

Highlights of the 2018 Budget Speech

Finance Minister Malusi Gigaba tabled the 2018 Budget Speech in Parliament on 21 February 2018. He said in the coming year, government may be required to provide financial support to several State-Owned Companies (SOC's) which could be done through a combination of disposing of non-core assets, strategic equity partners, or direct capital injections.

He said in this regard, a property audit conducted by the Department of Public Works shows that national governments own up to 195 000 properties, with an estimated value of over R140 billion. "We will work with them on a programme to better utilize or dispose of these properties in the short to medium term," said the Minister.

He said that over the next three years, government would spend R528.4 billion on social grants. R324 billion is provided for higher education and training, including R57 billion of new allocations for fee-free higher education and training. R792 billion on basic education, including R35 billion for infrastructure and R15.4 billion for learner and teacher support materials, including ICT.

R667.8 billion on health, with R66.4 billion on the HIV, AIDS and TB conditional grant. R123.3 billion on subsidised public housing. R125.8 billion on water infrastructure and services. R207.4 billion on transfers of the local government equitable share to provide basic services to poor households. R129.2 billion to support affordable public transport.

Minister Gigaba revealed that tax proposals for the 2018 Budget are designed to generate an additional R36 billion in tax revenue for 2018/19. In 2018/19 the Value Added Tax (VAT) rate will increase from 14 to 15 percent from 1 April 2018. A below inflation increase in the personal income tax rebates and brackets, with greater relief for those in the lower income tax brackets. Ad valorem excise duty rate on luxury goods, such as motor vehicles, will be increased from 7 to 9 percent.

There will be a 52 cents per litre increase in the levies on fuel, made up of a 22 cents per litre for the general fuel levy and a 30 cents per litre increase in the Road Accident Fund Levy, as well as increases in the alcohol and tobacco excise duties of between 6 and 10 percent. Estates above R30 million will now be taxed at a rate of 25 per cent. The plastic bag levy, motor vehicle emissions tax and the levy on incandescent light bulbs will be raised to promote eco-friendly choices. A health promotion levy, which taxes sugary beverages will be implemented from 1 April 2018.