

Budget 2017/2018: what will this do to my pocket?

By [Cathie Webb](#)

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South Africans are becoming used to hearing bad news in terms of our pockets on the day of the budget speech. Sadly, we don't expect anything particularly different this year...



Given that South Africa, as a country, is still struggling financially and the gap between the earnings of the poorest and the “well-to-do do’s” does not seem to be shrinking, we can be confident that there will be more innovative taxes included in what is tabled.

Considering that in 2016 the average consumer-price index (CPI) was rated at approximately 6%, and that not many of us received increases amounting to 6%, while medical aid rates increased on average 10% or more in January this year, most of us are worse off than we were this time last year.

And it is unlikely to get better.

In the mid-year budget of October 2016, R13-billion additional taxes were announced on top of the R15-billion increase previously announced for the 2017/2018 tax year.

What can we expect from the budget?

1. Transitional levy tax – for those of us that can remember, in 1994 we paid an additional tax for one year. It is possible that another such tax will be imposed to assist government in balancing the books;

2. Sugar Tax – this has been under discussion for some time, under the guise of ensuring that South Africans lose weight. It seems probable that this will be mentioned in the budget speech, and is likely to come into force in the near future;

3. Value-added tax (VAT) – South Africa pays less than the average African VAT of 15.25%. It is possible that there will be an increase in our VAT rate;

4. Sin Taxes – tax on “sinful” luxuries such as alcohol and cigarettes could increase again, as they do each year, by more than inflation;

Furthermore, the proposed National Health Insurance is also still being discussed, and alternatives for funding being explored. However, it is doubtful that this will come to pass in the next tax year.

In addition, we might once again hear that government will “moderate spending” and it would be helpful to all of us to see this in action, while we are tightening our belts still further.

Accsys will be hosting a talk by Rhodes University Professor Jackie Arendse at the Country Club Johannesburg, in Woodmead on Friday 3 March wherein she will be unpacking the details and implications of the 2017/2018 Budget. For more information visit [Accsys](#).

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