Grant	R1600	R1695
Child Support Grant	R380	R405

Where is the money coming from?

The money that government spends comes from taxes and levies. Government proposes raising additional tax revenue mainly from Value-Added Tax (VAT) and other taxes.

TAX REVENUE 2018/19	R billion	%
PERSONAL INCOME TAX	505.8	37.6
CORPORATE INCOME TAX	231.2	17.2
VAT	348.1	25.9
CUSTOMS AND EXCISE DUTIES	97.4	7.2
FUEL LEVIES	77.5	5.8
OTHER	84.8	6.3

Total R1345.0 100%