**Responses to public hearings on the 2017 Budget: Thursday 2 March 2017**

* There was one submission from SAIT that spoke to proposals in Annexure C – those are not part of the Draft Rates Bill that was published for comments on the Budget Day. The Draft Rates Bill contains Chapter 4 proposals. Annexure C proposals will be included in the Draft TLAB which will be published for comment in June/July 2017 and will be consulted on at that point.
* Sugary beverage tax
	+ Will set up a task team as soon as possible in NEDLAC – NEDLAC to have strict deadlines and complete its process by end March at the latest.
	+ Have already done considerable consultations where we have introduced a tax free threshold of 4g/100ml, lowered the rate from 2.29 cents per gram of sugar to 2.1 cents per gram of sugar and exempted 100% fruit and vegetable juices, milk products with no added sugar.
	+ Included in the Rates Bill so will form part of the parliamentary process followed to pass the money bills.
* Dividend Withholding Tax
	+ Increase in rate from 15% to 20%
	+ Effective date 22 February 2017 and applies to dividends paid on or after 22 February 2017
	+ Withholding tax incidence is when dividends are paid and meaning of paid is as defined in section 64E
* Why was so little bracket creep relief provided to those on lower incomes?
	+ The bracket creep relief on lower brackets applies to all taxpayers with larger incomes, given the structure of the personal income tax system. Hence giving a bigger bracket creep relief for lower incomes will also result in benefits for for higher income taxpayers, thus reducing the total tax revenue significantly
* Number should be closer to R6 billion for revenues from top 45% rate?
	+ NT have reduced the expected revenue figure to account for behavioural changes resulting from higher rates.
* What is going on with VAT refunds?
	+ Publicly available information on VAT refunds through the monthly section 32 reports, published at the end of every month on the Treasury website.
* No revenues from sugary beverage tax, donations tax, SVDP
	+ Sugary beverage tax will only take effect once the Rates Bill is promulgated, so will be for a few months only in the coming fiscal year. The new section 7C (dealing with Donations tax) which came into effect on 1 March 2017 is an anti -avoidance measure aimed at preventing tax avoidance through the use of trusts. We are uncertain of the revenue implications for the anti-avoidance measures. Potential windfall in revenues for this year.
* What is the maximum tax-to-GDP ratio?
	+ Tax revenues are there to fund government expenditure, if government democratically concludes that there should be a greater provision of public services (for example through NHI) then necessarily there should be tax revenues to fund that expenditure.
	+ Question is more about expenditure rather than the level of taxation
* Improving reporting on tax collection
* Currently, section 107 of the Income Tax Act and section 74 of the VAT Act make provision for the Minister of Finance to make regulations prescribing the duties of all persons engaged or employed in the administration of the Act and/or generally for the better carrying out of the object and purposes of the Act.
	+ The proposed amendments in section 107 of the Income Tax Act (inclusion of paragraph (g)) and section 74 of the VAT Act (inclusion of subsection 1A) are aimed at clarifying that the Minister of Finance may make Regulations in relation to the information that the Commissioner must submit to the Minister, the timing in which such information may be submitted to the Minister to ensure tax administration and tax collection of PIT, CIT, CGT, Withholding taxes and VAT.