**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **1399** **[NW1417E]**

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**1399. Mr A M Shaik Emam (NFP) to ask the Minister of Finance:**

Whether he will consider an exemption from pay-as-you-earn tax for all healthcare workers up to a certain level; if not, what is the position in this regard; if so, what are the relevant details? NW1417E

**REPLY**

No, as the law does not allow for such exemptions in line with the principle that all residents earning an income, be they the President, a worker or a businessperson, are subject to our tax laws without exception. We recognise the role played by healthcare officials is significant in ensuring provision of efficient and adequate healthcare to the public, as well in ensuring the provision healthcare as a basic human right. The provision of public healthcare services is a public good that is funded by Government and such funds are raised through the levying of taxes.

The levying of taxation is a crucial mechanism utilised to generate revenue as part of country’s flagship fiscal policy. One of the linchpins of a good tax system is the principle of equity, which incorporates the concept of horizontal equity. Horizontal equity ensures that all taxpayers who receive employment or other income are taxed the same based on their ability to pay, irrespective of their vocation. Low-income taxpayers earning below R91 250 are also exempt from Personal Income Tax.

Based on the fact that the South African personal income tax system is progressive in nature, the exemption of a group of taxpayers based on their profession would be impractical and go against the principles of a good tax system. Marginal tax rates that increase with income and rebates that apply equally to all taxpayers, are the main tools to give expression to society’s preference to give relief for lower incomes through the tax system. Lastly, it will impede the fiscus, as it will negatively impact the ability to raise sufficient revenue to fund Government social programmes.