****

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 2962 [**NW3281E**]**

**DATE OF PUBLICATION: 06 October 2017**

**2962. Mr S J F Marais (DA) to ask the Minister of Finance:**

(1)(a) What total amount of additional revenue will be raised by the SA Revenue Service (SARS) following its amendments to the allowable deductions from taxes for persons with disabilities and (b) why did SARS (i) make the determination on the specified amendment, (ii) not phase the changes out and (iii) apply the specified amendments retroactively;

(2) whether SARS has conducted any studies and/or investigations to determine what the financial and economic consequences of the specified amendments will be on taxpaying (a) persons with disabilities and (b) the dependants of the specified persons; if not, in each case, why not; if so, how (i) will the specified (aa) persons and (bb) dependants be affected and (ii) were these outcomes determined? NW3281E

**REPLY:**

1. It is not clear which amendments the honourable member is referring to, so it is assumed that reference is being made to the list of qualifying disability expenses that SARS is currently in the process of updating. The changes in the list are not about raising additional revenue. The changes are being made to ensure that the list of expenses prescribed by SARS is as comprehensive as possible and that the expenses are in line with the paragraph (c) of the definition of “qualifying medical expense” in section 6B(1). This will ensure that the list does not create inequity as far as persons who do not have a physical impairment or disability are concerned. (e.g. If a person with a disability purchases a vehicle because a person is using a wheelchair, it will unfair to allow such an expense instead of only allowing modifications to the vehicle to allow the wheelchair easy access in and out of the vehicle). The prescribed expenses must, as far as possible, only include expenses without which a person with physical impairment or disability will not be able to perform activities of daily living. (e.g. If a person cannot walk, the wheelchair is an aid that assists that person to be able to move from point A to point B. Without this wheelchair, the person cannot do this activity of daily living on his or her own and will always require assistance from other people to do so.) The amendments are, therefore being made to ensure that the list is line with the requirements of the legislation; which are based on practice in other leading democracies, such as Canada. It is understood that SARS’ understanding of the requirements of the legislation has been unsuccessfully challenged by “at least” one taxpayer in the Tax Board. SARS will monitor the outcome of any appeal to inform its future decision making. The amendments will only come in on the effective date of the updated list going forward and are not made with retrospective effect.
2. Since the list is only being amended to ensure that it is as comprehensive as possible, while ensuring that the expenses listed are in full compliance with the legislation, SARS has not conducted any studies and/or investigations to determine what the financial and economic consequences of the changes to the list are to persons with disabilities and their dependants. National Treasury would determine the financial and economic consequences of substantial changes in legislative policy, such as the change from a deduction to a tax credit system for these expenses.