Tax Statistics 2022

HIGHLIGHTS

25 YEARS ANNIVERSARY 1997 - 2022
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REPUBLIC OF SOUTH AFRICA

SARS
South African Revenue Service

The 2022 Tax Statistics publication is compiled with the latest available data from the South African Revenue Service (SARS) and National Treasury. Some of the data may be incomplete and subject to revision in later editions.

Published by National Treasury and SARS
March 2023

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FOREWORD

South African Revenue Service (SARS) is celebrating its silver jubilee after it was formally established on 01 October 1997, following the commencement of the South African Revenue Service Act No.34 of 1997. This legislation established an administratively autonomous SARS in 1997, giving SARS a clear mandate to collect all revenues due, ensure optimal compliance by taxpayers and facilitate trade, as well as protect the economy. Over the past 25 years, tax collections increased from R147.3 billion in 1996 to R1 563.8 billion in 2021/22, at a compounded annual growth rate of 9.9% and an average tax-to-GDP ratio of 22.2%. Since 1997, SARS has collected R17.8 trillion for the country's social and economic development. SARS is on course to further improve its revenue performance in alignment with its Vision 2024 and Strategic Intent of improving Voluntary Compliance.

Tax revenues continue to fund the most significant portion of government expenditure, ensuring all the money due to the fiscus is collected, as highlighted in this 15th edition of the Tax Statistics publication.

The 2021 Budget was framed by two policy objectives, promoting economic recovery and returning public finances to a sustainable position. Tax revenue strengthened in 2021 on the back of a strong trade and economic recovery, however, structural constraints continue to reduce potential economic growth and remained an impediment to the recovery of tax revenue.

The economic recovery from the pandemic differs from previous negative exogenous shocks to the economy. After the 2008/09 global financial crisis, it was several years before tax revenue collections recovered to pre-crisis levels as a proportion of income and consumption. Tax resiliency in the post-pandemic recovery has been far stronger, potentially due to the artificial nature of the downturn through lockdowns and enforced restrictions on activity, rather than damage inflicted by an economic or financial recession. Elevated commodity prices supported corporate income and profits with tax revenue benefitting from increases in the prices of exports relative to imports. Taxes on personal income were supported by a recovery in earnings and domestic value-added tax collections grew significantly as household consumption was supported by stronger earnings and lower-than pre-COVID-19 interest rates.

Given strong recovery from the magnitude of the pandemic shock on economic activity, tax revenue over the four quarters ending 31 March 2022 increased by R314.1 billion or 25.1%, compared to the COVID-19 pandemic levels noted in the previous year. The recovery in tax revenue was noticeable across all tax types, but especially for corporate income tax mainly due to the escalation in commodity prices, as well as domestic taxes on goods and services, that were most impacted on by the institution of the pandemic lockdown measures. The economy recovered more quickly than anticipated as South Africa emerged from the shadow of the COVID-19 pandemic. The pace of the recovery in economic activities and hence tax revenue, were revised upwards in the mid-year Medium Term Budget Policy Statement (MTBPS) in October 2021 and again in February in the 2022 Budget.

A surplus in tax revenue of R198.6 billion or 14.6% against the printed 2021 Budget estimate, R78.4 billion against the 2021 MTBPS, and R16.7 billion against the revised 2022 Budget estimate, attested to the resilience in the recovery of the economy and tax revenue. The medium-term outlook has improved since the February 2021 Budget forecast, largely driven by supportive global conditions.

Nevertheless, risks to the outlook remain elevated, reflecting continued uncertainty in both the global and domestic economy. Global inflation is elevated, and its trajectory is uncertain due to a combination of high energy prices induced by supply constraints. The continued global hikes in interest rates are slowing down real economic growth.

The surplus in tax revenue collections was further supported by the continuous efforts by SARS to improve the efficiency in tax revenue administration through targeted strategic enforcement interventions to achieve higher taxpayer compliance levels. SARS has intensified its work to counter criminal and illicit activities. A review of all businesses that received payments from national and provincial government over the past five years was intensified. The ongoing review has revealed a number of cases of non-compliance and enabled SARS to register businesses that were not previously in the tax base, while boosting revenue collections. These efforts reflect the gains from the use of third party data and the positive impact achieved from collaboration with other government entities.

These administrative efficiencies were achieved through implementation of SARS Vision 2024 to build a smart and modern SARS with unquestionable integrity, trusted and admired. Tax proposals announced in the 2021 Budget aimed to support economic growth and included above inflation increases in personal income tax brackets, funded by the increase in excise duties on alcohol and tobacco. A tax-to-GDP ratio of 24.9% was achieved, higher than the 22.3% % ratio recorded in the prior year. The buoyancy ratio or performance of tax revenue relative to the performance of the economy of 2.1 evidences the responsiveness of the tax system of South Africa to short-term fluctuations in economic activities.

The use of tax and customs administration data for improved policy formulation is crucial. There is no doubt that the effective use of tax data can increase compliance levels, enhance revenue collection, and assist in the identification of new revenue opportunities. Furthermore, effective use of tax data provides opportunities to grow the tax base, and make it easy and simple for taxpayer and traders to comply with their obligations. The recognition of the potential use of data generated through tax and trade administrative activities has led to increased interest by international bodies such as the African Tax Administration Forum (ATAF), the International Centre for Tax and Development (ICTD), the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD) and the United Nations University's World Institute for Development Economics Research (UNU-WIDER). SARS participates in the African Tax Outlook (ATO) and the Revenue Statistics in Africa publications.

This publication also illustrates that the role of SARS is not limited to the domestic economy, but also extends to neighbouring countries through the Southern African Customs Union (SACU), which includes Botswana, Eswatini, Lesotho, Namibia (BELN) and South Africa. A SACU Agreement has been established within which goods that are grown, produced or manufactured therein, on importation from one of the member states to another, are free of customs duties and quantitative restrictions.

SARS and National Treasury are committed to continuous improvement of the Tax Statistics publication and encourage feedback and engagements.

Edward Kieswetter
Commissioner: South African Revenue Service

Ismail Momoniat
Acting Director-General: National Treasury

ABOUT THIS PUBLICATION

The 2022 edition of the Tax Statistics publication provides an overview of tax revenue collections and tax return information for the 2018 to 2021 tax years as well as the 2017/18 to 2021/22 fiscal years.

The objective of this publication is to present comprehensive tax revenue data in a manner that will complement and help contextualise economic and demographic data provided by other publications. It contains more detailed and varied tax revenue data that complements publications such as the National Treasury's Budget Reviews and SARS' Annual Reports. The aim is to improve and expand on the data made available in the previous Tax Statistics and to that end the 2022 edition includes the following new additions:

- Summarised PAYE tax certificate information
- Data on the distribution of assessed individual taxpayers, taxable income and tax assessed across major taxable income groups for individuals with change in residence status, by the year in which the change occurred as specified on the return.

The publication follows the same format as previous years and is set out as follows:

- *Chapter 1: Revenue Collections* provides a summary of aggregate tax revenue collection trends from 2017/18 to 2021/22.
- *Chapter 2: Personal Income Tax (PIT)* gives an overview of assessed personal income tax revenues from registered individual taxpayers. In addition, information about taxable income by income group, age, gender, municipality of residence and source of income, as well as fringe benefits, allowances and deductions is provided.
- *Chapter 3: Company Income Tax (CIT)* gives an overview of company income tax revenues. Information about taxable income by income group, sector and type of business entity as declared in the tax returns is also provided.
- *Chapter 4: Value-Added Tax (VAT)* provides a breakdown of VAT liabilities, receipts and refunds, by sector and payment category, as well as an overview of data on input and output VAT as derived from VAT returns submitted by vendors.
- *Chapter 5: Import VAT and Customs duties* provides information about the customs value of imported goods by product type, according to the Harmonised System (HS) at chapter level and tariff level, as well as Import VAT, Customs duty and Ad valorem excise duty revenues on imported goods.
- *Chapter 6: Other Taxes and Collections* provides information about taxes such as Capital Gains Tax (CGT), Transfer Duty, Diesel refunds, Mineral and Petroleum Resources Royalty (MPRR), as well as Southern African Customs Union (SACU) payments.
- The *Glossary and Index* contain definitions of terms and abbreviations as well as a list of all tables and figures in the publication.

Readers of the publication are also encouraged to use the explanatory content or guides that are published by SARS, in terms of the Tax Administration Act No. 28 of 2011. These publications are aimed at providing practical guidance on the interpretation of the law.

METHODOLOGY

- All statistics are based on the income, expenses, deductions and items as reported by taxpayers and traders in tax returns and assessment documents.
- Data has been evaluated for reasonability and any identified outliers have been excluded from these statistics.
- Nominal figures are used throughout the publication.
- Disaggregated income tax data is based on assessed PIT and CIT returns as extracted from SARS' systems at the end of August 2022. Given the time delay in the submission of tax returns by some taxpayers, and the time taken to assess such returns, statistics for recent years tend to be less complete than those of earlier years.
- Given the time-lag between the close of a tax year and the filing of returns for that tax year, an estimate is applied to determine the proportion of expected tax returns to be filed for a specific tax year. More detail about how this estimate is determined is provided in Chapters 2 and 3 that address PIT and CIT, respectively.
- Declarations data for Import VAT and Customs Duties in this document, mainly discussed in Chapter 5, was extracted as at end of August 2022.
- Information about the sector (industry) in which taxpayers operate is drawn from taxpayer returns and is determined according to their main source of income. Trade classification data is based on the classification as declared by traders and is based on the Harmonised System.
- Figures have been rounded, therefore discrepancies may occur between the numbers of the component items and the totals in the tables.
- A hyphen ("-") in the tables represents zero while a zero symbol ("0") indicates the rounding of a numerical value that is greater than 0 and less than 0.5.
- The tax year for individuals starts on 1 March and finishes at the end of February the following year. The tax year for companies coincides with the financial year of the company for financial reporting purposes.
- A distinction is made between a tax year and a fiscal year. The former is shown as a single year (e.g. 2018) while the latter is displayed with a forward slash (e.g. 2021/22).
- Tables numbered with an "A" (e.g. *Table A1.1.1*) are included at the end of the relevant chapter.

A full electronic version of this publication (including the Excel tables) is available for download on the websites of the South African Revenue Service (SARS) https://www.sars.gov.za/about/sas-tax-and-customs-system/tax-statistics/ and that of National Treasury http://www.treasury.gov.za/publications/tax%20statistics/default.aspx

For the 2021/22 fiscal year

Revenue collected during the 2021/22 fiscal year:

R1 563.8 billion

25.1%

Higher by **R314.0 billion** against 2020/21

6.5%

GROW

Compound annual growth rate (CAGR) achieved for 2017/18 to 2021/22

Composition of main sources of tax revenue

	PIT	VAT	CIT	OTHER
2017/18	38.1%	24.5%	18.1%	19.3%
2021/22	35.5%	25.0%	20.7%	18.8%

Figures have been rounded therefore discrepancies may occur between the numbers of the component items and totals in the tables

The value of payments at banks **reduced** over the past 5 years:

23.6% BANK 2017/18 → 21.9% BANK 2021/22

COUNT PER PAYMENT CHANNELS

- 0.1%
- BANK 42.0%
- eFILING 57.9%

Cost of revenue collection

2017/18	2021/22
0.89%	0.72%

TOTAL TAX RELIEF

provided to taxpayers between 2017/18 and 2021/22

R79.0 BILLION

CHAPTER 1: REVENUE COLLECTION

- This chapter provides a summary of aggregate revenue collection trends for the period 2017/18 to 2021/22.

In the 2021/22 fiscal year:

- Tax revenue collected amounted to R1 563.8 billion, an annual increase of R314.0 billion (25.1%).
- Personal Income Tax (PIT) remains the largest contributor to tax revenue with contribution share of 35.5%.
- The tax-to-GDP ratio showed an increase from 23.8% in 2019/20 to 24.9% in 2021/22;
- The cost ratio of revenue collection decreased from 0.89% in 2017/18 to 0.72% in 2021/22.
- The number of individuals registered for Income tax increased to 24.8 million in 2021/22 from 23.8 million in 2019/20. This represents a year-on-year growth of 4.1%.

The South African Revenue Service (SARS) is the country's tax collecting authority. Established in terms of the South African Revenue Service Act 34 of 1997 as an autonomous agency, SARS is responsible for administering the South African tax system and customs service. SARS is expected to secure the efficient, effective and widest possible enforcement of relevant legislation; to advise the Minister of Finance on all matters concerning revenue; and advise the Minister of Trade, Industry and Competition on matters concerning the control over the import, export, manufacture, movement, storage or use of certain goods.

In line with the strategic intention of increasing voluntary compliance SARS continues to broaden the tax base and expand the personal income tax register by providing bulk registration at places of employment and providing an online facility that enables employers to register staff when submitting their monthly Pay-As-You-Earn (PAYE) returns.

The growth of the tax register is influenced by socio-economic conditions, tax policy developments and effective tax administration. *Table 1.1* Illustrates the change in the SARS tax register over the period 31st March 2018 to 31st March 2022.

Tax register, 31 March 2018 – 31 March 2022

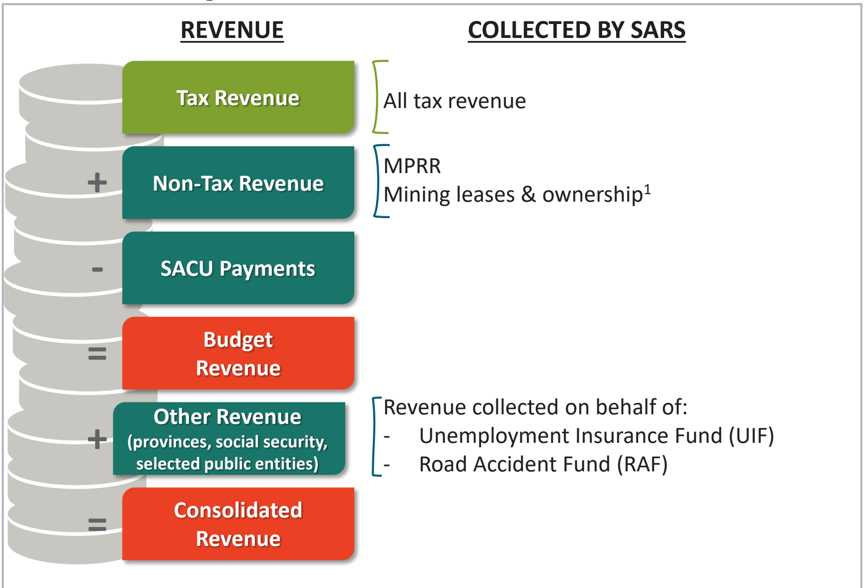
Number as at	Individuals [1, 2]	Companies (CIT) [1, 3]	Trusts [1]	Employers [1] (PAYE)	VAT Vendors [1]	Importers	Exporters
31 Mar 2018 [4]	21,104,375	3,202,007	351,564	520,918	773,783	312,241	282,243
31 Mar 2019	22,170,513	2,020,759	357,859	552,611	802,957	319,949	288,604
31 Mar 2020	22,919,701	2,548,975	363,860	582,289	831,821	329,820	297,448
31 Mar 2021	23,850,668	3,112,509	367,540	618,478	880,553	333,204	299,941
31 Mar 2022	24,832,105	3,532,646	373,084	632,599	941,406	332,970	299,793
Percentage year-on-year growth							
31 Mar 2019	5.1%	-36.9%	1.8%	6.1%	3.8%	2.5%	2.3%
31 Mar 2020	3.4%	26.1%	1.7%	5.4%	3.6%	3.1%	3.1%
31 Mar 2021	4.1%	22.1%	1.0%	6.2%	5.9%	1.0%	0.8%
31 Mar 2022	4.1%	13.5%	1.5%	2.3%	6.9%	-0.1%	0.0%

1. Excludes cases where status is in suspense, estate and address unknown.
2. The tax year for individuals starts on 1 March and ends at the end of February the following year.
3. The tax year for companies is normally the financial year of the company for financial reporting purposes.
4. Different from Annual Report due to timing difference.

National budget revenue includes all revenue streams into the fiscus, both tax revenue and non-tax revenue, less payments made to Botswana, Eswatini, Lesotho and Namibia (BELN) in terms of the Southern African Customs Union (SACU) agreement. SACU disbursements are determined according to a revenue sharing formula described in Chapter 6.

Consolidated revenue also includes revenue collected by the provinces and selected public entities, as well as social security contributions as illustrated in the figure below.

Illustration of budget revenue and consolidated revenue



1. SARS still accounts for residual amounts for Mining leases and ownership

In addition to tax revenue, SARS collects Mineral and Petroleum Resources Royalties (MPRR) as well as Mining Leases and Ownership, which are included in non-tax revenue. SARS also collects revenue on behalf of the Road Accident Fund (RAF) and the Unemployment Insurance Fund (UIF).

Total budget revenue and consolidated revenue, 2017/18 – 2021/22

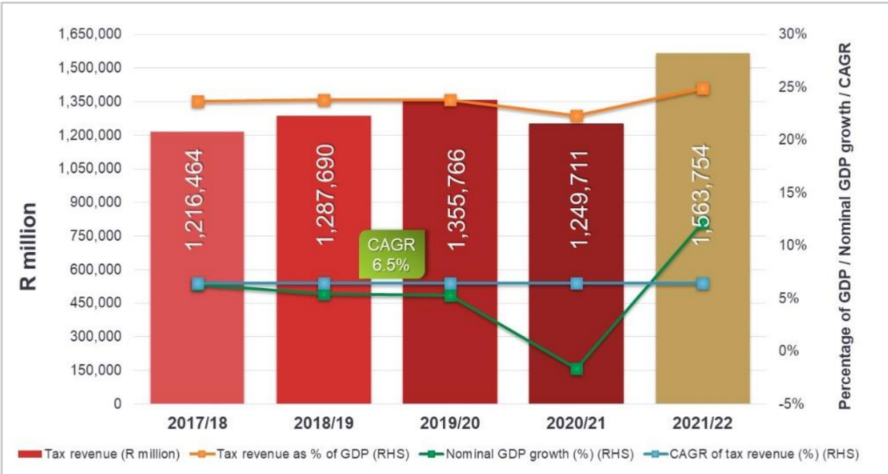
R million	Tax revenue	% of budget revenue	% of consolidated revenue	Non-tax revenue[1]	Total tax and non-tax revenue	Less: SACU payments	Budget revenue	Other[2]	Consolidated revenue	Y/Y growth
2017/18	1 216 464	101.7%	90.1%	35 849	**1 252 313**	-55 951	**1 196 362**	153 931	**1 350 293**	6.3%
2018/19	1 287 690	101.0%	89.0%	35 869	**1 323 559**	-48 289	**1 275 270**	172 382	**1 447 652**	5.9%
2019/20	1 355 766	100.7%	89.2%	40 384	**1 396 150**	-50 280	**1 345 870**	173 412	**1 519 281**	5.3%
2020/21	1 249 711	100.9%	88.9%	52 053	**1 301 765**	-63 395	**1 238 369**	167 634	**1 406 003**	-7.8%
2021/22	1 563 754	100.0%	90.1%	46 174	**1 609 928**	-45 966	**1 563 962**	172 235	**1 736 197**	25.1%

1. Includes interest, dividends, rent on land, sales of goods and services, fines and penalties, sales of capital assets, financial transactions in assets and liabilities, MPRR as well as extraordinary receipts.
2. Includes provinces, social security and selected public entities.

The part of a country's output that is collected by the government through taxes, the tax-to-GDP ratio, is an important indicator to measure the tax effort of government. It is used internationally, by among others the

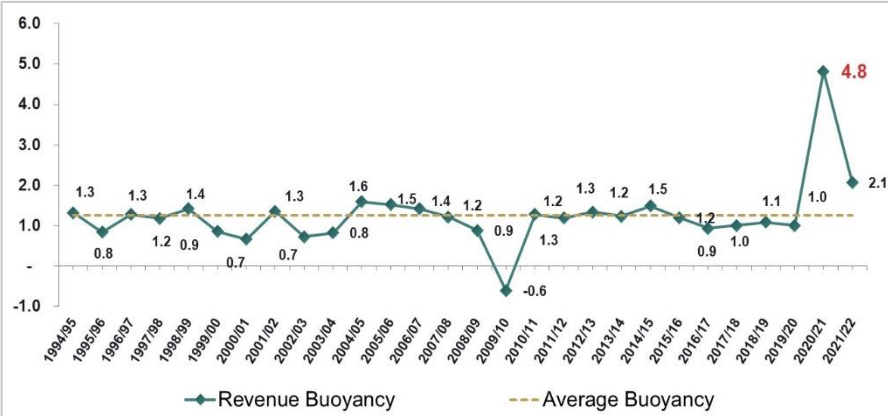
International Monetary Fund (IMF), the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the African Tax Administration Forum (ATAF), in the comparative analysis of the tax systems and economic performance of different countries.

Tax revenue collections, GDP and CAGR, 2017/18 - 2021/22



An important indicator of tax revenue performance is the tax buoyancy ratio. This indicator measures the sensitivity of tax revenues to changes in economic growth. Buoyancy of tax revenue reflects both the effect of automatic stabilisers and of discretionary fiscal policy changes. A buoyancy ratio greater than unity (1.0) over the long-term supports the sustainability of fiscal policy. Short-term buoyancy ratios fluctuate more and are the outcome of the stage of the business cycle, tax policy changes and efficiency of tax administration.

Revenue Buoyancy, 1994/95 - 2021/22

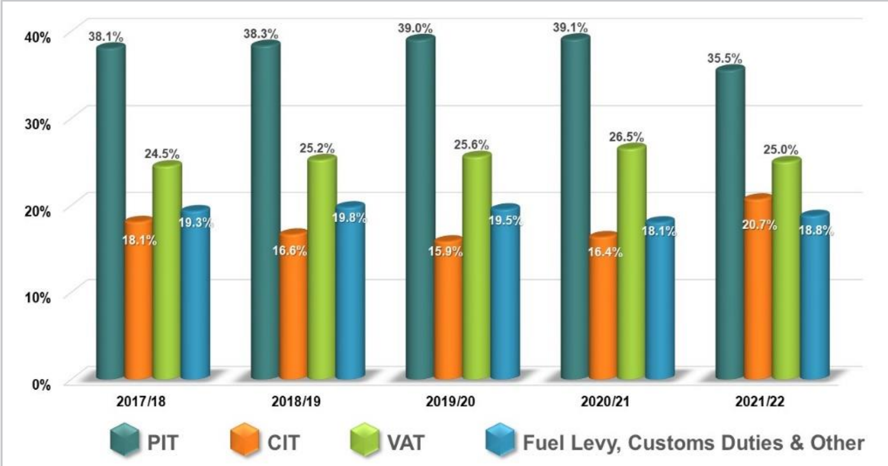


The long-term average buoyancy ratio since 1994/95 of total tax revenue to GDP is at 1.3 indicating a tax system that is highly sensitive or buoyant to changes in the economic tax base. In 2020/21 with the implementation of the COVID-19 lockdown measures, tax revenue contracted 4.8 times more than the contraction by the economy. The easing of lockdown restrictions coupled with increased global demand and higher commodity prices supported recovery in the economy which had a boost on tax revenue growth, resulting in a buoyancy ratio of 2.1 in 2021/22.

PIT, CIT and VAT account for 81.2% of the total tax revenue. The fuel levy, together with specific excise and Customs Duties, accounts for 11.9%, whilst other taxes make up the remainder of 6.9%.

Over the period 2017/18 to 2021/22 the contribution by PIT to the total tax revenue has shown a steady increase from 38.1% to 39.1% in 2020/21 and then declined to 35.5% in the year under review. The contribution of CIT to the total tax revenue has been declining over the period 2017/18 to 2020/21 and increased to 20.7% in the year under review. The contribution by VAT has decreased from 25.6% in 2019/20 to 25.0% in 2021/22.

Relative composition of main sources of tax revenue, 2016/17 - 2020/21



The Health Promotion Levy was implemented on 1 April 2018. It is a levy imposed on sugary beverages in support of the Department of Health's deliverables to decrease diabetes, obesity and other lifestyle related diseases in South Africa. Levy collections are shown in the table below.

Health Promotion levy, 2018/19 -2021/22

R million	Health promotion levy[1]	Health promotion levy on imports	Total Health promotion levy
2018/19	3195	53	**3 248**
2019/20	2446	67	**2 513**
2020/21	2046	67	**2 114**
2021/22	2182	78	**2 260**
Percentage of total			
2018/19	98.4%	1.6%	**100.0%**
2019/20	97.3%	2.7%	**100.0%**
2020/21	96.8%	3.2%	**100.0%**
2021/22	96.6%	3.4%	**100.0%**
Percentage change year-on-year			
2019/20	-23.4%	25.5%	**-22.6%**
2020/21	-16.4%	1.2%	**-15.9%**
2021/22	6.7%	15.0%	**6.9%**

1. *Levy on locally manufactured products*

The Health Promotion Levy applies to beverages with more than 4 grams of sugar content per 100ml. The levy is payable by manufacturers thereof in the Republic of South Africa (RSA), as a domestic consumption tax, and is therefore not payable on sugary beverages that are exported or processed in the manufacture of other dutiable goods. It is payable on sugary beverages manufactured in, or imported into South Africa, specifically:

- Identified imported products are taxed when they are cleared for home consumption.
- Locally manufactured products are taxed at source.

There is growing attention on increasing the efficiency of tax administrations in order to reduce costs while providing better services to citizens. The cost of tax revenue collection may be used for comparative analysis when benchmarking against administrations in other countries to measure the efficiency of revenue administrations. This ratio is calculated by dividing the cost of the internal operations of a revenue authority by total tax revenue collected over the course of a fiscal year.

This ratio does not include the non-tax revenue and social security contributions collected by SARS such as MPRR, UIF contributions and RAF levies. If these amounts are to be included in the cost of revenue collection, the cost-to-revenue ratio will be less.

SARS' cost-to-tax-revenue ratio is below the international benchmark of 1.0% for developing economies. During the past five years, the ratio has ranged between 0.89% in 2017/18 to 0.85% in 2020/21, and decreased further to 0.72% in 2021/22. A downward trend can constitute evidence of a reduction in relative costs (i.e. improved efficiency) and or improved tax compliance (i.e. improved effectiveness).

Cost of revenue collection, 2017/18 - 2021/22

R million	Tax revenue collected	Operating costs[1]	Cost of collection[2]
2017/18	1 216 464	10 795	*0.89%*
2018/19	1 287 690	10 792	*0.84%*
2019/20	1 355 766	10 841	*0.80%*
2020/21	1 249 711	10 666	*0.85%*
2021/22	1 563 754	11 242	*0.72%*

1. *Operating costs as disclosed in the Statement of Financial Performance for the controlling entity in the SARS: Own Accounts Annual Financial Statements.*
2. *Operating costs as a percentage of tax revenue.*

SARS has emerged as a world-class organisation, comparable to many leading international tax agencies that use advanced, real-time ICT systems and electronic information to enhance executive decision-making, enhance service, improve compliance and inform enforcement initiatives. SARS has continued to enhance digital platforms to empower taxpayers to easily comply with their tax obligations. These enhancements and developments within the payment channels have resulted in a reduction in the need of taxpayers to visit branch offices

Current payment methods other than branch payments are:

- *eFiling:* This requires a taxpayer to register as an eFiling client to make electronic payments using this channel; and
- *Payments at banks:* Taxpayers can either make an internet banking transfer or an over-the-counter deposit.

The eFiling payments channel constitutes the majority of payments received by SARS and accounted for 77.9% of the total value of all taxpayer payments in 2021/22. The composition of the main channels of payments is shown below.

Composition of main channels of payment (by value), 2017/18 - 2021/22

For the 2021 tax year

23.9 million

Registered Individual Taxpayers

Expected to submit returns
6.3 million
Assessed taxpayers
5.5 million

86.2%
Assessed

47.4%
Females assessed

52.6%
Males assessed

Aggregated taxable income
R1.8 trillion

Tax Liability
R338.1 billion

...of assessed individual taxpayers

43.1%
PAYE payments received from the financial intermediation, insurance sector

Of those assessed...

14.7% ...owed SARS some tax.

18.7% ...had a zero assessment.

66.3% ...received refunds.

39.5%
...were registered in Gauteng.

26.0%
...fell in the **35-44** age bracket.

Allowances and deductions:

LARGEST ALLOWANCE

Travel at **R26.0bn**
(22.5% of total allowances assessed)

LARGEST DEDUCTION

Contributions to pension, provident and retirement annuity funds at **R205.7bn**
(85.1% of all deductions granted)

LARGEST FRINGE BENEFIT

Pension, provident and retirement annuities paid on behalf of employees at
R117.3bn
(58.1% of the total fringe benefits assessed)

Municipalities

Statistics available on assessed tax for individual taxpayers for 213 local and metropolitan municipalities, using demarcation borders as available in June 2017.

Cohort across 10 consecutive years...

2012
6 359 048
Taxpayers assessed

2021
5 508 525
Taxpayers assessed

2 962 525
Taxpayers assessed for all tax years: 2012 - 2021

CHAPTER 2: PERSONAL INCOME TAX

This chapter gives an overview of Personal Income Tax (PIT) revenues of registered individual taxpayers. It also provides information on assessed individual taxpayers, taxable income and tax assessed by taxable income group, income group, sector, province, age, gender and source of income, as well as on fringe benefits, allowances and deductions.

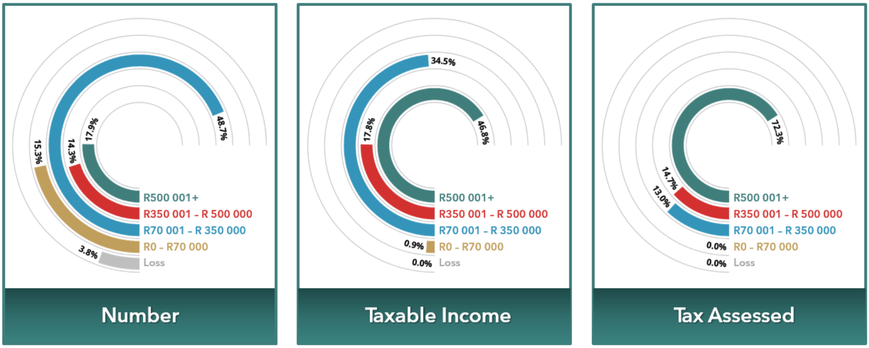
The Budget presented in February 2020 included:

- Increases of 5.2% each in the primary, secondary and tertiary rebates to R14 958, R8 199 and R2 736 respectively. This increased the minimum tax thresholds for taxpayers below the age of 65 years to R83 100, for those 65 to 74 years to R128 650 and 75 years and older to R143 850.

SARS received more than 18.3 million employees' tax certificates (IRP5s and IT3(a)s) for the 2022 tax year that could be linked to nearly 13.3 million individuals.

To track changes in the taxable income and tax liability of taxpayers over a 10-year tax period, an analysis was conducted of the taxable income and assessed tax of all taxpayers who have been assessed every year since 2012. There were 6 359 048 taxpayers assessed in 2012. Of these, 2 962 525 taxpayers (46.6%) had been assessed for each of the subsequent nine years (2013 to 2021).

Distribution of assessed individual taxpayers in taxable income group, 2021

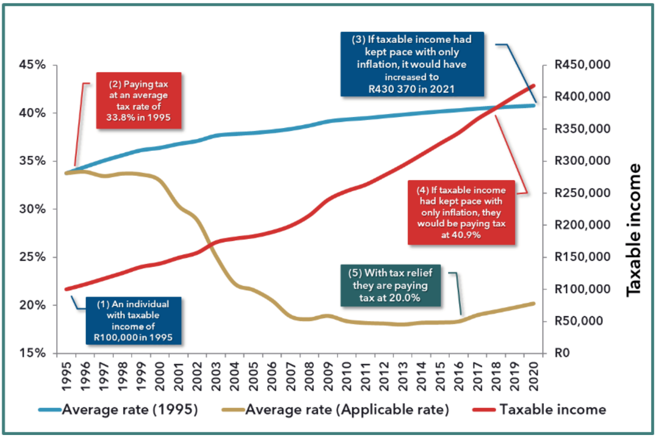


The average tax burden aggregated across all taxpayers, as indicated by the tax assessed as a percentage of taxable income, increased for the period under review from 21.3% in the 2018 tax year to 22.1% in the 2019 tax year, to 22.3% in the 2020 tax year before subsiding to 21.4% for the 2021 tax year. The extent of tax relief, including “fiscal drag / bracket creep relief”[1], is illustrated in the following example.

[1] Fiscal drag relief is the relief granted to taxpayers to neutralise the impact of inflation on effective tax rates.

Example of tax relief granted to an individual with taxable income of R100 000 in 1995

(1) An individual with taxable income of R100 000 in 1995 (2) was paying tax at an average tax rate of 33.8%. (3) If the taxpayer's taxable income had only kept pace with inflation (4) the average tax rate would have increased to 40.9% in 2021 if there had been no adjustments made to the income tax brackets. The impact of the actual income tax adjustments from 1995 for the same example (5) lowers the average tax rate to only 20.0%.



The table on the next page illustrates the distribution of income and the granting of deductions in income groups (rather than taxable income groups). The largest portion of the R241.6 billion allowed as deductions in 2021 was granted to taxpayers in the R500 000 plus income bracket. Of their income, 12.6% was granted as a deduction.

Assessed taxpayers by income group, deductions granted & taxable income, 2021

Tax year	2021			
Income group	Number of taxpayers	Income before deductions (R million)	Deductions allowed (R million)	Taxable income (R million)
<= 0	207 412	-16 714	23	-16 737
1 – 70 000	811 195	24 988	784	24 204
70 001 – 350 000	2 371 582	470 434	40 795	429 639
350 001 – 500 000	838 359	350 985	45 653	305 332
500 000 +	1 279 977	1 229 288	154 350	1 074 938
Total	**5 508 525**	**2 058 981**	**241 605**	**1 817 376**
Income group	Average income per assessed taxpayer (R)	Average deduction allowed (R)	Average taxable income per assessed taxpayer (R)	Percentage of income granted as a deduction
<= 0	-80 585	111	-80 696	0.1%
1 – 70 000	30 804	966	29 838	3.1%
70 001 – 350 000	198 363	17 201	181 161	8.7%
350 001 – 500 000	418 657	54 455	364 202	13.0%
500 000 +	960 399	120 588	839 811	12.6%
Total	**373 781**	**43 860**	**329 921**	**11.7%**

There are many taxpayers currently submitting returns who are below the compulsory submission threshold. These taxpayers are therefore not liable to submit a return but they may still elect to submit a return, possibly to recover allowed deductions. The number of returns expected to be submitted is therefore a more prudent gauge of the proportion of returns that are likely to be received by SARS.

The number of taxpayers assessed increased for the 2020 tax year partly due to the auto-assessment process expediting the finalisation of cases. The number of taxpayers decreased again in the 2021 tax year. Although this number is expected to increase as assessments are finalised, the decrease could be, amongst other reasons, due to job losses and lower wages experienced as a result of the COVID-19 pandemic.

Ceasing to be a South African tax resident, resignations, deaths, and similar changes to the status of individuals can imply permanent erosion or changes in the tax base. Expected submission counts for each tax year now include all taxpayers who have been assessed for a tax year as well as taxpayers with an “active” status who were assessed in any of the two previous years but who do not have an assessment for the tax year in question.

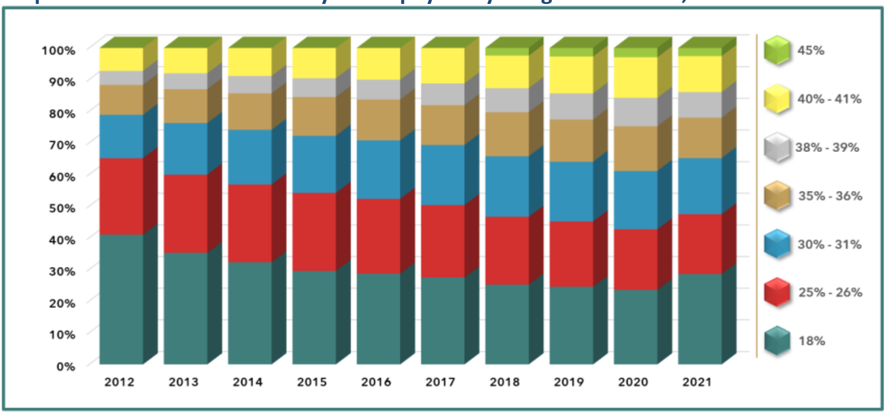
Number of individual taxpayers, 2018 – 2021

Tax year	Number of taxpayers assessed	Taxable income (R million)	Average taxable income (R)	Tax assessed (R million)	Average tax assessed (R)	Tax assessed as % of taxable income
2018	5 879 196	1 852 595	315 110	394 138	67 040	21.3%
2019	5 220 876	1 804 397	345 612	398 727	76 372	22.1%
2020	5 604 486	1 918 660	342 344	427 264	76 236	22.3%
2021	5 508 525	1 817 376	329 921	388 061	70 447	21.4%

To track the fluctuations in taxable income of taxpayers over a 10 year tax period, all taxpayers who were assessed every year since 2012, were isolated and their taxable income and assessed tax analysed.

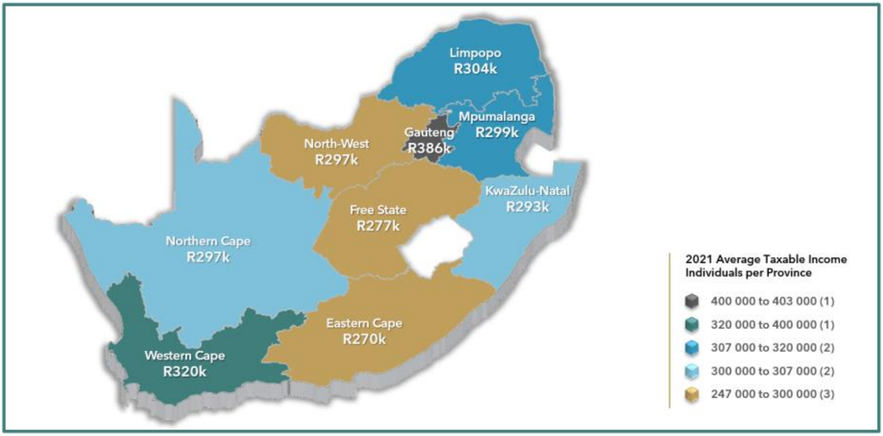
The graph below shows how taxpayers shifted across the tax brackets due to increases in taxable income.

Proportion of the 3.0 million 10 year taxpayers by marginal tax rates, 2012 - 2021



The distribution of taxpayers, taxable income and tax assessed by province and municipality, is determined using the residential address declared by taxpayers on their returns. The analysis of the assessments by municipality shows that most assessed taxpayers are based in Gauteng and they also have the highest average taxable income at R385 711 while the Eastern Cape indicates the lowest average taxable income at R269 829.

Average taxable income per assessed taxpayer by province (based on residential address), 2021



For the 2021/22 fiscal year

CIT
third largest contributor to tax revenue

2020/21	2021/22
16.4%	20.7%

1st Provisional Period	2nd Provisional Period	3rd Provisional Period
41.0%	55.0%	4.1%

Total CIT Provisional Tax Collected in 2020

Nearly 3.5 million companies on register as at March 2022

2020 tax year

1 028 832
...were assessed
(majority of remainder inactive or dormant)

156 957
...were assessed as Small Business Corporations
(using graduated tax rates as opposed to a fixed rate)

Contributions by financial year-end in tax year 2020

December	June	February
33.7%	20.6%	25.0%

Taxable income for assessed companies

- 25.4% ...reported a NEGATIVE taxable income.
- 53.2% ...reported a ZERO taxable income.
- 21.4% ...reported a POSITIVE taxable income.

Sector contributions of companies with assessed losses

Sector	Contribution
Financing, Insurance, Real Estate & Business Services	13.4%
Construction Sector	9.7%
Agencies and Other Services	6.0%

CHAPTER 3: COMPANY INCOME TAX

This chapter is an overview of Company Income Tax (CIT) revenues. It provides information on provisional payments, assessed companies taxable income and tax assessed by taxable income group, sector and assessed losses. It also provides information on Small Business Corporations (SBCs).

Analyses of Company Income Tax (CIT) returns assessed for the 2020 tax year and CIT collections for the 2021/22 fiscal year show the following:

- At 20.7%, CIT remained the third largest contributor to total tax revenue collected in 2021/22. This is above the 15.9% and 16.4% share ratios for the 2019/20 and 2020/21 financial years respectively, buoyed by the strong commodity price increases mainly from the Platinum Group Metals (PGMs) basket and the strengthening economy following the constrained impact of the COVID-19 pandemic. This contribution ratio to total tax revenue is still well below the peak of 26.7% achieved before the 2009/10 global financial crisis.
- CIT collections for the 2021/22 financial year were significantly higher compared to 2020/21 by R119.1 billion (58.3%). The year-on-year growth was mainly driven by the positive performance experienced by the major contributing sectors recording double-digit growth rates (*Mining and quarrying*; *Financial intermediation, insurance, real-estate & business services* and *Manufacturing)*.
- The *Mining and quarrying* sector continued to be resilient and was on a positive trajectory due to the robust global performance of commodity prices, particularly for the PGMs, iron ore and coal.
- The *Financial intermediation, insurance, real-estate & business services* and *Manufacturing* sectors' double-digit growth were due to the strengthening of the economy which recovered after the easing of the

lockdown measures implemented to curb the spread of COVID-19 infections during 2020 and 2021 calendar years.

- There were more than 3.5 million companies registered for CIT as at 31 March 2022, a growth of 420 137 (13.5%) compared to 31 March 2021. Of these, 1 218 911 companies were expected to submit income tax returns for the tax year 2020, and 84.4% filed and were assessed in 2020.
- Out of the 1 028 832 companies assessed as at 31 August 2022 for the tax year 2020, 21.4% declared a positive taxable income, whilst 53.2% had taxable income equal to zero and the remaining 25.4% reported an assessed loss.
- The concentrated nature of the South African economy is evident as only 371 large companies (0.2% of the companies with positive taxable income) had taxable income of more than R200 million and were liable for 57.1% of the CIT assessed.
- The *Financial intermediation, insurance, real-estate and business services* sector accounted for 246 150 (23.9%) of the assessed companies, and was liable for 39.3% of the CIT assessed, contributing the most amongst all the sectors.
- As at 31 August 2022, of the 1 028 832 companies assessed in respect of the 2020 tax year, 156 957 were assessed as Small Business Corporations (SBCs), taxed at the applicable graduated income tax rates, and the remainder taxed at either the fixed company tax rate of 28% or the graduated income tax rates for micro businesses that elected to pay only turnover tax.
- With the introduction of the rule that provisional tax payments of at least 80% of a company’s tax liability for the applicable year of assessment are payable by the end of that year, CIT collections continued to improve, with the third provisional tax payments decreasing from 12.9% from the total provisional tax collections in 2009/10 to 2.3% in 2018/19 and subsequently decreasing further to 2.2% in 2021/22.

- During 2020/21, 49.2% of the tax paid related to the 2020 tax year and 49.8% related to the 2021 tax year.

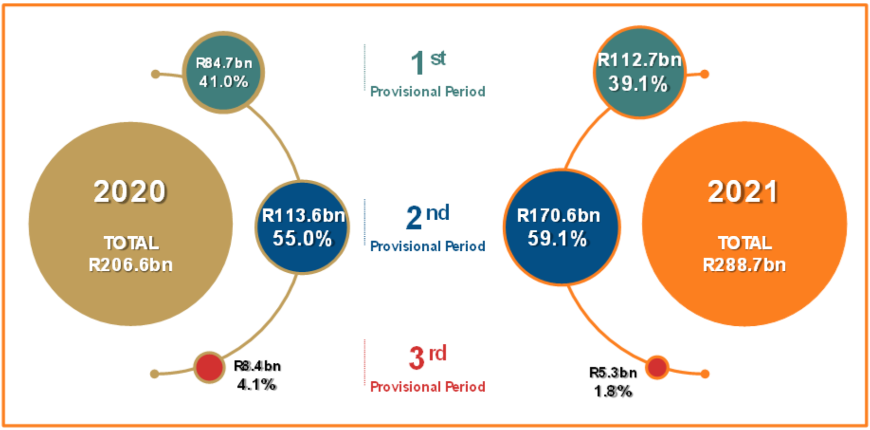
POST COVID-19 TAX RELIEF MEASURES

- The dire impact of the COVID-19 pandemic on the economy that necessitated a material downward revision to the estimated tax revenue to be collected in the 2020/21 fiscal year did not persist. CIT collected rebounded in the 2021/22 fiscal year driven by the *Mining and quarrying* sector as well as the recoveries from the COVID-19 pandemic losses in the *Financial intermediation, insurance, real-estate and business services* and *Manufacturing* sectors.
- The *Mining and quarrying* sector continued to be resilient and remained on a positive trajectory due to the robust global performance of commodity prices, particularly for the PGMs, iron ore and coal.
- The recovery of the *Financial intermediation, insurance, real-estate and business services* and *Manufacturing* sectors were due to the economic recovery after the easing of the lockdown measures implemented to curb the spread of COVID-19 infections during the 2020 and 2021 calendar years.
- Several tax relief measures that were implemented to assist taxpayers and provide liquidity support for businesses, as well as reduce the constrained impact on the economy, resulted in deferred tax payment arrangements that were subsequently discontinued.
- The GDP in 2021 recorded a growth rate of 4.9%, following a contraction of 6.3% in 2020, thus supporting an increase of R119.1 billion (58.3%) in CIT collections for the 2021/22 financial year. This was significantly higher than the growth rate of 18.1% in collections that was recorded before the global financial crisis of 2009/10.

Provisional tax payments by provisional period by tax year, 2018 - 2021

Period R million Tax year	1st Provisional period	Percentage change	2nd Provisional period	Percentage change	3rd Provisional period	Percentage change	Total
2018	91 326	6.3%	121 615	2.0%	4 909	-19.0%	**217 849**
2019	97 095	6.3%	118 356	-2.7%	5 023	2.3%	**220 474**
2020	84 651	-12.8%	113 561	-4.1%	8 413	67.5%	**206 625**
2021	112 746	33.2%	170 584	50.2%	5 324	-36.7%	**288 653**
Percentage of total							
2018	41.9%		55.8%		2.3%		**100.0%**
2019	44.0%		53.7%		2.3%		**100.0%**
2020	41.0%		55.0%		4.1%		**100.0%**
2021	39.1%		59.1%		1.8%		**100.0%**

Provisional tax payments by provisional period 2020 and 2021



The value of provisional tax collections for previous tax years (2018 to 2020 tax years) were more than 95.0% of the value of the final liability as reflected in issued assessments. Provisional tax collections for a specific tax year are received by SARS well before assessments for a specific tax year are raised and these enable extrapolations of tax collections and results in analysis that is more timely.

Tax assessed as a percentage of provisional tax payments received for a relevant tax year is, therefore, a good gauge of the completeness of the issued assessments.

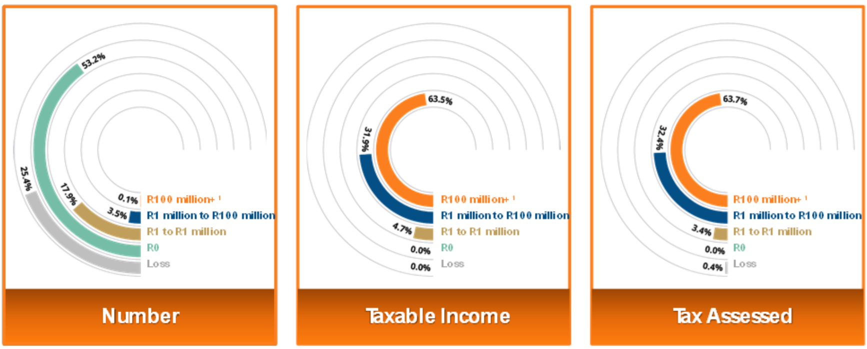
Provisional tax payments and tax assessed by tax year, 2018 - 2021

R million Tax year	Provisional tax payments	Tax assessed	Tax assessed as % of provisional tax
2018	217 849	217 339	99.8%
2019	220 474	213 761	97.0%
2020	206 625	202 146	97.8%
2021	288 653	154 517	53.5%

The number of returns expected for a particular tax year is determined by the number of companies that have been assessed for that tax year, plus the number of companies with an "active" status that were assessed in respect of either of the two tax years before the relevant tax year, but have not yet been assessed for the tax year in question.

The figure below shows the distribution of the number of companies assessed, their taxable income and the tax assessed for the 2020 tax year.

Assessed companies, taxable income and tax assessed by taxable income group, 2020

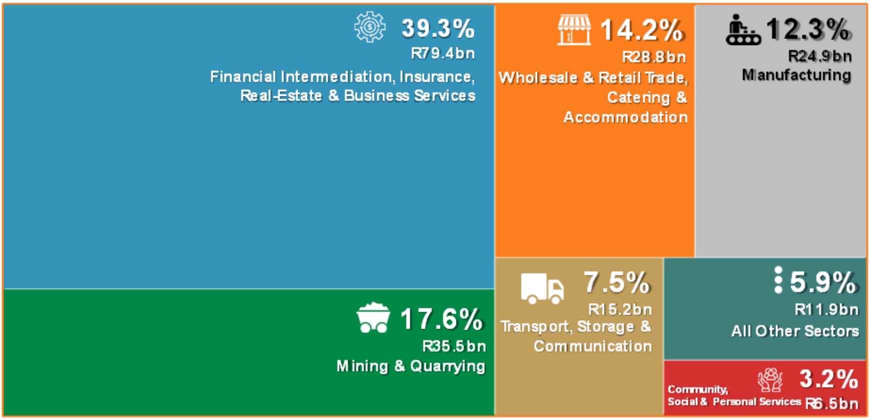


1. Companies with taxable income greater than R100 million constituted 0.1% of the number of companies (not visible in number bar) but contributed 63.5% of taxable income and 63.7% of assessed tax.

Distribution by sector

As at 31 August 2022, the *Financial intermediation, insurance, real -estate & business services* sector had the highest number of taxpayers (23.9% of the assessed total) in respect of the 2020 tax year. This sector accounted for 39.3% of the tax assessed in respect of the same tax year. The sector with the lowest number of taxpayers (0.5% of the assessed total), in respect of the 2020 tax year was the *Electricity, gas and water sector*, which accounted for 1.4% of the tax assessed.

Companies' tax assessed by economic activity, 2020



Small Business Corporations (SBCs)

Companies are taxed as SBCs for a particular tax year if they meet specific criteria. These criteria include:

- Gross income of not more than R20 million;
- Limitations on shareholding in the company; and
- The taxpayer must indicate on the annual tax return that it qualifies to be taxed as an SBC.

SBCs benefit from graduated income tax rates (progressive taxation) rather than the fixed marginal tax rate of 28% (27% going forward). *Table 3.9* shows the increase in the SBC taxable income brackets from the 2018 to the 2021 tax years. The threshold of the first SBC bracket increased by 9.6% from R75 750 in respect of the tax year 2018 to R83 000 for the 2021 tax year.

SBCs can also immediately write off all plant or machinery used in a process of manufacture and are eligible for an accelerated write-off of certain other depreciable assets (at a rate of 50%, 30% and 20%).

Small Business Corporation tax rates, 2018 and 2021

Tax year Rand	2018			SBC rate for 2018	2021			SBC rate for 2021	Percentage increase in top bracket
Taxable income brackets	0	–	75 750	0%	0	–	83 000	0%	9.6%
	75 751	–	365 000	7%	83 001	–	365 000	7%	–
	365 001	–	550 000	21%	365 001	–	550 000	21%	–
	550 001	–	and over	28%	550 001	–	and over	28%	–

In any calendar year, SBCs could be taxed by applying two different tax year rates. In 2020, they could be taxed on either 2019/20 tax rates or 2020/21 tax rates. This would occur because:

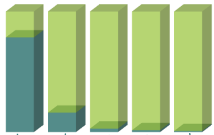
- 2019/20 tax rates (rates in effect from 1 April 2019 to 31 March 2020) apply to SBCs with years of assessment ending between 1 January 2020 and 31 March 2020; and
- 2020/21 tax rates (rates in effect from 1 April 2020 to 31 March 2021) apply to SBCs with years of assessment ending between 1 April 2020 and 31 December 2020

For the 2021/22 fiscal year

941 406 registered VAT vendors
470 237 were active

50.0% ACTIVE

Registered VAT Vendors



- 80.0% | Companies & Close Corporations
- 14.8% | Individuals
- 3.0% | Trusts
- 1.3% | Partnerships
- 0.9% | Other

35.9%
Vendors with a turnover of R1 million or less

82.5%
Vendors making payments and receiving refunds in the bi-monthly category

15.6%
Vendors making payments and receiving refunds in the monthly category

Ratio of payments and refunds

R1 Domestic VAT = R2.91 Output Tax declared − R1.91 Input Tax claimed

R1 VAT Refund = R1.99 Input Tax claimed − R0.99 Output Tax declared

Account for **82.1%** of VAT payments

Account for **92.4%** of VAT refunds

CHAPTER 4: VALUE-ADDED TAX

This chapter gives an overview of Value-Added Tax (VAT) and provides a breakdown of VAT payments and refunds by sector, payment category and type of enterprise. It also includes data on input and output tax as derived from VAT returns submitted by vendors as well as a distribution of VAT vendors by turnover group.

In the 2021/22 fiscal year:

- Net VAT collections totalled R390.9 billion and grew by 18.0% compared to the previous year. Domestic VAT which is the biggest contributor to Net VAT amounted to R448.8 billion, with a growth of 14.2%. The net growth rate was boosted by the collection of R204.6 billion in Import VAT, which grew by 22.9% compared to the prior year. VAT refunds which totalled R262.4 billion grew by 15.0% and lowered the growth on net collections. Overall, the growth observed in 2021/22 was mainly due to the economic recovery post the COVID-19 pandemic lockdown restrictions that were introduced by the National State of Disaster to curb the spread of the virus.
- The main sectors that contributed to the nominal Domestic VAT growth were *Financial intermediation, insurance, real estate and business services; Manufacturing;* and *Mining and quarrying.* This performance was mainly boosted by the recovery in real households final consumption expenditure (RHFCE) following a low base.
- VAT refunds increased the most in the following *sectors: Mining and quarrying; Financial intermediation, insurance, real estate and business services as well as Manufacturing;* and
- There were 941 406 registered vendors as of 31 March 2022, of which 470 237 (50.0%) were active. Key statistics include the following:

- The 15.6% of VAT vendors in the monthly submission category contributed 82.1% to Domestic VAT payments and received 92.4% of the VAT refunds;
- The 82.5% of VAT vendors that submitted returns bi-monthly (every two months), accounted for 17.8% of Domestic VAT payments and received 7.6% of VAT refunds;
- Companies and close corporations comprised 80.0% of VAT vendors, individuals 14.8%, trusts 3.0%, partnerships 1.3% and the remaining enterprises 0.9%;
- The *Financial intermediation, insurance, real estate & business services* sector was the largest sector, constituting 40.9% of the total number of active vendors;
- VAT vendors with a turnover of R1 million or less, i.e., below the mandatory registration threshold, constituted 35.9% of the total number of active vendors;
- On average, for each R1.00 in Domestic VAT declared, R2.91 in output tax was declared and R1.91 in input tax was claimed; and
- On average, for each R1.00 in VAT refund claimed, R0.99 in output tax was declared while R1.99 in input tax was claimed.

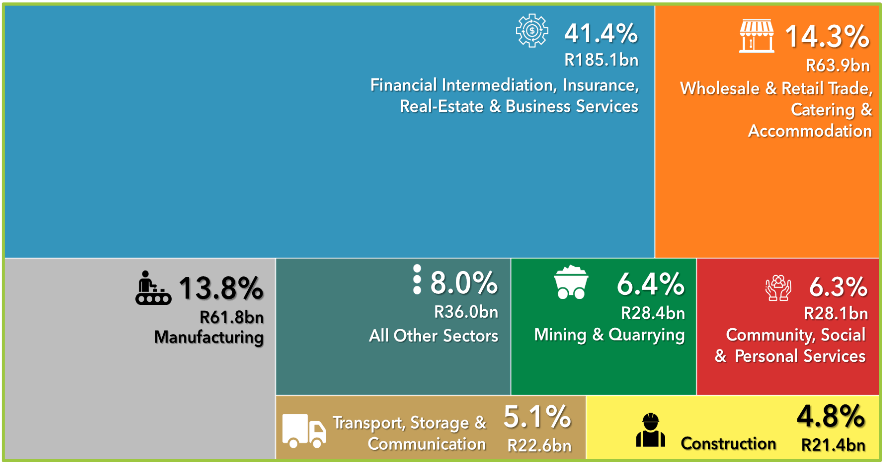
- In 2021/22, there were 941 406 registered VAT vendors of which 470 237 were active (see *Table 4.1*). The register for VAT has maintained minimal growth over the years, increasing in 2020/21 and more so in 2021/22. The growth of active vendors deaccelerated in 2019/20 and declined by 0.3% in 2020/21 as a result of COVID-19 lockdown restriction on economic activities. The period under review recovered, growing by 4.9% compared to the prior year. A vendor is regarded as active if a payment was received from or a refund made to the vendor during the fiscal year, regardless of the registration status.

Number of registered VAT vendors, 2018/19 - 2021/22

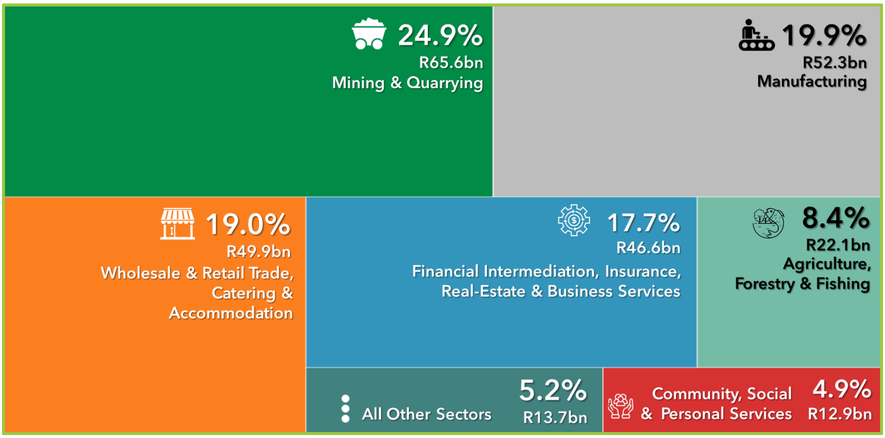
Fiscal year	Registered[1]	Percentage growth rates	Active vendors	Percentage growth rates	Active percentage of register
2018/19	802 957	3.8%	448 710	3.2%	55.9%
2019/20	831 821	3.6%	449 597	0.2%	54.0%
2020/21	880 553	5.9%	448 361	-0.3%	50.9%
2021/22	941 406	6.9%	470 237	4.9%	50.0%

1. *As per register at 31 March of each year. Excludes coded cases where status is in suspense or estate or address unknown.*

Domestic VAT payments by economic activity, 2021/22



VAT refunds by economic activity, 2021/22



From 2018/19 to 2021/22, the supply of standard-rated goods and services contributed 95.9% on average to total output tax. Over the same period, the contribution of the supply of capital goods was below 2.5% and on the decline except in 2021/22; this is in line with subdued business confidence levels that have led to low capital investments.

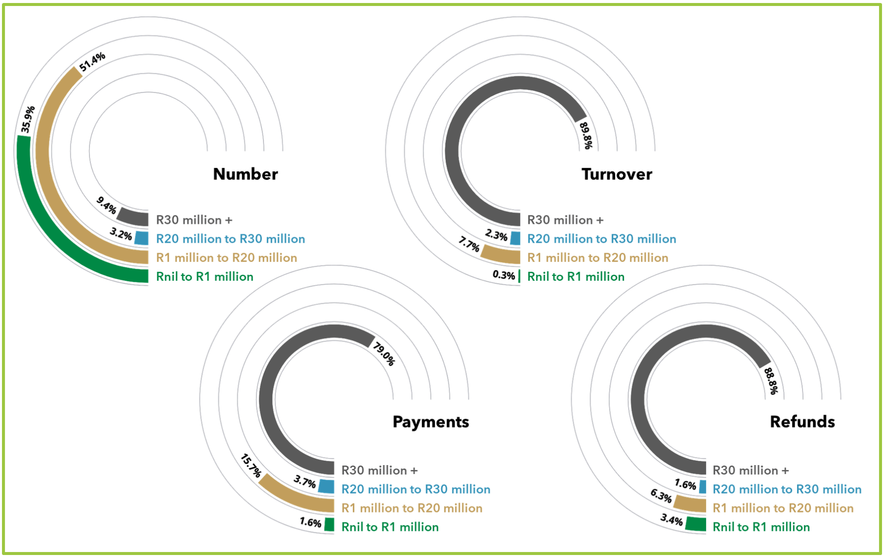
Output tax by class of supply, 2018/19 - 2021/22

Fiscal year	Standard rate (excl. capital goods and services and accommodation)	Standard rate (only capital goods and services)	Supply of accommodation	Adjustments[1]	Total output tax
	R million				
2018/19	1 459 837	37 543	3 281	36 029	**1 536 690**
2019/20	1 552 245	37 997	3 490	25 362	**1 619 094**
2020/21	1 479 181	32 496	1 520	16 956	**1 530 152**
2021/22	1 757 479	44 767	2 417	24 867	**1 829 530**
	Percentage of total				
2018/19	95.0%	2.4%	0.2%	2.3%	**100.0%**
2019/20	95.9%	2.3%	0.2%	1.6%	**100.0%**
2020/21	96.7%	2.1%	0.1%	1.1%	**100.0%**
2021/22	96.1%	2.4%	0.1%	1.4%	**100.0%**

1. Comprises VAT of Change in use and export of second-hand goods, as well as VAT of Other and imported services.

In 2021/22, 35.9% of vendors had a turnover of R1 million or less i.e. below the mandatory VAT registration threshold. However, these vendors accounted for only 1.6% of Domestic VAT payments and 3.4% of VAT refunds. In contrast, 3.4% of VAT vendors who had an annual turnover greater than R100 million accounted for 66.7% of Domestic VAT payments and 82.3% of VAT refunds.

Distribution of VAT vendors by turnover group, 2021/22



IMPORT VAT AND CUSTOMS DUTIES

For the 2021/22 fiscal year...

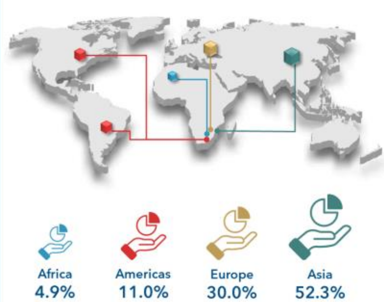
Number of registered importers **332 970**

Import VAT		Customs Duties
13.1%	% ...of Revenue	3.7%
3.3%	% ...of GDP	0.9%
22.9%	% ...of change Y/Y	22.6%

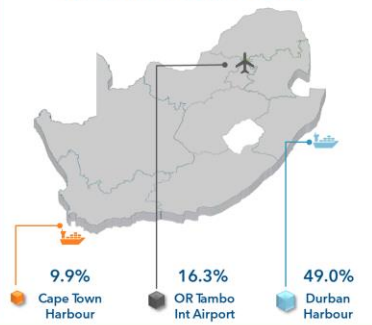
Biggest Contributors

Import VAT	Customs Duties
25.6% Machinery & Electronics	22.7% Vehicles, Aircrafts & Vessels
14.2% Chemical Products	17.3% Textile & Clothing
9.7% Vehicles, Aircrafts & Vessels	14.8% Food, Beverages & Tobacco

2021/22 | Main contributors to Total Import Tax
by World Zone



2021/22 | Main contributors to Total Import Tax
by Customs Port of Entry



CHAPTER 5: IMPORT VAT AND CUSTOMS DUTIES

This chapter provides information on the Customs value, Import VAT, Customs Duties and Total Import Tax revenues by Harmonised System (HS), world zone, customs port of entry, country of origin as well as for selected trade blocs.

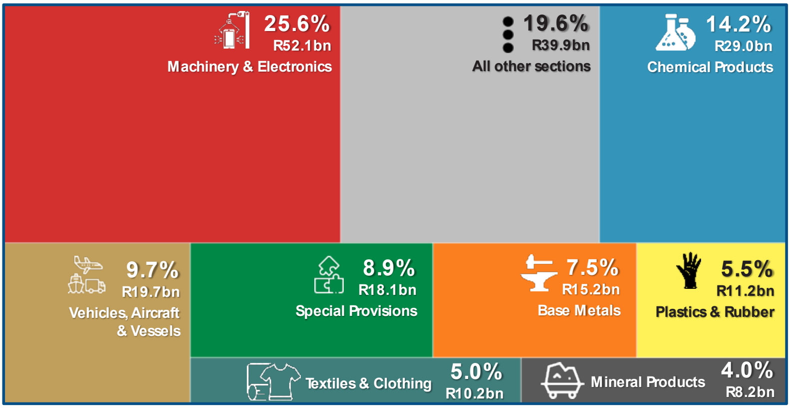
For the 2021/22 fiscal year (FY):

- Import VAT collections totalled R204.6 billion and recorded a year-on-year (y/y) growth rate of 22.9%, following a 7.5% decline in 2020/21. This was driven by significant levels of growth in the imports of key contributing commodities.
- Collections of Customs Duties totalled R58.0 billion and experienced a y/y growth of 22.6%, on the back of a significant 14.7% deterioration in 2020/21.
- Revenue from two of the sub-categories of Duties, namely Specific Excise Duties and *Ad valorem* Excise Duties contributed R7.9 billion (13.7%) and R11.0 billion (18.9%) respectively to the year's total Duty collection (referencing Sections A and B respectively of Part 2 of Schedule 1 to the Customs and Excise Act, 1964). The majority of the remaining R39.1 billion (67.4%) comprises all other Customs Duties levied, predominantly General Duties (Part 1 of Schedule 1 to the Customs and Excise Act, 1964).
- The largest driver of the year's Import VAT was *Machinery and Electronics* at 25.6%, down from 27.4% in 2020/21. Notably, *Vehicles, Aircraft and Vessels* accounted for the most significant portion of Customs Duties at 22.7%, up from 20.1% in the prior year.

IMPORT VAT AND CUSTOMS DUTIES

- Imports from the world zones of Asia and Europe accounted for 82.4% of the combined Total Import Tax contribution, compared to 83.1% in 2020/21.
- On a country basis, China and Germany, at 29.3% and 8.3% share of Total Import Tax contribution respectively, remained the principal suppliers of taxable goods into South Africa.
- The Importer register reduced y/y by 0.1% to 332 970 in number.
- The overall effective tax rates were 9.1% for Import VAT, 2.7% for Customs Duties and 11.9% for Total Import Tax.

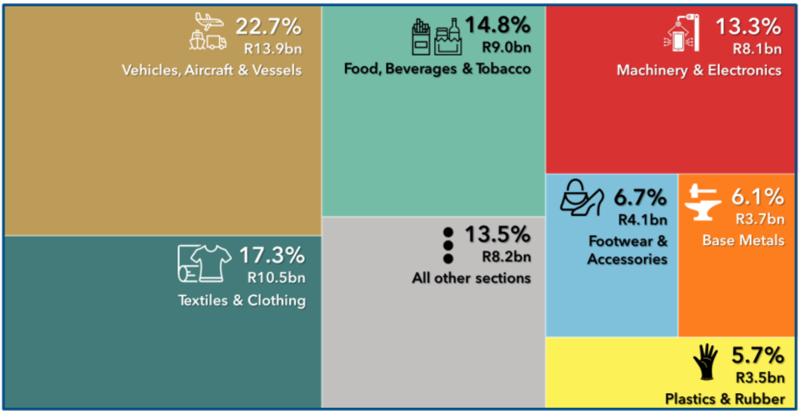
Import VAT by HS section, 2021/22



Import VAT for 2021/22 was collected mostly from the importation of *Machinery and Electronics* (25.6%); *Chemical Products* (14.2%); *Vehicles, Aircraft and Vessels* (9.7%); *Special Provisions* (8.9%); *Base Metals* (7.5%); *Plastics and Rubber* (5.5%); *Textiles and Clothing* (5.0%) as well as *Mineral Products* (4.0%). The *All Other sections* grouping (19.6%) comprises the remaining 14 HS sections.

The overall effective tax rate for Import VAT in 2021/22 was 9.1% compared to previous year's 9.3%. Key commodities with the highest effective VAT rates were *Footwear and Accessories* at 18.8%; *Hides, Skins and Leather* at 16.9%, as well as both *Special Provisions* and *Articles of Stone, Plaster etc*. at 16.0% each.

Customs Duties by HS section, 2021/22

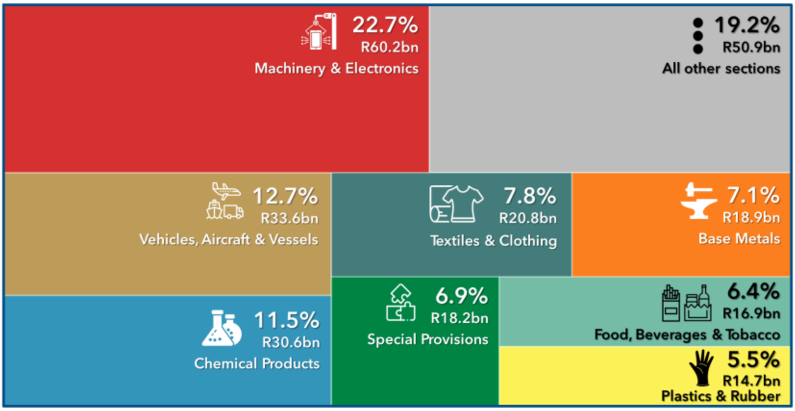


The largest contributing HS sections to Customs Duties in 2021/22 were *Vehicles, Aircraft and Vessels* (22.7%); *Textiles and Clothing* (17.3%); *Food, Beverages and Tobacco* (14.8%) as well as *Machinery and Electronics* (13.3%).

The overall effective Customs Duty rate in 2021/22 was 2.7% compared to previous year's 2.8%. Key commodities with the highest effective Duty rates were *Footwear and Accessories* at 24.8%; *Hides, Skins and Leather* at 20.1%; *Textiles and Clothing* at 15.3% as well as *Food, Beverages and Tobacco* at 8.9%.

IMPORT VAT AND CUSTOMS DUTIES

Total Import Tax by HS section, 2021/22

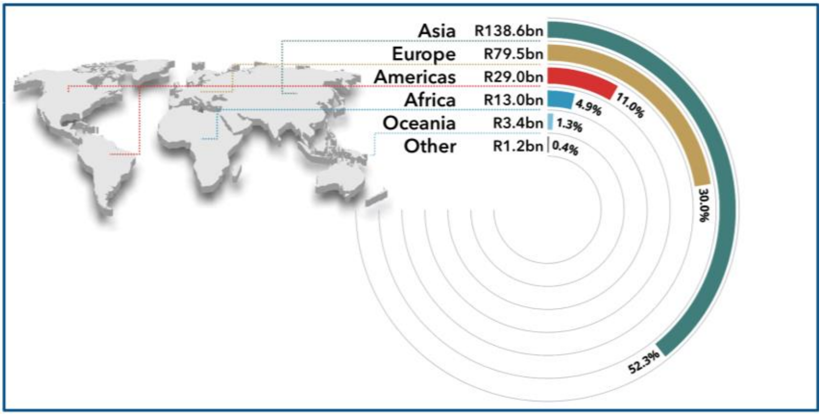


Machinery and Electronics; Vehicles, Aircraft and Vessels; Chemical Products; Textiles and Clothing; Base Metals; Special Provisions; *Food, Beverages and Tobacco* as well as *Plastics and Rubber* – combined, made up 80.8% of the Total Import Tax for 2021/22.

The overall effective tax rate for Total Import Tax in 2021/22 was 11.9% compared to previous year's 12.0%. Key commodities with the highest effective Total Import Tax rates were *Footwear and Accessories* at 43.6%; *Hides, Skins and Leather* at 37.0% and *Textiles and Clothing* at 30.0%.

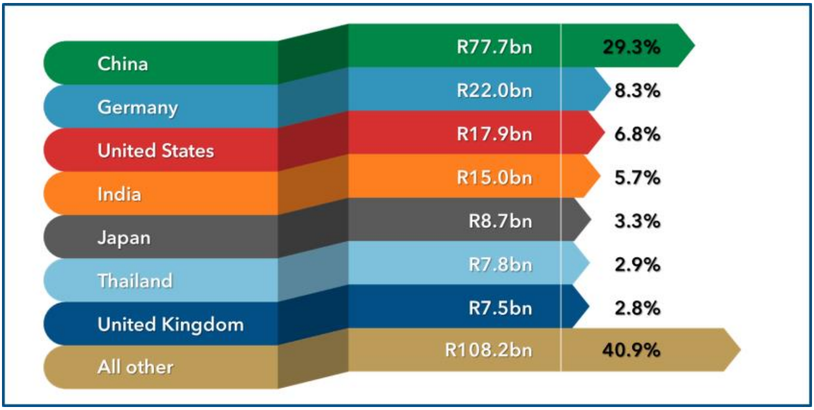
Imports from Asia accounted for 52.3% of the Total Import Tax, followed by Europe at 30.0% and the Americas at 11.0%.

Total Import Tax by world zone, 2021/22



The top seven countries of origin – China, Germany, United States, India, Japan, Thailand and United Kingdom – collectively accounted for 59.1% of the Total Import Tax for 2021/22.

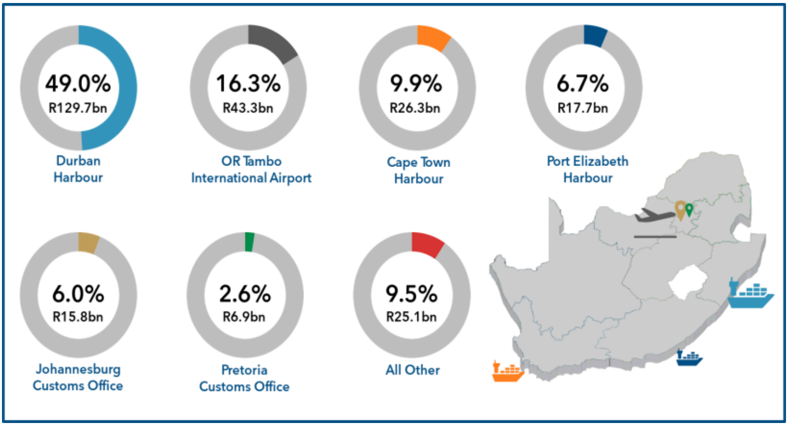
Total Import Tax by country of origin, 2021/22



The contribution of the top six offices – Durban Harbour, O.R. Tambo International Airport, Cape Town Harbour, Port Elizabeth Harbour, Johannesburg Customs Office and Pretoria Customs

Office – which together accounted for 90.5% of the Total Import Tax for 2021/22.

Total Import Tax by Customs port of entry, 2021/22



For the 2021/22 fiscal year

Capital Gains Tax

Company Capital Gains Tax		Individual Capital Gains Tax		Capital Gains Tax raised of
R8.5 billion	+	R7.7 billion	=	R16.2 billion

Decrease of R0.2 billion (1.0%) on the R16.4 billion raised in 2020/21

Figures have been rounded; therefore, discrepancies may occur between the numbers of the component items and the totals in the tables

An aggregate of R189.3 billion has been raised since the introduction of CGT in October 2001

Property transfers subjected to transfer duty

R277.0 billion

Average transfer duty paid

R86 974

Transfer duties amounted to **R10.6 billion** an increase from R7.6 billion in 2020/21

Mineral and Petroleum Resources Royalty payments amounted to **R28.5 billion**

a **100% increase** from 2020/21

This increase is attributed to a significant improvement in commodities such as platinum and iron ore

Contributions to the SACU pool during 2021/22

R112.4 billion

Diesel refunds increased 19.1% from R7.1 billion to **R7.3 billion** in 2021/22

This increase was mainly driven by the Mining sector R0.8 billion (46.2%)

CHAPTER 6: OTHER TAXES AND COLLECTIONS

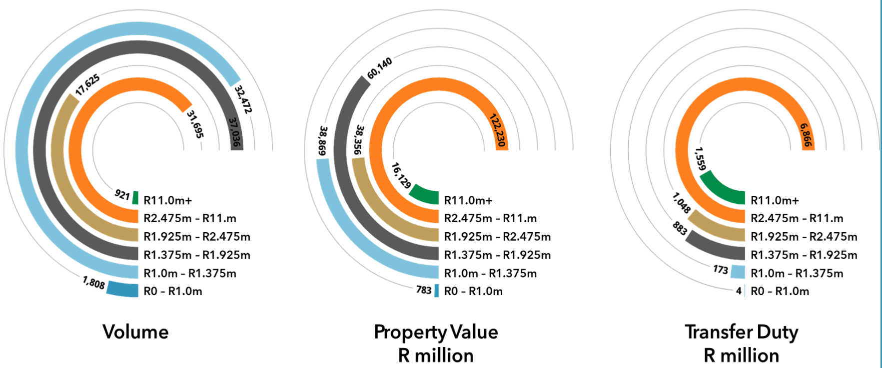
This chapter focuses on revenue collection trends that provide insight into specific aspects of economic activity during 2020/21. It gives an overview of:

- Capital Gains Tax;
- Transfer Duty;
- Diesel Refunds;
- Mineral and Petroleum Resources Royalty; and
- The Southern African Customs Union.

For the 2021/22 fiscal year:

- Capital Gains Tax (CGT) of R16.2 billion was raised, of which R7.7 billion was attributable to individuals and trusts and R8.5 billion to companies. This reflects a narrow decline of R0.2 billion (1.0%) from the R16.4 billion raised in 2020/21. An aggregate of R189.3 billion has been raised since the introduction of CGT in October 2001, with R88.6 billion from individuals and trusts and R100.6 billion from companies.
- Transfer Duty collected totaled R10.6 billion an increase from the R7.6 billion collected in 2020/21, emanating from a 19.5% *volume* increase year-on-year and a 27.8% increase in *value* of dutiable properties.

Distribution of Transfer Duty collected by property value, 2021/22



- Diesel refunds increased from R7.1 billion in 2020/21 to R7.3 billion in 2021/22, an increase of R257.2 million (3.6%). This increase was mainly driven by R792.6 million (46.2%) claimed by the Mining sector as result of increased diesel usage by 253.1 mega liters (54.2%) within the sector post the COVID-19 pandemic.
- Mineral and Petroleum Resources Royalty (MPRR) payments by extractors grew quite substantially by R14.2 billion (100.0%) to R28.5 billion due to a significant improvement in the commodity prices such as platinum, iron ore as well as coal. This growth was at an exponential growth rate when compared to the growth achieved in the 2016/17 financial year of R2.1 billion (56.5%).
- Total contributions to the Southern African Customs Union (SACU) pool amounted to R112.4 billion, reflecting a significant growth of 35.5% against the previous year's low base.

Tax Statistics 2022

A joint publication between National Treasury and the South African Revenue Service

ISBN: 978-0-621-50597-9

Produced by SARS Communication