ANNUAL BUDGET SPEECH 2021/22

Highlights: Tax Proposals via National Treasury

Introduction: what is in the budget

Every year, the Finance Minister delivers the budget speech to South Africans. It is a time when everyone looks forward to hearing about the government’s plans for the coming year. This year, there are several tax proposals that have been suggested. Some of these proposals are aimed at increasing revenue, while others are designed to benefit specific groups of people. In this section, we will discuss some of the key tax proposals that were announced in the budget speech.

Tax Roles

The tax roles in South Africa include different types of taxes such as personal income tax, corporate income tax, and consumption tax. Each type of tax has its own set of rules and regulations, and the amount of tax that is payable depends on the individual’s income level and other factors.

Personal Income Tax

The personal income tax is a tax imposed on individuals based on their income. The tax rate schedule is determined by the government and is based on the individual’s income bracket. The tax rate schedule is as follows:

- For income up to R350,000, the tax rate is 18%.
- For income between R350,000 and R500,000, the tax rate is 26%.
- For income between R500,000 and R700,000, the tax rate is 33%.
- For income above R700,000, the tax rate is 39%.

Corporate Income Tax

The corporate income tax is a tax imposed on companies based on their profits. The tax rate schedule is determined by the government and is based on the company’s profits. The tax rate schedule is as follows:

- For profits up to R300,000, the tax rate is 10%.
- For profits between R300,000 and R500,000, the tax rate is 14%.
- For profits between R500,000 and R700,000, the tax rate is 18%.
- For profits above R700,000, the tax rate is 28%.

Medical Aid Tax Credits

Medical aid tax credits are available to individuals who pay settlements for medical aid schemes. The tax credit is equal to 50% of the settlements paid for medical aid, up to a maximum of R3,000 per year. The tax credit is also available to medical practitioners, dentists, optometrists, and veterinary surgeons who pay settlements for medical aid.

Substance Abuse

The government has introduced a new tax on tobacco and alcohol products to combat substance abuse. The tax on tobacco products is as follows:

- For cigarettes, the tax is R14 per 20 cigarettes.
- For other tobacco products, the tax is R2 per gram.

The tax on alcohol products is as follows:

- For spirits, the tax is R26 per 750ml bottle.
- For beer, the tax is R2.73 per litre.
- For wine, the tax is R8.199 per 340ml can.

Fuel and Carbon Tax Levies

The government has introduced a new fuel and carbon tax to combat climate change. The tax is applicable to all fuel products and will be used to fund climate change initiatives, which will help reduce greenhouse gas emissions and protect the environment.

Social Grants

The government has announced an increase in social grants for the coming year. The increases are as follows:

- Child Support Grant: R345.00
- Foster Care Grant: R420.00
- Child Dependency Grant: R445.00
- Old Age Grant: R1,890.00

Further information about the budget speech can be found on the National Treasury website.