

# No tax increases this year, among other surprise announcements

By  Katja Hamilton

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Finance Minister, Enoch Godongwana delivered his maiden #Budget2022 speech today.



@TreasuryRSA/Twitter

In a bid to keep money in South Africans' pockets Godongwana made the following **surprise announcements**:

- \* There will be no tax increases this year, no increase on the fuel levy or to the Road Accident Fund levy. This brings the total sum in tax relief for South Africans to R5.2bn.
- \* There will, however be a carbon tax added to petrol and diesel which will increase incrementally per year from now until December 2025. The amount will be anything from 1 to 9c a litre of petrol, and 10c for a litre of diesel.
- \* Significant industry-specific tax-free emissions allowances will eventually fall away by 2030. Godongwana warned businesses to start developing their Net Zero business plans, if they hadn't already. "If they don't, they stand to face my high carbon taxes, to have their bottomlines in exports negatively impacted and their competitiveness reduced," Godongwana said
- \* Furthermore, there will be a whopping 1.5% increase on sin taxes. A 340ml can of beer will cost 11c more, a 750ml bottle of sparkling wine 76c more and a packet of cigarettes R1.03 more. A tax will be added to vaping solutions and to beer powders. Details of this will be revealed soon.

## The key take-outs include:

- \* A major look at debt-burden reduction services in SA. The budget allocation to address this has been upped from R4.3tn to R5.4tn
- \* The National Treasury aims to lower the fiscal debt which currently accounts for 57% of the 2021 GDP to 42% of the GDP by 2024/25.
- \* a "tough-love" approach to State-owned companies, with some needing to be consolidated or closed down altogether. R136bn will be earmarked to pay off Eskom's debt, with subsequent lower annual debt-reductions allocated in subsequent annual budgets for this purpose. To this end, R38bn has been allocated for 2025/26.
- " The National Treasury is set to pay off distress debt in an equitable and fair manner for all stakeholders," Godongwana said.

\* The amendment of the Electricity Regulatory Act of 2006

## **In line with the Economic Reconstruction and Recovery Plan:**

\* As part of the government's Economic Reconstruction and Recovery Plan, the National Treasury has allocated R17.5bn in the medium term for construction projects including the upgrade and construction of non-tolled roads, bridges, hospitals and clinics. (R2.1bn has been allocated to the building of the Clanwilliam Dam.)

\* Details of the new Business Bounce Back Scheme to be released in April 2022.

\* R76bn has been allocated to job-creation programmes

\* R32bn to bursary students at tertiary institutions

\* R24.6bn to a salary compensation fund for teachers.

\* Personal Income annual tax thresholds for those under 65 years will increase from R87,300 to R91,200.

\* The Department of Social Development has been allocated R58.6bn for the medium term.

\* There will be a new Child Support Grant for orphans.

\* R44bn has been allocated to Social Distress Grants.

\* R15.6bn has been allocated to Provincial Health departments.

\* To address corruption: money laundering will be addressed by the Finance Action Task Force.

Here is the Finance Minister's [full speech](#).

## ABOUT KATJA HAMILTON

Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

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