



MINISTER: FINANCE
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Mr Y Carrim, MP
Chairperson of the Standing Committee on Finance
Parliament of the Republic of South Africa
P O Box 15
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Dear Honourable Carrim

REQUEST FOR THE COMMITTEE TO AMEND THE TAXATION LAWS AMENDMENT BILL [B 17—2015] IN TERMS OF SECTION 11 OF THE MONEY BILLS AMENDMENT PROCEDURE AND RELATED MATTERS ACT, 2009

I refer to the Taxation Laws Amendment Bill [B 17—2016] (2016 TLAB) that was introduced in Parliament on 26 October 2016. The 2016 TLAB is a Money Bill as contemplated in section 77 of the Constitution. The 2016 TLAB deals with more substantive changes to the law and gives effect to proposals announced in the 2016 Budget.

I hereby request the Committee to consider an amendment to the 2016 TLAB in terms of section 11 of the Money Bills Amendment Procedure and Related Matters Act, 2009:

- Amendment to remove the proposed R20 million cap on the amount an employer may claim per annum using the Employment Tax Incentive from 1 March 2017.
- A technical correction to adjust the effective date for the change to the definition of "remuneration" and the date of a related amendment in the Employment Tax Incentive Act from 1 October 2016 to 1 March 2017.

Employment growth is a key aspect of government's inclusive growth objective. During the public hearings on the bill a compelling case was made by claimants that the proposed cap would come at the cost of higher levels of employment. The request proposes a retraction of the cap to avoid any potential negative impacts on employment. This will also lend support to the emerging commitment by key stakeholders to extend employment to a large number of young work seekers, including a commitment to support work seekers with structured training programmes. The South African Revenue Service and the National Treasury will monitor the affordability of the programme as an input to the fiscal framework. Should cost containment of this programme be required, the imposition of a cap will be reviewed.

The above proposed amendments to the 2016 TLAB are set out in **Annexure A**. It is proposed that the Committee adopts these amendments in terms of section 11 of the Money Bills Amendment Procedure and Related Matters Act, 2009. I have requested Mr Ismail

Momoniati to advise the Committee in its deliberations at the hearings scheduled for 22 November 2016.

Kind regards

A handwritten signature in black ink, appearing to read 'Gordhan', is written over a horizontal line.

PRAVIN J GORDHAN, MP
MINISTER OF FINANCE

Date: 21-11-2016