



WHAT IS THE BUDGET?

In February of each year, the Finance Minister tables the national budget, whereby he announces government's spending, tax and borrowing plans for the next three years. The national budget divides money between national departments, provinces and municipalities.

BUDGET FOCUSES ON ECONOMIC GROWTH

The 2014 Budget focuses on interventions that are aimed at placing the economy on a new growth trajectory.

Government's primary goal, as expressed in the National Development Plan (NDP), is to raise real economic growth to between 5 and 6 per cent per year. This higher level of economic growth would boost revenue and enable government to increase the amount of money it spends on improving people's lives by dealing with unemployment, poverty and inequality.

The economy grew at an estimated 1.8 per cent in 2013. Domestic conditions, combined with a slow recovery in the global economy, led to a moderation in output and employment growth. The economy is expected to grow by 2.7 per cent in 2014 and reach 3.5 per cent in 2016.

Several factors will support this expected improvement. Public investment in infrastructure – expected at R847.3 billion over the next 3 years – should reduce bottlenecks in electricity and

transport and encourage private investment, while stronger employment growth will support household spending. South Africa

should also benefit from the improved export opportunities presented by a stronger global outlook.

WHAT THE BUDGET DOES FOR YOU

● INDUSTRY SUPPORT

R10.3 billion will go towards manufacturing development incentives; R15.2 billion for the economic competitiveness and support package for businesses; R3.6 billion for job creation at special economic zones.

● JOB CREATION

Over the next 5 years, government aims to create 6 million jobs through the Expanded Public Works Programme, from 4 million compared to the previous 5 years.

● FIGHTING CORRUPTION

Work by the Chief Procurement Officer to reform the procurement system and ensure that money is spent prudently has begun in earnest. These efforts are aimed at reducing corruption.

● AGRICULTURE SUPPORT

The Agricultural Policy Action Plan will support the NDP's target of creating jobs in the agricultural sector. Government will spend over R7 billion on grants to provinces to support about 435 000 subsistence and 54 500 small farmers.

● EDUCATION & TRAINING

Spending on education is higher than any other category. Over the next 3 years, R78 billion will go towards university subsidies and R34.3 billion for building schools.

● INFRASTRUCTURE

Government is committed to investing in infrastructure that improves lives. In 2014, for example, R11 billion will go to the PRASA for new rolling stocks and upgrade of signalling infrastructure.

“THE STRONG GROWTH EXPECTED IN SUB-SAHARA AFRICA WILL HELP IMPROVE SOUTH AFRICA'S ECONOMIC PROSPECTS OVER THE NEXT THREE YEARS”

The building of new infrastructure and upgrading of the existing stock – including the expansion of electricity supply, investment in integrated public transport networks and the rehabilitation of the country's five large water transfer schemes – is at the centre of government's plan.

South Africa will also draw strength from the rapid expansion of trade and investment on the African continent. The strong growth expected in sub-Saharan Africa will help improve South Africa's economic prospects over the next three years. Government will therefore, increasingly align its policies to support economic integration with the African continent.



1. Minister's message
2. 20 years of freedom
3. Social Spending Impact
4. Social grants



1. Improving primary health care
2. Job creation initiatives
3. Where the money comes from
4. How it will be spent

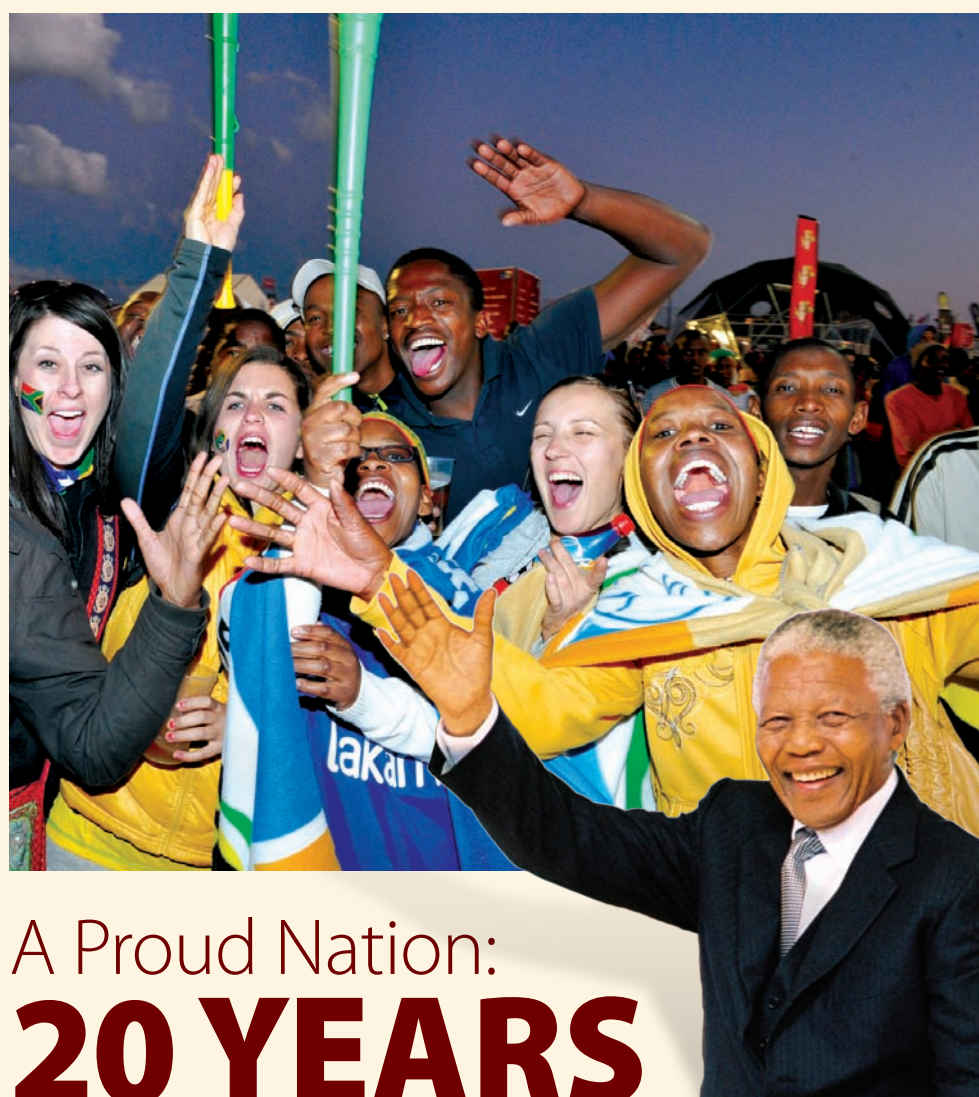


1. Tax relief for individuals
2. Boost for small businesses
3. Saving plans tax breaks
4. Excise duties to rise

DID YOU FIND THIS PUBLICATION INFORMATIVE?
SMS Yes or No to **44112**
50c per sms

A portrait of a middle-aged man with a receding hairline, wearing glasses, a white dress shirt, and a red and black striped tie. He is seated at a dark wooden desk, with his right arm resting on the desk surface. The background features a plaid curtain and a green plant.

We provide more money for building houses, upgrading of roads and improving the quality of health care and the facilities (clinics and hospitals) in which such care is provided.



The South African economy has transformed over the past two decades. Despite the significant problems we continue to face, South Africa is today a wealthier society, with greater access to economic opportunity and reduced levels of poverty:

LITERACY

In 1996, 19.1 per cent of adults had received no schooling. In 2011 this number went down to 8.7 per cent.

SANITATION

The number of households with access to a flush or chemical toilets almost doubled from 4.6 million in 1996 to over 9 million in 2011.

ACCESS TO WATER

The number of households with access to piped water has increased from 9.1 million in 1996 to 13.2 million in 2011.

CHILD MORTALITY

The rate at which children under 5 years die has dropped from 68 per 1000 births in 2000 to 41 in 2012.

HOUSES

Between 1994 and 2013, government built over 2.7 million houses.

INFANT MORTALITY

The rate at which children under the age of 1 year die has dropped from 45 per 1000 live births in 1994 to 33 in 2012.

HIV/AIDS

South Africa runs the world's largest antiretroviral programme, with over 500 000 new patients put on ARVs annually.

Social spending protects low-income households and is a tool to alleviate poverty.

Government will rebuild 433 schools in the next 3 years. 60 per cent of schools do not charge fees and in 2014, 8.8 million learners will have access to free education.

6 metros have been targeted for a new grant of R300 million per year to build their capacity to plan for integrated human settlements. Government has set aside R899.2 million in 2014/15 for provinces to upgrade sanitation infrastructure.

The money spent on clinics, hospitals and community facilities will increase to R9.4 billion in the 2016/17 year from R9 billion in 2012/13. Priority will be on refurbishing clinics and hospitals.

Over the next 2 years,
R1.9 billion will be spent on
eradicating the bucket system
and R15.4 billion is for regional
bulk infrastructure over 3 years.

SOCIAL GRANTS

The social assistance programme is government's most direct means of combating poverty. Over the past decade, the number of social grant

beneficiaries has doubled from 7.7 million in 2003/04 to 15.8 million in 2013/14. Increases in social grant values will be as follows.

	2013/14	2014/15
STATE OLD AGE GRANT	1 265	1 350
STATE OLD AGE GRANT, OVER 75s	1 285	1 370
WAR VETERANS GRANT	1 285	1 370
DISABILITY GRANT	1 265	1 350
FOSTER CARE GRANT	800	830
CARE DEPENDENCY GRANT	1 265	1 350
CHILD SUPPORT GRANT	295	315

JOB CREATION INITIATIVES

GOVERNMENT SUPPORTS EMPLOYMENT THROUGH VARIOUS INTERVENTIONS:

EXPANDED PUBLIC WORKS PROGRAMME

Since its launch in 2004, this programme has created more than 5 million mostly short-term and part-time jobs. The next phase should create 6 million jobs.

COMMUNITY WORK PROGRAMME

This programme guarantees participants 2 days of work a week, or 8 days a month, with a strong focus on generating local economic activity.

EMPLOYMENT TAX INCENTIVE

Launched in January 2014, the incentive subsidises the salaries of newly recruited 18 to 29 year old workers.

NATIONAL YOUTH SERVICE PROGRAMME

The programme trains youth to be artisans for the built environment.



IMPROVING THE QUALITY OF PRIMARY HEALTH CARE

The government provides primary health care free of charge and other health services at subsidised rates for poor South Africans. Over the next three years, government will:

- 1 Spend R77 billion on primary health care services and R240 billion on public hospitals.
- 2 Launch the Office of Health Standards Compliance in 2014/15 as an independent public entity responsible for inspecting health facilities.
- 3 Allocate R600 million for the introduction of the new Human Papilloma Virus (HPV) vaccine, which prevents cancer of the cervix.

4 Allocate a further R1 billion for the HIV and AIDS conditional grant in 2016/17 to continue the rollout of antiretroviral treatment. A total of 2.5 million people are currently under treatment, and 500 000 new patients are expected to join the programme each year.

5 Accelerate the provision of infrastructure in the pilot districts for the National Health Insurance and contracting general practitioners. R19.3 billion will be for refurbishing clinics and hospitals and R1.2 billion for contracts of general practitioners.



WHERE THE MONEY COMES FROM

TAX REVENUE	2014/15	%
PERSONAL INCOME TAX	335,9 BN	33,8
CORPORATE INCOME TAX	198,9 BN	20,0
VAT	267,2 BN	26,9
CUSTOMS AND EXCISE DUTIES	81,4 BN	8,2
FUEL LEVIES	47,5 BN	4,8
OTHER	62,7 BN	6,3
TOTAL	993,7 BN	100,0

HOW MUCH WE BORROW/PAY BACK

South Africa raises revenue through taxes. If the revenue collected is less than planned expenditure, the government borrows the difference.

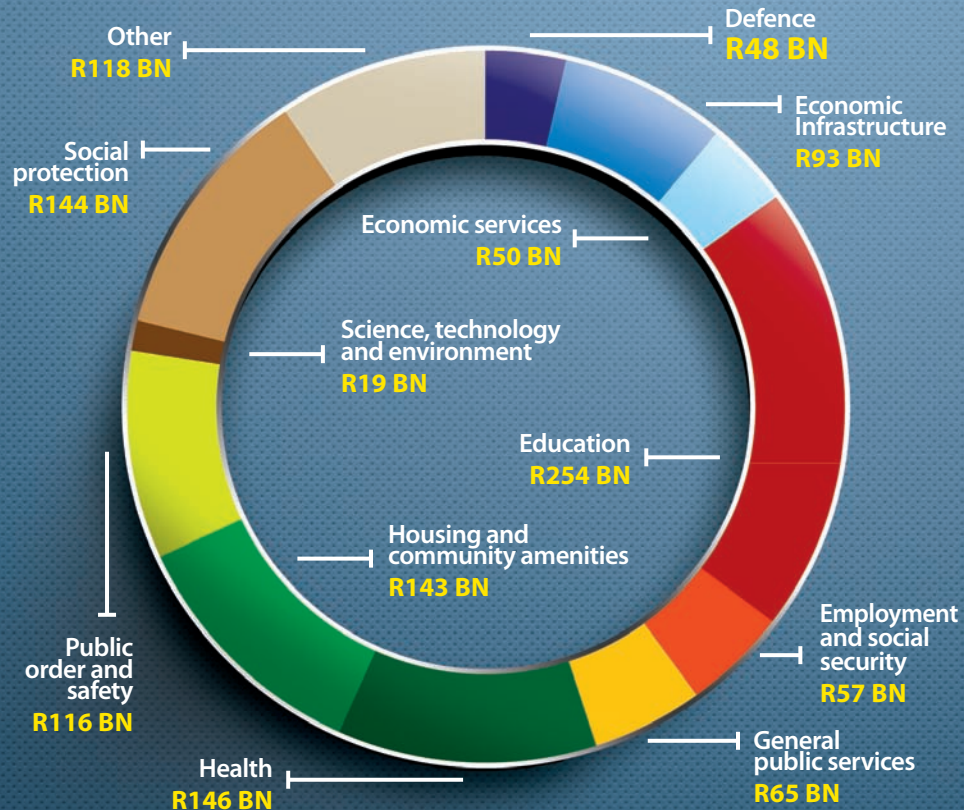
For the 2014/15 year, government estimates tax collections to be R1.099 trillion while expenditure is estimated at R1.25 trillion. Government will have to borrow R153.1 billion from investors both locally and abroad by issuing bonds. Due to weak tax revenue, government debt has increased from R5.26 billion in 2008/09 to R1.6 trillion by the

end of 2014/15.

Debt service costs have increased substantially from R54.4 billion in 2008/09 and will reach R139.2 billion by 2016/17. This increasing debt burden means more money is being spent on servicing debt instead of financing priority projects such as infrastructure, education, health and job-creation initiatives.

Government is cognisant of the risks associated with accumulated debt and would like departments to work more efficiently with public funds and reduce wastage.

HOW IT WILL BE SPENT



The amount an individual can earn before they are required to pay tax has been raised for the tax year that runs from 1 March 2014 to 28 February 2015 as follows:

The rebate (the reduction in the tax you have to pay) for individual taxpayers has also gone up as follows:

A close-up photograph of a young woman with her hair in braids, smiling as she operates a white Singer sewing machine. She is wearing a black and white striped shirt. The background shows a workshop setting with various boxes and equipment.

Tax payable for the tax year ending 28 February 2015

TAXABLE INCOME OF INDIVIDUALS (R)	TAX PAYABLE (R)
0 to 174 550	18% of taxable income
174 551 to 272 700	31 419 + 25% of taxable income above 174 550
272 701 to 377 450	55 957 + 30% of taxable income above 272 700
377 451 to 528 000	87 382 + 35% of taxable income above 377 450
528 001 to 673 100	140 074 + 38% of taxable income above 528 000
673 101 and above	195 212 + 40% of taxable income above 673 100
Trusts other than special trusts	Rate of Tax: 40%

Excise duties on alcoholic beverages (especially beer, sparkling wine and spirits) will increase by between 6.2 and 12 per cent. There is no rise in the excise duty on traditional African beer or beer powder. The rises in excise duties are as follows:

	INCREASES BY:
Malt beer	9c per 340ml can
Unfortified wine	13c per 750ml bottle
Fortified wine	27c per 750ml bottle
Sparkling wine	62c per 750ml bottle
Ciders and alcoholic fruit beverages	9c per 330ml bottle
Spirits	R4.76 per 750ml bottle
Cigarettes	68c per packet of 20
Cigarette tobacco	87c per 50g
Pipe tobacco	9c per 25g
Cigars	R5.11 per 23g

Small business corporations are taxed at progressive tax rates. This relief does not address tax compliance costs and only benefits profitable businesses. The Davis Tax Committee recommends replacing the current progressive tax rate structure with a tax compliance tax rebate for tax compliant small and medium businesses.

A further recommendation by the committee is to retain the turnover tax for micro businesses. It however recommends that the level of turnover taxable at a zero tax rate be increased and that the maximum tax rate be reduced from 6 to 5 per cent.

Public consultation on these recommendations will commence shortly.

TAX BREAKS FOR SAVING PLANS

To encourage individuals to save in tax-preferred savings accounts, tax exemptions for interest, dividends and capital gains will be granted for investments of not more than R30 000 per annum per individual.

Investments in bank deposits, collective investment schemes, exchange traded funds and retail savings bonds will be allowed to be offered in these savings

accounts by banks, asset managers, life insurers and brokers. Further details will be available over the course of the next 12 months.

Lump sum payments from retirement funds are taxed using different tax tables from those that apply to other taxable income. The rates for these lump sums are to be adjusted to limit instances where lower income

taxpayers are required to pay tax on lump sums even though they did not benefit from a deduction for contributions to the retirement fund because their taxable income was below the tax threshold.

The adjustments will have the effect that a lump sum payable on retirement will be tax free if the amount is R500 000 or less.

INCREASES IN FUEL LEVIES

The general fuel levy and the Road Accident Fund levy will increase by 12c per litre and 8c per litre respectively as from 2 April 2014. This will push up the general fuel levy on petrol to R2.25 per litre of petrol and to R2.10 per litre of diesel.

DID YOU FIND THIS?
PUBLICATION INFORMATIVE •

SMS YES OR NO TO

44112
50c per sms