

## Media Releases 2009

### Media Statement by the Minister of Finance, Mr. Trevor A. Manuel, MP, on the Preliminary Revenue Results for the Fiscal Year 2008/2009

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**PRETORIA, 1 APRIL 2009** – The South African Revenue Service (SARS) collected R625.57 billion by midnight on Tuesday 31 March 2009. The preliminary result is 0.34% below the revised February 2009 Budget estimate of R627.69 billion. This represents a 9.2% growth in revenue collection over 2008.

In anticipation of the economic downturn, the revenue target was adjusted downwards in February from R642.27 billion to R627.69 billion. The current conditions resulted in a collection of R625.57 billion or 99.66% of the target.

#### The preliminary outcome of revenue results for 2008/09—

- **Revenue collected: R625.57b (99.66%)**
- **Revised revenue estimate (February 2009) : R627.69b**
  - **Shortfall: R2.12b (0.34%)**
- **Feb 2008 Printed estimate: R642.27b**
  - **Shortfall R16.70b**
- **Revised Budget deficit figure: 1.2% (previous estimate 1.0%)**
- **Revised tax-to-GDP ratio: 27.2% (previous estimate 27.2%)**

The main contributors to total revenue were company income tax (R165.23b), personal income tax (R197.07b) and VAT (R153.81b).

Import VAT and customs duty contributed to the shortfall as a result of falling trade volumes especially during the last quarter of the fiscal year. A key factor was a 10% decline in automotive goods and parts which make up 19% of monthly imports.

This result was achieved in a climate of rapidly deteriorating global economic conditions and is therefore testimony to the relative robustness of the SA economy to date. It also highlights the benefits to South Africa of our sound fiscal and monetary policy choices we made over the last 15 years.

Given the challenging economic conditions, this year SARS again engaged intensively with taxpayers to ensure they made payments on time. This included making over 1.5 million telephone calls, sending 153 000 emails and sending 178 000 SMSs to taxpayers to collect outstanding payments during March alone.

During the year under review, SARS collected R16.4 billion in outstanding debt of which R4.2 billion was collected during the last month. A total of R14 billion (about 8% of total CIT) was collected from companies as additional provisional payments [par 19 (3)] in instances where companies had underpaid. Customs deferments collected amounted to R4.2 billion.

#### Key Revenue Trends and Underlying Factors

The following are the key trends and drivers for the revenue outcome:

##### Personal Income Tax (PIT)

PIT collection of R197.07 billion was R1.93 billion below the February 2009 estimate due to job losses and lower bonuses.

##### Value-Added Tax (VAT)

VAT collection, despite being only marginally lower than the revised estimate, ended about 8% lower than the original printed estimate as a result of a slowdown in household consumption expenditure from 7% in 2007 to 2.3% in 2008.

## Company Income Tax (CIT)

Company Income Tax collection of R165.23 billion exceeded the February 2009 estimate of R162.00 billion despite a slow down in the economy with positive growth in the following sectors:

- Financial services
- Manufacturing
- Wholesale and Retail
- Mining

## Customs Duty

Customs duty collection of R22.80 billion fell below the February 2009 estimate of R23.78 billion mainly due to a decline in imports. Automotive goods and parts which constituted 19% of the total monthly imports declined by 10% on a monthly basis.

## Preliminary Summary of Results

The table below contains a preliminary view of the revenue outcome of R625.57 billion for 2008/09:

### PERFORMANCE AGAINST ESTIMATES

R'billion	Feb 2008 Estimate	Oct 2008 Estimate	Feb 2009 Estimate	2008/09 Prelim Collections
Personal Income Tax	191.05	201.00	199.00	197.07
Company Income Tax	156.47	158.92	162.00	165.23
Secondary Tax on Companies	20.00	18.20	20.00	19.68
Value-Added Tax	167.03	167.00	154.92	153.81
Specific Excise	20.00	20.50	20.42	19.68
Fuel Levy	26.43	25.50	24.48	23.89
Customs Duties	31.07	26.50	23.78	22.80
Other	29.82	24.64	23.09	23.41
<b>Total Tax Revenue</b>	<b>642.27</b>	<b>642.27</b>	<b>627.69</b>	<b>625.57</b>

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