I ended last year’s article with the words “It is said that a goal without a plan is just a wish – the Minister has set his goal and laid out his plan to achieve this – now we must hope it does not turn out to be only a wish”.

At the time of writing that, no-one could have envisaged the havoc a relatively unknown virus (at that time) would cause on economies of the world. The impact on the South African economy, already in a fragile state, was significant – forcing the closure of many businesses and employment being lost.

Achieving a revenue target of R1.4 trillion in unprecedented times was going to be challenging and, considering the impact of the Lockdown restrictions, it is not surprising that this target fell short by R213 billion. The only positive is that the shortfall was approximately R100 billion lower than had been forecast in the medium-term Budget address.

With such a substantial shortfall and increasing debt levels due to loans from numerous organisations, there were further appeals for the introduction of a wealth tax to increase tax collection. Statistics indicate a high level of emigration amongst South Africans, placing additional pressure on tax collections, and it is therefore pleasing that the Minister did not succumb to this proposal, especially since South Africa is already considered to be one of the most heavily taxed countries in the world.

For the most part, the tax proposals have remained constant, the only noteworthy changes being:

- An increase in the Income tax brackets and applicable rebates of 5.0%
- Medical tax credits were increased by 4.0%
- “Sin” taxes, as is the norm, have been increased – the increases vary but are on average 8.0%
- The fuel and road accident fund levy have been increased by 15c and 11c per litre respectively
- An increase in the level of remuneration at which contributions to the Unemployment Insurance Fund is calculated
- A proposal to lower the company tax rate to 27% effective from years of assessment commencing after 01 April 2022 (effectively the 2023 tax year).

With all the negative news over the past year, there was little hope that this year’s Budget was going to provide any form of relief. Nevertheless, the Minister succeeded in increasing the disposable income of households. A concern expressed by many though, is the country’s increasing levels of debt and we can only hope that the Minister’s vision of “renewing the economy and restoring public finances” is achieved.
**TAX TABLES**

<table>
<thead>
<tr>
<th>Taxable Income (R)</th>
<th>Rates of Tax</th>
<th>Taxable Income (R)</th>
<th>Rates of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0 – R205,900</td>
<td>18% of each R1</td>
<td>R0 – R216,200</td>
<td>18% of each R1</td>
</tr>
<tr>
<td>R205,901 – R321,600</td>
<td>R37,062 + 26% of the amount above R205,900</td>
<td>R216,201 – R337,800</td>
<td>R38,916 + 26% of the amount above R216,200</td>
</tr>
<tr>
<td>R321,601 – R445,100</td>
<td>R67,144 + 31% of the amount above R321,600</td>
<td>R337,801 – R467,500</td>
<td>R70,532 + 31% of the amount above R337,800</td>
</tr>
<tr>
<td>R445,100 – R584,200</td>
<td>R105,429 + 36% of the amount above R445,100</td>
<td>R467,501 – R613,600</td>
<td>R110,739 + 36% of the amount above R467,500</td>
</tr>
<tr>
<td>R584,201 – R744,800</td>
<td>R155,505 + 39% of the amount above R584,200</td>
<td>R613,601 – R782,200</td>
<td>R163,335 + 39% of the amount above R613,600</td>
</tr>
<tr>
<td>R744,801 – R1,577,300</td>
<td>R218,139 + 41% of the amount above R744,800</td>
<td>R782,201 – R1,656,600</td>
<td>R229,089 + 41% of the amount above R782,200</td>
</tr>
<tr>
<td>R1,577,301 and above</td>
<td>R559,464 +45% of the amount above R1,577,300</td>
<td>R1,656,601 and above</td>
<td>R587,593 + 45% of the amount above R1,656,600</td>
</tr>
</tbody>
</table>

**REBATES**
- Primary rebate: Increased from R14,958 to R15,714
- Secondary rebate (individuals over 65): Increased from R8,199 to R8,613
- Tertiary rebate (individuals over 75): Increased from R2,736 to R2,871

**TAX THRESHOLD**
- Below age of 65: Increased from R83,100 to R87,300
- Over age of 65: Increased from R128,650 to R135,150
- Over age of 75: Increased from R143,850 to R151,100

**INTEREST EXEMPTION**
- Below age of 65: R23,800 (unchanged)
- Age of 65 and over: R34,500 (unchanged)

**DONATIONS TAX AND ESTATE DUTY**
- Below R30,000,000 – 20% (unchanged)
- Above R30,000,000 – 25% (unchanged)

**MEDICAL SCHEME CONTRIBUTIONS AND EXPENSES**
- Monthly monetary tax credit of:
  - Increased from R319 to R332 for the first two members
  - Increased from R215 to R224 for every additional member

**OTHER PERTINENT INFORMATION:**
- The annual allowance for investing in Tax Free Savings Accounts unchanged at R36,000 pa
- The overall lifetime limit for TFSAs unchanged at R500,000
- Value Added Tax rate unchanged
- Transfer duty thresholds unchanged
- Gain/loss annual exclusion unchanged at R40,000
- Exclusion on death is unchanged at R300,000
- Company tax rate – unchanged at 28%
- Fuel and road accident levy increased by 15c and 11c per litre respectively – effective 07 April 2021
- Exemption of foreign income threshold unchanged at R1,250,000.