

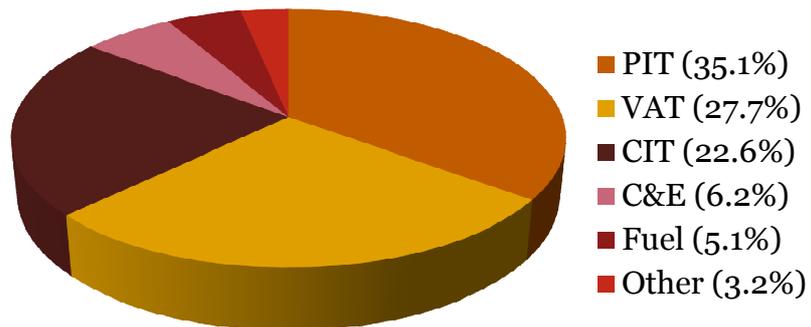


***Budget 2011 – Headline observations***

- Who will pay
- No real fireworks
- Aspects welcomed
- Waiting for the devil in the detail
- Tax Policy resource

## Who will pay?

Revenue 2011/12



PwC

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## Budget 2011 – Headline observations

### (1) No real fireworks

- Bracket creep adjustments
- Corporate tax rates unchanged
- VAT rate unchanged
- Other rates & thresholds adjusted
- Sin taxes increased (Fuel & RAF levies a bit high?)



PwC

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*Budget 2011 – Headline observations*

**(2) Aspects welcomed**

- Certainty on STC-DT changeover (1-Apr-12)
- Commitment to encouraging investment / capital flows (IDZs, Gateway, CFC groups, R&D)
- Youth employment subsidy
- Learnership allowance extended (for review)
- Transfer duty alignment

PwC

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*Budget 2011 – Headline observations*

**(3) Talking points**

***(Holding our breath for the devil in the detail)***

- NHI – How will this be funded?
- Retirement benefits
  - fringe benefit taxation
  - contribution deductions
  - 1/3 limitation for Provident Fund payouts

PwC

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*Budget 2011 – Headline observations*

**(3) Talking points**

***(Holding our breath for the devil in the detail)***

- Youth employment subsidy – How will that work?
- Gambling withholding tax
- Uniformity of taxation of passive income & gains
- Tax credits for medical expenses

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*Budget 2011 – Headline observations*

**(3) Talking points**

***(Holding our breath for the devil in the detail)***

- Dividend scheme anti-avoidance
- CGT pre-2001 base cost
- Carbon Tax

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***Tax Policy at National Treasury***  
***—Sufficient resources***

- Day-to-day operations leave too little time for policy development and other initiatives

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***Tax Policy at National Treasury***  
***—EXAMPLE: Consolidating the Income Tax Act***

- Current ITA last consolidated in 1962
- Before that in 1945

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*Tax Policy at National Treasury*  
**— Current ITA**

Section 1

**325 sections**

of which:

- 47 repealed
- 278 active

Section 112

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*Tax Policy at National Treasury*  
**—EXAMPLE: The current ITA**

<b>11 General Deductions</b>	12C Machinery, plant, etc	13quin Commercial buildings
11A Deductions prior to trade	12D Pipelines, etc	13sex Residential units
11B Research & Development	12DA Rolling stock	13sept Low-cost residential units
11C Foreign dividends	12E Small business corporations	14 Ships
11D Research & Development	12F Aircraft hangars, aprons, etc.	14bis Aircraft
11E Sporting bodies	12G Industrial investment	15 Mining operations
11bis. . . . <b>[repealed]</b>	12H Learnership agreements	15A . . . . <b>[repealed]</b>
11ter. . . . <b>[repealed]</b>	12I Industrial policy projects	16 . . . . <b>[repealed]</b>
11quat. . . . <b>[repealed]</b>	12J Venture Capital Companies	16A . . . . <b>[repealed]</b>
11quin. . . . <b>[repealed]</b>	12K Certified emission reductions	17 . . . . <b>[repealed]</b>
11sex Railway operating losses	12M Medical lump sums	17A Lessors of farming land
11sep. . . . <b>[repealed]</b>	12N Improvements not owned	18 Medical expenses
11oct. . . . <b>[repealed]</b>	13 Manufacturing buildings	18A Donations
12 . . . . <b>[repealed]</b>	13bis Hotel keepers	18B . . . . <b>[repealed]</b>
12A . . . . <b>[repealed]</b>	13ter Residential buildings	19 . . . . <b>[repealed]</b>
12B Machinery, plant, etc	13quat Urban development zones	<b>20 Assessed losses</b>

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## *Thank you*

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