

# 6 OTHER TAXES AND COLLECTIONS

### 10-YEAR REVIEW

#### Capital Gains Tax (CGT)

- In 1995, the Katz Commission considered the merits and demerits of a capital gains tax in South Africa. It declined to make firm recommendations because of the complexity of CGT administration and the lack of capacity of the Inland Revenue at that time. The Minister of Finance announced in his Budget Speech on 23 February 2000 that a CGT was to be introduced with effect from 1 April 2001. This implementation date was later extended to 1 October 2001.
- By the end of March 2007, a cumulative sum of R5.1 billion in revenue had been raised from CGT liability. The recovery from the global financial crisis combined with the increase in inclusion rates since March 2012 have driven the aggregate liability of CGT raised to R107.1 billion by the end of March 2017.

#### Transfer Duties

- For the period 1 March 2006 to 22 February 2011 the rates applicable to transfer duty were separated into those affecting natural persons and those affecting persons (entities other than natural persons, such as companies, close corporations and trusts).
- Transfers attributable to natural persons had three bands of taxable values:
  - Less than R500 000 at 0%;
  - Between R500 000 and R1 million at 5%;
  - Amounts greater than R1 million attracted R25 000, plus 8% of the value greater than R1 million.
- Transfer Duties attributable to persons attracted a flat 8% duty.
- From 22 February 2011 the transfer duty rates apply equally to both persons and natural persons.
- In 2008 Transfer Duties collected totalled R7.4 billion, reflecting an economic environment characterised by relatively high growth and high interest rates. The property boom cycle was at its peak, registering on average a 20% growth in property values for the period from 2000 to 2007/08. With the implementation of the National Credit Act and the onset of the global financial crisis in 2008/09, collections decreased significantly for the next six years as follows: 2009 - R4.9 billion; 2010 - R4.7 billion; 2011 - R5.3 billion; 2012 - R3.8 billion; 2013 - R4.3 billion; 2014 - R5.5 billion and 2015 - R6.7 billion.

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- Transfer Duty collections rebounded to R7.4 billion in 2015/16 and they increased further to R8.8 billion in 2016/17, albeit in an economy characterised by very low growth and marginally lower interest rates in a stagflation environment.

### **SOUTHERN AFRICAN CUSTOMS UNION (SACU)**

- The Southern African Customs Union (SACU) consists of five participating countries: Botswana, Lesotho, Namibia, Swaziland (BLNS) and South Africa.
- SACU economies grew by 4.8% in 2010 after a contraction of -0.6% realised in 2009. The region as a whole averaged 3.8% annual growth from years 2000 to 2014.
- The global financial crisis of 2008/09 led to a slowdown in customs revenue and SACU member states were faced with a major reduction of revenue shares based on a year-on-year analysis. The reclassification of the imported component of fuel levy led to a large fall in the customs revenue.