

Gigaba's VAT hike slammed

The increase will hit the poorest of the poor in the pocket, says COPE

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MINISTERS in the economics cluster have welcomed the Budget, but opposition parties have been angered by the increase in VAT from 14 to 15%.

Public Works Minister Nathi Nhleko said yesterday it was a tough balancing act by Finance Minister Malusi Gigaba.

He said there were many priorities that Gigaba had to consider in tabling the Budget.

"It's a balanced budget. It recognises the difficulties from the fiscal point of view," said Nhleko.

Nhleko also did not say how long the audit of the government's 195 000 properties to be sold to generate revenue for the state, would take.

Gigaba said the sale of some of the non-core assets will raise R40 billion for the government.

Trade and Industry Minister Rob Davies also described the Budget as balanced with competing needs.

He said what was important was that investment tools would be made in the incentive schemes.

The announcement on R57bn for fee free education would ensure the increase in young people entering universities, said Davies.

Davies added South Africa could reach the projected 1.5% economic growth this year. He said there was much more certainty in the country, and investments would flow in.

ANC treasurer-general Paul Mashatile said the Budget had made efforts to support small businesses.



He said the increase in VAT would raise R36bn. He added the VAT would be mitigated by the zero rating in basic foodstuff.

UDN MP Nqabayomzi Kwankwa said the budget speech was "anti-climac-

tic" following inspiring words by President Cyril Ramaphosa over the past few days.

"We're living in difficult times. Some tough choices needed to be made, we understand that," said Kwankwa, however questioning the wisdom of not raising corporate taxes instead of VAT.

ACDP MP Steve Swart said a VAT increase would have been unnecessary if law enforcement agencies were equipped to recoup the billions of rand lost to corruption.

Cope leader Mosiuoa Lekota said the increase in VAT would hit the poorest of the poor in the pocket.

He also warned against the debt, saying it was not sustainable.

It needed to be brought down urgently.

Cosatu described the Budget as a missed opportunity by Gigaba to address key chal-

lenges facing the nation.

It said he should have dealt with corruption, state capture and the needs of the poor.

It said economic growth was not about numbers, but meaningful change in the lives of the poor people.

"We enthusiastically welcomed the vision and plan outlined in the State of the Nation address by President Cyril Ramaphosa last week, but it's obvious that he sold us a dummy and the whole vision was nothing but a false prospectus," said the trade union federation.

While the president was emphatic on the need for the government to kick-start the economy, create jobs to absorb the millions of unemployed and to tackle the scourge of corruption and state capture, the budget was deafeningly silent on how this was going to be achieved, it added.