

Tax collection remains buoyant

Finance Minister Pravin Gordhan says tax revenue remains "buoyant" despite a global economic turmoil that has tested South Africa's finances.



(Image: GCIS)

Announcing the preliminary outcomes of revenue collection for the 2013/14 fiscal year, Gordhan said the overall revenue collected by SA Revenue Service as of midnight on Monday March 31, was R899.7bn.

This is R0.7bn more than the revised estimate in the 2014 Budget.

This comes after Gordhan revised collection targets downwards to R895bn when he tabled the Medium Term Budget Policy Statement - dubbed the mini-budget - in October last year, after growth in both local and global environments slowed.

"Tax collection remains buoyant. Future performance will depend on economic factors such as growth, investment, household consumption and risks from the global environment.

"The strength of our government finances is well illustrated by our past performance, including what we are announcing today.

"We have proven our ability to take tough decisions to promote service delivery while safe-guarding fiscal sustainability," he said.

Min drivers of revenue collection

Gordhan said the revenue collection results were attributed to an increase in Personal Income Tax (PIT) and Corporate Income Tax (CIT) collections compared to the previous fiscal year, while the Value-Added Tax (VAT) collections recorded a decrease.

He said the SA Revenue Service collected R310.5bn in the past financial year, which was R778m (0.3%) above the revised estimate in the 2014 Budget of R309.7bn.

This is 12.2% higher than the R276.7bn outcome of the previous year.

Corporate Tax collections went up to R179.9bn, which is 0.7% above the revised estimate in the 2014 Budget of R178.7bn.

VAT collections were R237.7bn - which is R1.6bn lower than the revised estimate in the 2014 Budget of R239.3bn.

Gordhan said the main drivers of revenue collections were due to a number of factors, including a growth in the mining and manufacturing sectors in the 4th quarter of 2013; above-inflation wage settlements sustaining personal income tax and strong imports advancing customs revenue.

SARS will 'continue to build on progress' made thus far

He also said that investment in curtailing fraudulent VAT claims cleaned up the system and increased revenue.

"The depreciation of the rand - losing 17.5% of its value against the US Dollar in 2013 - improved trade-related taxes and Corporate Income Tax of companies with offshore earnings.

"The slow recovery of Corporate Income Tax following recession accelerated this year because of higher export earnings," he said.

He also said that sustaining tax compliance saw improved collections from medium-sized companies and improved Provisional tax payments by individual taxpayers earning income from sources other than salaries.

He also said that SARS will continue to build on the progress over the past 20 years of democracy to improve tax compliance levels.

"Over two decades, South Africa has built a progressive tax system.

"Our tax policy framework has proven to be resilient during the global economic turmoil that has tested South Africa's public finances, its economic policy framework and its regulatory environment over the past five year.

"The revenue authority was transformed and the tax base was broadened.

"We are leaving the next administration with a solid foundation - resilient revenue collection system and an effective approach to expenditure management," he said.

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