

Budget in a nutshell

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Minister of Finance PravinGordhan.

Cape Town - Finance Minister PravinGordhan clearly did not want to rock the boat in the rather conservative 2012/13 budget he unveiled in parliament on Wednesday.

Most South Africans - as well as the business community and financial markets - should be pleased with a budget which takes the National Development Plan as its point of departure, and included tax relief of R7bn for individual tax payers in a challenging economic environment.

The highlights in a nutshell include:

Budget deficit

The deficit is estimated higher, at 5.2% of gross domestic product (GDP) in 2012/13 (shortfall of R16.3bn). It is budgeted to come down to 4.6% in 2013/14 and 3.1% in 2015/16.

Growth and inflation

Economic growth has been adjusted slightly downward from last year's budget with estimated figures of 2.7% in 2013, 3.5% in 2014 and 3.8% in 2015.

Consumer inflation is expected to be stable at 5.7% in 2013, slowing to 5.5% in 2015.

Debt and loan service costs

Net loan debt is projected to reach 38.6% in 2013/14, and stabilise at just higher than 40% towards 2016. Debt service costs are expected to stabilise at 2.8% of GDP in 2012/13.

Revenue and spending

Total spending in 2013/14 is seen at R1149.4bn or 32.6% of GDP, and total revenue at R985.7bn or 28.0% of GDP.

Personal tax

Individual tax payers will start paying tax at an annual income of R67 111 (R63 556 last year) for people below 65, R104 611 (R99 056) for persons 65 to 74 and R117 111 (R110 889) for persons over 75.

Individuals whose taxable income is only from a single employer and does not exceed R250 000 for the 2012/13 tax year are not required to submit tax returns.

Sin taxes

Excise duties on alcohol and tobacco products will go up between 5% and 10%. A packet of 20 cigarettes will cost 60c more and a 340 ml can of beer 7.5c more.

Fuel and environmental taxes

The general fuel levy will rise by 15c per litre to R2.13 on April 3 2013, and the Road Accident Fund levy by 8c/l to 96c/l of petrol.

The levy on plastic shopping bags will rise from 4c to 6c per bag from April 1 2013.

Social grants

The most important grants have all been raised by between 4% and 5%.

The old age grant will now be R1 260 per month and R1 280 for people over 75. The disability grant will now be R1 260, foster care R800, care dependency R1 260 and child support R290.

Medical schemes

Monthly tax credits for medical scheme contributions (reduction of tax payable) will be increased from R230 to R242 for the first two beneficiaries on a medical scheme, and from R154 to R162 for each additional beneficiary on the medical scheme for R2013/14.

Pension fund money

Proposals are considered which would require retirement funds to transfer members' balances into a preservation fund when they change their employer.

Youth employment

A youth employment tax incentive aimed at encouraging firms to employ young workers will be tabled for consideration by parliament.

Infrastructure

Government will over the next three years invest R827bn into building new and upgrading existing infrastructure.