2023 Tax Statistics

Tax Statistics
2023

HIGHLIGHTS

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

SARS
South African Revenue Service

The 2023 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.

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FOREWORD

By building a solid foundation for sustainable tax revenue growth, SARS continues to fund a significant portion of government expenditure, as highlighted in this 16th edition of the Tax Statistics publication.

SARS' mandate is to collect all tax revenue due by ensuring optimal compliance with tax and customs legislation. In the 2022/23 fiscal year, SARS collected R2.07 trillion in gross tax revenue (R183 billion or 9.7% more than in the prior year), refunded taxes worth R381 billion (R60 billion or 18.7% more than in the prior year), and netted tax revenue amounting to R1.69 trillion (R123 billion or 7.8% more than in the preceding year).

A broad recovery in tax bases and higher-than-average commodity prices supported the growth in tax revenues. However, there were several risks impacting on tax revenue collections for the 2022/23 fiscal year, which included the prolonged effects of geo-political tensions, energy supply risks, constrained logistics networks, labour and social unrest, as well as weaker global and domestic economic growth and heightened inflation risks.

Compliance revenue secured from focused activities and efforts by SARS yielded R231.8 billion for the 2022/23 fiscal year, R16 billion or 7.5% more than in the preceding year. The total value of trade facilitated by SARS for the 2022/23 fiscal year was R3.9 trillion, R0.6 billion or 18.4% increase since the previous year.

The improved efficiency in tax revenue collections was facilitated by providing the necessary clarity and platforms to make it easy for taxpayers to comply. Close to 75.3% of taxpayers and traders surveyed were satisfied with the service received by SARS and 89.4% of taxpayers used the digital platform available to interact with SARS. An increase in the use of data to ensure integrity, drive insight and improve outcomes is evidenced in the 100% of verification audits that were selected through the automated risk assessment functionality. Extensive engagement with stakeholders across tax and customs intermediaries, as well as private and public sectors improved the tax ecosystem. Digital and streamlined online services rendered with 99.7% availability of systems with zero security bridges scooped the CIO Visionary of the year award for SARS. Public trust and confidence in the tax administration system was evident in the New Service Charter score of 79.3%. These administrative efficiencies were achieved through implementation of SARS Vision 2024 to build a smart and modern SARS with unquestionable integrity, trusted and admired.

The 2022 Budget extended government's support to poor and vulnerable South Africans while focusing on restoring the health of the public finances. It is acknowledged that this approach requires economic restructuring reforms to bolster investment, growth, and employment. Furthermore, government aims to raise revenue in an equitable, efficient, and sustainable manner to support South Africa's development objectives. Over the past two fiscal years tax policy reforms have focused on broadening the tax base, improving tax administration, and lowering marginal tax rates.

The corporate marginal tax rate was reduced from 28% to 27% and certain tax incentives with sunset clauses that have not widened social or economic benefits have not been renewed. The employment tax incentive was expanded to encourage businesses to increase youth employment. In the 2022 Budget, tax relief of R5.2 billion was provided to support households and the economy by not adjusting the fuel levy and the Road Accident Levy, while fully adjusting the personal income tax brackets and rebates for inflation. Furthermore, additional temporary relief was granted between 06 April 2022 and 02 August 2022 at a cost of R10.5bn in 2022/23.

The buoyancy ratio or performance of tax revenue relative to the performance of the economy at 1.2 for the 2022/23 fiscal year evidenced the elastic responsiveness of the tax system of South Africa to short-term fluctuations in economic activities. The tax-to GDP ratio at 25.1% exceeded the long-term average ratio of 22.2% and the 24.8% ratio attained in the prior fiscal year.

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, and collaborate on platforms such as the International Survey on Revenue Administration (ISORA) and Spatial Economic Activity Data South Africa (SEAD-SA).

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

Dr Duncan Pieterse
Director-General: National Treasury

ABOUT THIS PUBLICATION

The 2023 edition of the Tax Statistics publication provides an overview of tax revenue collections and tax return information for the 2019 to 2022 tax years as well as the 2018/19 to 2022/23 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 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 2018/19 to 2022/23.
- *Chapter 2: Personal Income Tax (PIT)* gives an overview of assessed personal income tax revenues of 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 and can be accessed on the SARS website https://www.sars.gov.za/legal-counsel/legal-counsel-publications/.

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 in August 2023 and September 2023, respectively. Given the time delay in the submission of tax returns by some taxpayers, and the time taken to assess such returns, statistics for later 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 VAT, as discussed in Chapter 4, was extracted in October 2023.
- Declarations data for Import VAT and Customs Duties in this document, mainly discussed in Chapter 5, was extracted as at end of August 2023.
- 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. 2019) while the latter is displayed with a forward slash (e.g. 2022/23).
- 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/sars-tax-and-customs-system/tax-statistics/ and that of National Treasury

https://www.treasury.gov.za/publications/tax%20statistics/default.aspx.

We welcome comments and suggestions that would enhance the value of the publication for policy evaluation and provide further insights into South Africa's social and economic contexts. Please email such comments and suggestions to taxstatistics@sars.gov.za.

2023 | TAX STATISTICS AT A GLANCE

Tax Statistics Chapters	1 Revenue Collections	2 Personal Income Tax	3 Company Income Tax	4 Value Added Tax	5 Import VAT & Customs Duties	6 Other Taxes & Collections

	PIT PERSONAL INCOME TAX	CIT COMPANY INCOME TAX	VAT VALUE ADDED TAX	IMPORT VAT & CUSTOMS DUTIES
TAX REGISTER AS AT MARCH 2023	25 944 562 individuals 643 370 employers	3 926 252 companies	953 665 VAT vendors	347 754 importers
EXPECTED TO SUBMIT & ACTIVE	7 068 925 expected to submit [1]	1 206 913 expected to submit [2]	477 782 active vendors [3]	R2.7tr Customs Value R252.5bn Import VAT R76.0bn Customs Duties [3]
PAYMENTS, REFUNDS, BILLS OF ENTRY, ASSESSMENTS	5 989 787 assessed R2.1tr taxable income R447.6bn assessed [1]	1 057 040 assessed R284.6bn tax assessed [2]	R486.4bn payments R319.0bn refunds [3]	
% ASSESSED & % AVERAGE / EFFECTIVE TAX RATE	84.7% assessed 20.0% average tax rate	87.6% assessed 27.4% average tax rate		Effective Tax Rates Import VAT: 9.2% Customs Duties: 2.8%
COLLECTIONS FOR 2022/23	PIT R602.2bn (includes PAYE) [4]	CIT R347.7bn (20.6% of Total) (5.2% of GDP) [4]	Net VAT R422.4bn (includes payments, refunds & Import VAT) [4]	Customs Duties R73.9bn

1. For the 2022 Tax Year
2. For the 2021 Tax Year
3. For the 2022/23 Fiscal Year
4. The figure includes interest on overdue income tax

For the 2022/23 fiscal year…

Revenue collected during the 2022/23 fiscal year:

R1 686.7 BILLION

7.9%

Higher by R122.9 billion against 2021/22

7.0%

Compound annual growth rate (CAGR) achieved for 2018/2019 to 2022/23

Composition of main sources of tax revenue

	PIT	VAT	CIT	OTHER
2018/19	38.3%	25.2%	16.6%	19.9%
2022/23	35.7%	25.0%	20.6%	18.7%

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 with 0.9% over the past 5 years:

2018/19	2022/23
22.8%	21.9%

PAYMENT CHANNELS

- eFiling | 77.9%
- Branches | 0.2%
- Banks | 21.9%

Cost of revenue collection

2018/19	2022/23
0.84%	0.71%

TOTAL TAX RELIEF

provided to taxpayers between 2018/19 and 2022/23

R45.8 BILLION

CHAPTER 1: REVENUE COLLECTION

- This chapter provides a summary of aggregate revenue collection trends for the period 2018/19 to 2022/23.

In the 2022/23 fiscal year:

- Tax revenue collected amounted to R1 686.7 billion, an annual increase of R122.9 billion (7.9%).
- Personal Income Tax (PIT) remains the largest contributor to tax revenue with contribution share of 35.7%.
- The tax-to-GDP ratio showed an increase from 23.7% in 2018/19 to 25.1% in 2022/23;
- The cost ratio of revenue collection decreased from 0.84% in 2018/19 to 0.71% in 2022/23.
- The number of individuals registered for Income tax increased to 25.9 million in 2022/23 from 24.8 million in 2020/21, representing annual growth of 4.5%.
- On 31 March 2023, 781 324 (19.9%) of the 3.9 million registered companies were assessed for the 2022 tax year and 470 237 (50.0%) of the 953 665 registered VAT vendors were active.

Taxation is a critical part of the social contract between government and its citizens. Adherence to the principles of robust tax and customs administration supported by tax policy adhering to the principles of efficiency, equity, simplicity, transparency, and certainty, establishes a fair distribution of the tax burden and improves compliance levels. The South African Revenue Service (SARS) is the nation's tax collecting authority. Established in terms of the South African Revenue Service Act 34 of 1997 as an autonomous agency, responsible for administering the South African tax system and customs service.

SARS strategic intent is to develop and administer a tax and customs system of voluntary compliance and, where appropriate, enforce compliance responsibly and decisively. Our vision is to build a smart, modern SARS with unquestionable integrity that is trusted and admired.

In line with the strategic intention of increasing voluntary compliance, SARS is broadening the tax base and expanding the PIT register by enabling bulk registration at places of employment. SARS also offers an online facility through which employers can register staff when submitting their monthly Pay-As-You-Earn returns.

The table below illustrates the change in the SARS tax register over the period 31st March 2019 to 31st March 2023.

Tax register, 31 March 2019–31 March 2023

Number as at	Individuals [1, 2]	Companies (CIT) [1, 3]	Trusts [1]	Employers [1] (PAYE)	VAT Vendors [1]	Importers	Exporters
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
31 Mar 2023	25,944,562	3,926,252	379,280	643,370	953,665	347,754	310,990
Percentage year-on-year growth							
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%
31 Mar 2023	4.5%	11.1%	1.7%	1.7%	1.3%	4.4%	3.7%

1. Excludes cases where status is in suspense, estate and address unknown.

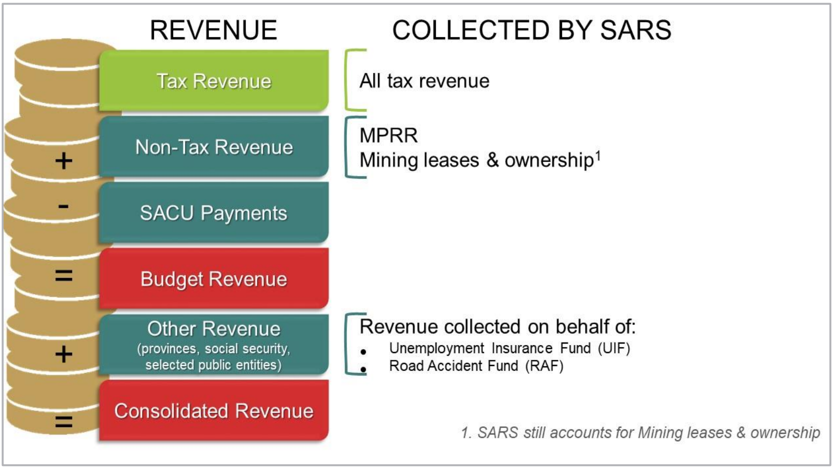
2. The tax year for individuals starts on 1 March and ends at the end of February the following year.

3. The tax year for companies is normally the financial year of the company for financial reporting purposes.

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, selected public entities, and social-security contributions as illustrated in the figure below.

Illustration of budget revenue and consolidated revenue



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

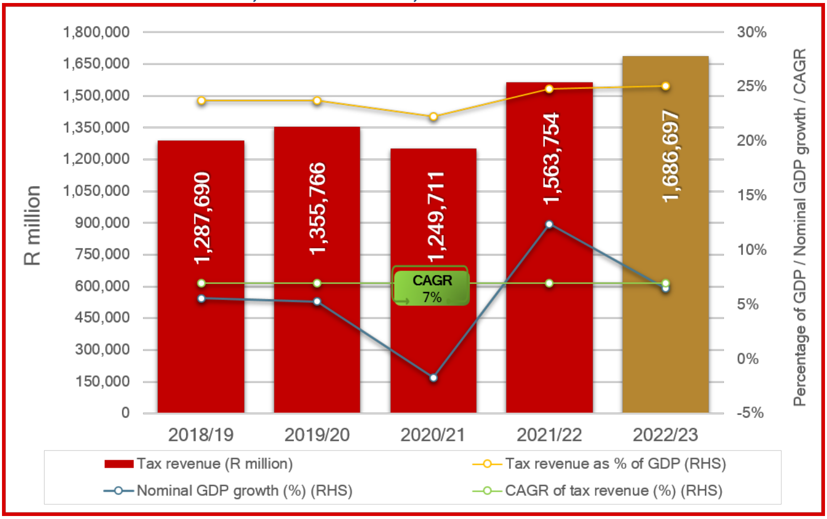
Total budget revenue and consolidated revenue, 2018/19 - 2022/23

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
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%
2022/23	1,686,697	99.4%	90.2%	54,497	**1,741,194**	-43,683	**1,697,511**	172,235	**1,869,746**	7.9%

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.

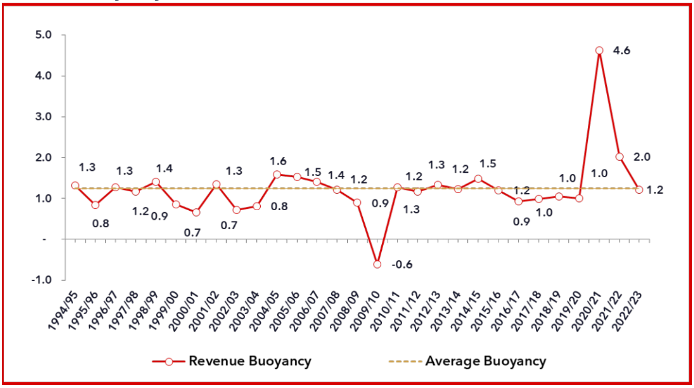
The share of a country's output that is collected by the government through taxes, the tax-to-GDP ratio, is an important indicator to measure the tax effort of government. The International Monetary Fund, World Bank, the Organisation for Economic Co-operation and Development, and the African Tax Administration Forum use this ratio to analyse and compare the tax systems and economic performance of countries. South Africa's tax-to-GDP ratio for the 2022/23 fiscal year was 25.1%, the highest ratio attained since 1994/95.

Tax revenue collections, GDP and CAGR, 2018/19 - 2022/23



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 - 2022/23

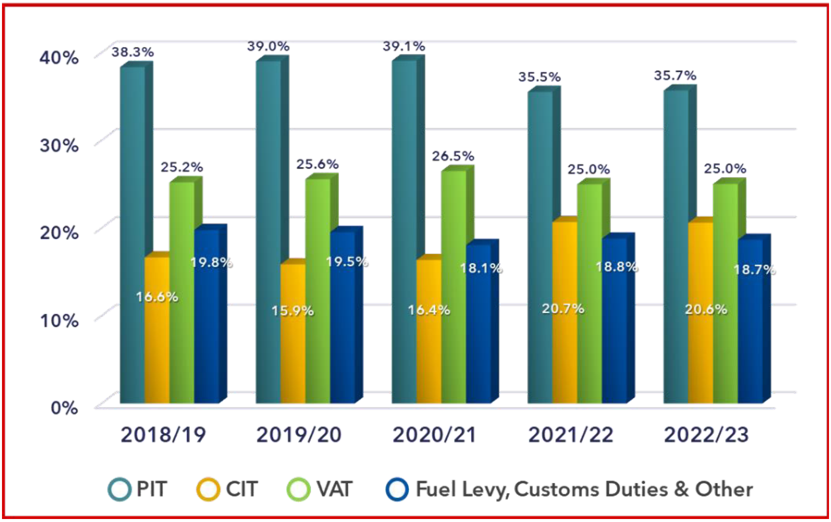


The long-term average buoyancy ratio since 1994/95 of total tax revenue to GDP is 1.2, indicating a tax system that is highly sensitive or buoyant to changes in economic growth. In 2020/21, with the implementation of COVID-19 lockdown measures, tax revenue contracted 4.6 times more than the contraction of the economy. The easing of lockdown restrictions, coupled with increased global demand and higher commodity prices, helped the economy to recover. This recovery underpinned tax revenue growth, resulting in a buoyancy ratio of 2.0 in 2021/22, which decreased to a ratio of 1.2 for the 2022/23 fiscal year.

PIT, CIT and VAT accounted for 81.3% of the total tax revenue in 2022/23. The fuel levy, together with specific excise and customs duties, accounted for 12.5%, whilst other taxes make up the remainder 6.2%.

Over the period 2018/19 to 2020/21 the contribution by PIT to the total tax revenue has shown an increase from 38.3% to 39.1% and in the year under review PIT contribution to total tax revenue has decreased to 35.7%. The contribution of CIT to the total tax revenue has declined over the period 2017/18 to 2019/20 following which has been increasing to 20.6% in 2022/23. *(Figure 1.4 and Table A1.2.1).* The contribution by VAT has decreased from 25.2% in 2018/19 to 25.0% in 2022/23.

Relative composition of main sources of tax revenue, 2018/19 - 2022/23



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

Health Promotion levy, 2018/19 -2022/23

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**
2022/23	2195	110	**2,305**
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%	
2022/23	95.2%	4.8%	**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%**
2022/23	0.6%	42.2%	**2.0%**

1. *Levy on locally manufactured products*

The Health Promotion Levy applies to beverages with more than 4 g of sugar per 100 ml. The levy is payable by manufacturers of such beverages in South Africa. The Health Promotion Levy is a domestic consumption tax and is therefore not payable on sugary beverages that are exported or processed in the manufacture of other dutiable goods. The levy is payable on sugary beverages manufactured in, or imported into, South Africa. Under this levy:

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

SARS ensures that the South African public receive efficient, effective, and professional service. SARS's compliance actions enable the government to receive the tax revenues due and strengthen the country's fiscal integrity.

There is growing attention on increasing the efficiency of tax administration to reduce costs while providing better services to taxpayers. To measure efficiency, the cost of tax-revenue collection may be used as a benchmark against revenue administrations in other countries. 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 Mineral and Petroleum Resources Royalties, Unemployment Insurance Fund contributions, and Road Accident Fund levies. If these amounts are to be included in the cost of revenue collection, the cost-to-revenue ratio will be less.

SARS's cost-to-tax-revenue ratio is less than the international benchmark of 1.0% for developing economies. During the past five years, the ratio has ranged between 0.84% in 2018/19 to 0.71% in 2022/23. A downward trend can constitute evidence of a reduction in relative costs (i.e. improved efficiency) or improved tax compliance (i.e. improved effectiveness).

Cost of revenue collection, 2018/19 - 2022/23

R million	Tax revenue collected	Operating costs[1]	Cost of collection[2]
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	11,521	*0.74%*
2022/23	1,686,697	11,990	*0.71%*

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 recognises that providing an easily accessible, professional, and efficient service promotes voluntary compliance. SARS's service must enable taxpayers and traders to meet their obligations easily. Through online self-service channels, SARS endeavours to provide equitable access and a seamless service in registration, filing, declaration, payment, and deregistration.

In line with SARS' strategic objectives to improve taxpayers' experience and service delivery, SARS piloted the auto assessment of tax returns in the 2019 filing season. The population of taxpayers who were auto assessed is on average 2.5 million per year.

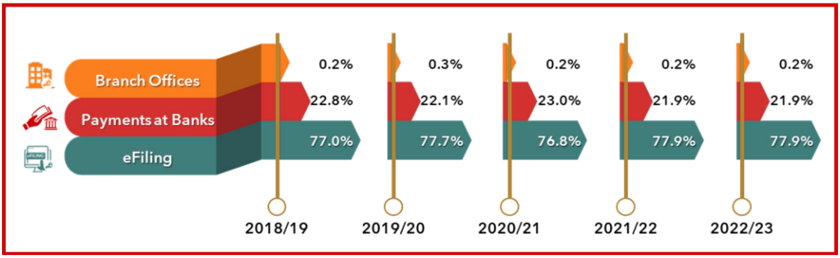
Current payment methods other than branch payments are:

- *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.

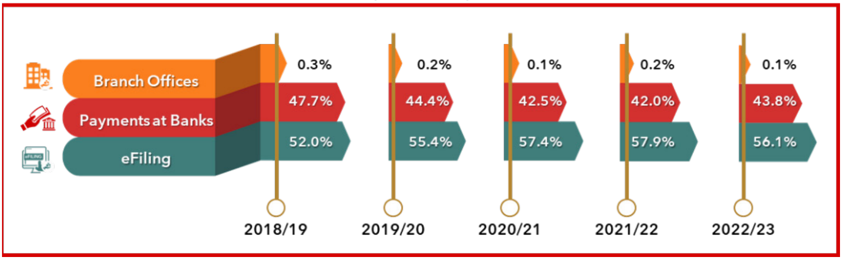
The eFiling payments channel constitutes the majority of payments received by SARS and accounted for 77.9% of the total value of all taxpayer payments in 2022/23.

The composition of the main channels of payments is shown below.

Composition of main channels of payment (by value), 2018/19 - 2022/23



Composition of main channels of payment (by number), 2018/19 - 2022/23



24.8 million

Registered Individual Taxpayers

Expected to submit returns

7.1 million

Assessed taxpayers

6.0 million

84.7% Assessed

48.2% Females assessed

51.8% Males assessed

Aggregated taxable income	Tax Liability
R2.1 trillion	R447.6 billion

44.1%

PAYE payments received from the financial intermediation, insurance sector

15.1% ...owed SARS some tax.

18.9% ...had a zero assessment.

65.7% ...received refunds.

...of assessed individual taxpayers

38.7% ...were registered in Gauteng.

25.6% ...fell in the **35-44** age bracket.

Municipalities

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

Allowances and deductions:

LARGEST ALLOWANCE

Travel at **R27.4bn**

(19.0% of total allowances assessed)

LARGEST DEDUCTION

Contributions to pension, provident and retirement annuity funds at

R224.1bn

(84.1% of all deductions granted)

LARGEST FRINGE BENEFIT

Pension, provident and retirement annuities paid on behalf of employees at

R126.1bn

(58.0% of the total fringe benefits assessed)

Cohort across 10 consecutive years...

2013: 6 103 488 Taxpayers assessed

2022: 5 989 787 Taxpayers assessed

3 013 783

Taxpayers assessed for all tax years: 2013 - 2022

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.

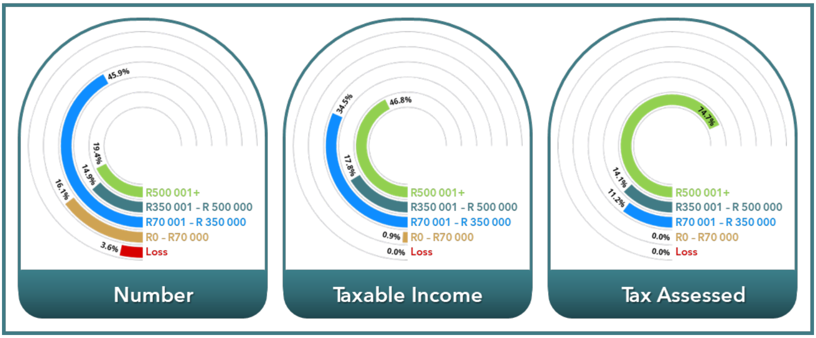
The Budget presented in February 2021 included:

- Increases from the 2019 to the 2022 tax years of 11.7% each in the primary and secondary rebates and of 11.5% in the tertiary rebate to R15 714, R8 613 and R2 871 respectively. This increased the minimum tax thresholds for taxpayers below the age of 65 years to R87 300, for those 65 to 74 years to R135 150 and 75 years and older to R151 100.

SARS received more than 18.4 million employees' tax certificates (IRP5s and IT3(a)s) for the 2022 tax year that could be linked to nearly 13.4 million individuals.

To track changes in the taxable income and tax liability of taxpayers over a ten-year tax period, SARS analysed the taxable income and assessed tax of all taxpayers who have been assessed every year since 2013. For the 2013 tax year, SARS assessed 6 103 488 taxpayers. Of these, 3 013 783 taxpayers (49.4%) had been assessed for each of the subsequent nine years (2014 to 2022).

Distribution of assessed individual taxpayers in taxable income group, 2022



The average tax burden aggregated across all taxpayers, as indicated by the tax assessed as a percentage of taxable income, increased from 19.8% in the 2019 tax year to 20.2% in the 2020 tax year, to 20.0% in the 2021 tax year and remained unchanged at 20.0% for the 2022 tax year. The extent of tax relief, including "fiscal drag / bracket creep relief"[1], is illustrated in the following example.

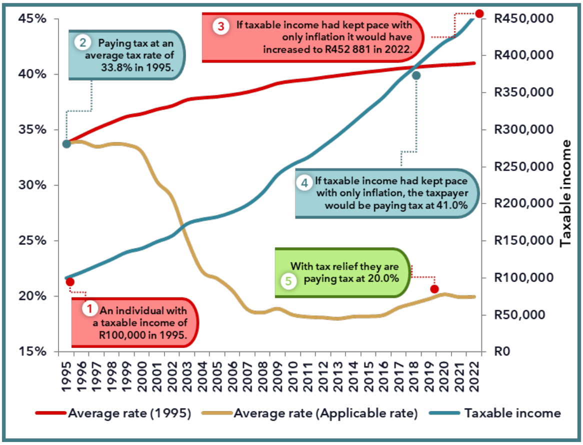
[1] Fiscal drag relief is the relief granted to taxpayers to neutralise the impact of inflation on effective tax rates.

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 was paying tax at (2.) 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 41% in 2022 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 R266.4 billion allowed as deductions for the 2022 tax year was granted to taxpayers in the R350 001 to R500 000 income bracket. Of their income, 12.3% was granted as a deduction.

Assessed taxpayers by income group, deductions granted & taxable income, 2022

Tax year	2022			
Income group	Number of taxpayers	Income before deductions (R million)	Deductions allowed (R million)	Taxable income (R million)
<= 0	210 696	-31 248	133	-31 381
1 – 70 000	937 465	26 263	1 015	25 248
70 001 – 350 000	2 448 264	491 236	41 180	450 055
350 001 – 500 000	905 186	380 668	46 744	333 923
500 000 +	1 488 176	1 457 276	177 307	1 279 968
Total	**5 989 787**	**2 324 194**	**266 380**	**2 057 814**
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	-148 309	631	-148 940	0.4%
1 – 70 000	28 015	1 083	26 932	3.9%
70 001 – 350 000	200 647	16 820	183 826	8.4%
350 001 – 500 000	420 541	51 641	368 900	12.3%
500 000 +	979 236	119 144	860 092	12.2%
Total	**388 026**	**44 472**	**343 554**	**11.5%**

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 2022 tax year, but this number is expected to increase as assessments are finalised.

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.

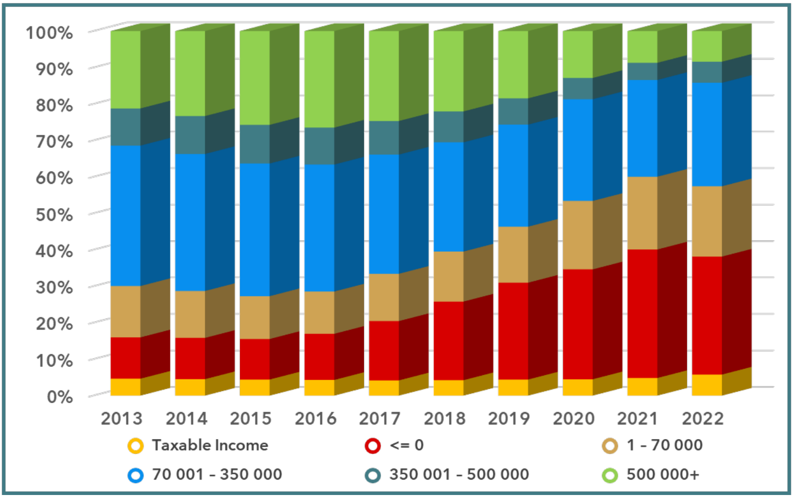
Number of individual taxpayers, 2019 – 2022

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
2019	5 492 222	1 856 901	338 096	407 715	74 235	22.0%
2020	5 989 814	1 985 425	331 467	441 710	73 744	22.2%
2021	6 012 746	1 934 241	321 690	412 030	68 526	21.3%
2022	5 989 787	2 057 814	343 554	447 584	74 725	21.8%

From the 2017 to 2022 tax year and according to the tax resident status indicator on the ITR12 tax return, more than 45 000 taxpayers indicated that they ceased to be a tax resident of South Africa.

The graph below shows the taxable income and tax liability of these individual taxpayers over a ten-year tax period, who have been assessed since the 2013 tax year.

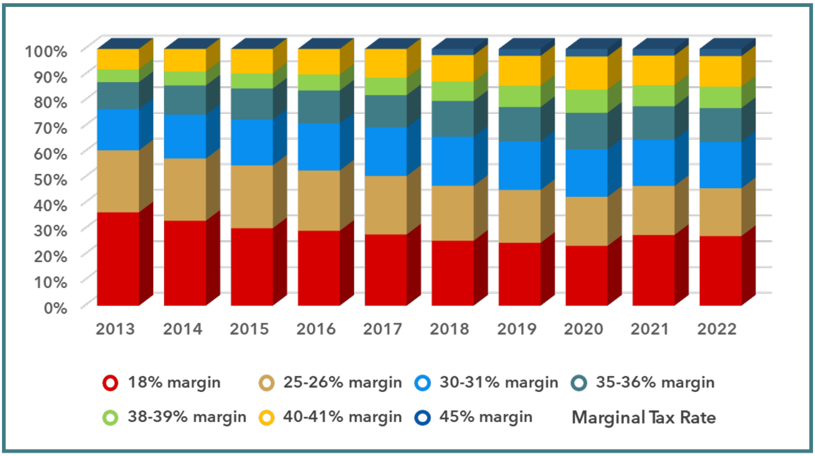
Proportion by taxable income for individuals with change in residence status as indicated by taxpayer, 2013 - 2022



To track the fluctuations in taxable income of taxpayers over a 10 year tax period, all taxpayers who were assessed every year since 2013, were isolated and their taxable income and assessed tax analysed.

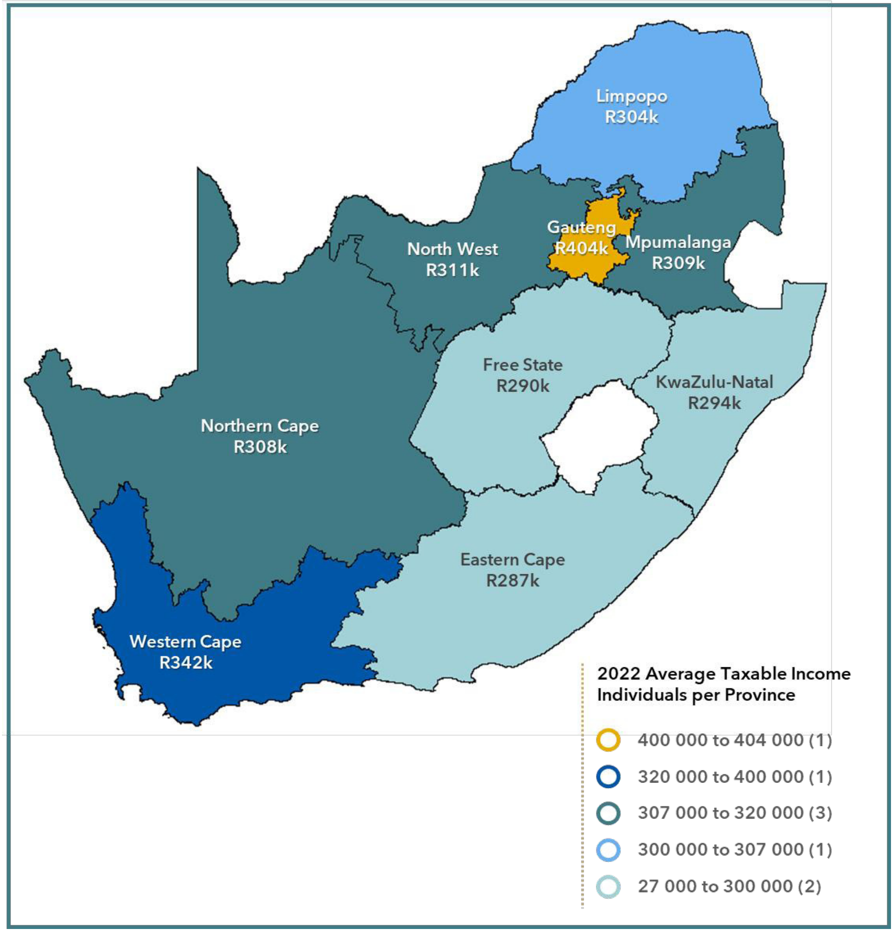
The graph below shows how taxpayers shifted across the tax brackets due to increases in taxable income.

Proportion of the 3.0 million 10 year taxpayers by marginal tax rates, 2013 - 2022



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 R404 153 while the Eastern Cape indicates the lowest average taxable income at R287 298.

Average taxable income per assessed taxpayer by province (based on residential address), 2022



For the 2022/23 fiscal year

CIT is the 3rd largest contributor to tax revenue

2021/22	2022/23
20.7%	20.6%

Total CIT Provisional Tax collected in 2021

1st Provisional Period	2nd Provisional Period	3rd Provisional Period
38.7%	58.7%	2.6%

Over 3.9 million companies on register as at March 2023

2021 tax year

1 057 040 ...were assessed (majority of remainder inactive or dormant)

159 307 ...were assessed as Small Business Corporations (using graduated tax rates as opposed to a fixed rate)

Contributions by financial year-end in tax year 2021

December	June	February
43.1%	23.9%	18.1%

Taxable income for assessed companies

26.7%	52.6%	20.7%
...reported a NEGATIVE taxable income.	...reported a ZERO taxable income.	...reported a POSITIVE taxable income.

Sector contributions of companies with assessed losses

Sector	%
Financing, Insurance, Real Estate & Business Services	13.6%
Construction Sector	9.5%
Agencies and Other Services	5.8%

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 2021 tax year and CIT collections for the 2022/23 fiscal year show that:

- At 20.6%, CIT remained the third-largest contributor to total tax revenue collected in the 2022/23 fiscal year. This outcome exceeds the 15.9% and 16.4% share ratios for the 2019/20 and 2020/21 financial years respectively but is in line with the 20.7% achieved in the 2021/22 financial year. Despite the uncertainty surrounding the power crisis, the growth in CIT performance was buoyed by the continuous positive contribution trajectory in the Manufacturing sector; the Financial intermediation, insurance, real-estate and business services sector; and the Transport sector. These contribution ratios to total tax revenue are still well below the peak of 26.7% achieved before the 2009/10 global financial crisis.
- CIT collections for the 2022/23 financial year exceeded those realised in 2021/22 by R24.2 billion (7.5%). The year-on-year growth was driven mainly by the positive performance recorded by the major contributing sectors (Manufacturing; Financial intermediation, insurance, real-estate and business services and Transport*)* versus the 2021/22 financial year.
- The Manufacturing sector continued to be resilient despite the power crisis, weaker exchange rate of the rand, higher interest and inflation rates, the ongoing Russian-Ukraine war, and logistical bottlenecks (at

rail, ports, and border posts). These challenges crippled the already fragile economy and put output and demand under pressure.

- The Financial intermediation, insurance, real-estate and business services was mainly driven by the main commercial banks' on the back of a positive performance from Gross Operating Surplus (GOS), which finished the 2022 calendar year on a positive note.
- More than 3.9 million companies were registered for CIT on 31 March 2023, a growth of 393 606 (11.1%) versus 31 March 2022. Of these companies, 1 206 913 were expected to submit income tax returns for the 2021 tax year; 87.6% filed and were assessed in the same tax year.
- Of the 1 057 040 companies assessed by 30 September 2023 for the 2021 tax year, 20.7% declared a positive taxable income, 52.6% had taxable income equal to zero, and the remaining 26.7% reported an assessed loss.
- The concentrated nature of the South African economy is evident: only 432 large companies (0.2% of the companies with positive taxable income) each had taxable income of more than R200 million and were liable for 67.1% of the CIT assessed.
- The Financial intermediation, insurance, real-estate and business services sector accounted for 253 241 (24.0%) of the assessed companies and was liable for 30.8% of the CIT assessed, contributing the most among all the sectors.
- Since 30 September 2023, of the 1 057 040 companies assessed in respect of the 2021 tax year, 159 307 were assessed as Small Business Corporations (SBCs), taxed at the applicable graduated income tax rates. The remainder was taxed at either the fixed company tax rate of 28%, or at the graduated income tax rates for micro-businesses that elected to pay only turnover tax.
- CIT collections improved after 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 as well as a more rigorous application of paragraph 19(3) of the Fourth Schedule to the Income Tax Act. The third provisional tax payments decreased from 12.9% of the total provisional tax collections in 2009/10 to 2.3% in 2018/19, 2.2% in 2021/22, and 2.3% in 2022/23.

- During 2021/22, 58.0% of the tax paid related to the 2021 tax year and 41.3% related to the 2022 tax year and 0.7% related to earlier tax years.

POST COVID-19 TAX RELIEF MEASURES

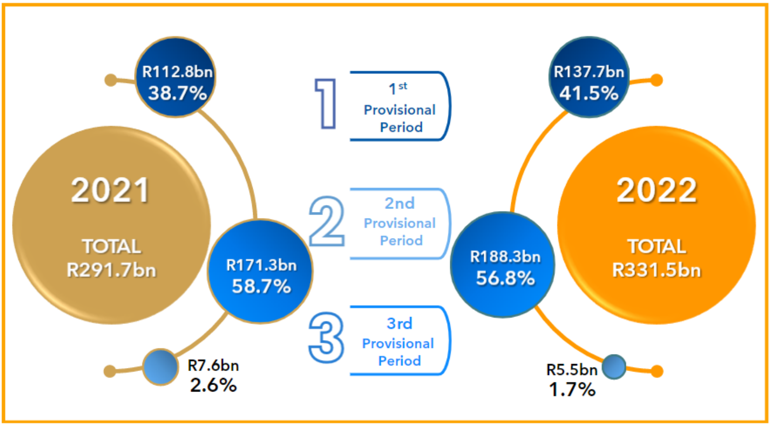
- The dire impact of the COVID-19 pandemic on the economy did not persist, even though the pandemic necessitated a downward revision of the estimated tax revenue to be collected in the 2020/21 fiscal year. CIT collections rebounded in the 2021/22 fiscal year. This recovery was mainly driven by the Mining and quarrying sector as well as recoveries from the COVID-19 pandemic losses in Financial intermediation, insurance, real-estate and business services and Manufacturing sectors.
- CIT collections continued on a positive trajectory in the 2022/23 fiscal year, driven by Manufacturing, Financial intermediation, insurance, real-estate and business services as well as Transport sectors.
- The Mining and quarrying sector continued throughout the 2021/22 fiscal year to be resilient and remained on a positive trajectory. This performance was due to the robust global performance of commodity prices, particularly for the Platinum Group Metals (PGMs), iron ore and coal. However, during the 2022/23 fiscal year, weakened commodity prices had a negative impact on the Mining and quarrying sector. The downturn in this sector was mainly driven by the negative performance of the PGMs as commodity prices fell. The Financial intermediation, insurance, real-estate and business services and Manufacturing sectors recovered as pandemic lockdown measures eased throughout the 2020 and 2021 calendar years.

- The Financial intermediation, insurance, real-estate and business services sectors' performance was on the back of the major banks' contributions from the large business segment. The profitability was further influenced by GOS, which finished the 2022 calendar year with a year-on-year growth rate of 8.3%.
- The Manufacturing sector's growth occurred despite the downward trend in manufacturing production for almost half of the year. Growth slowed following uncertainty owing to the power crisis and higher oil prices, which increased inflation, interest, and exchange rates, thus hurting profitability.
- In 2022 GDP recorded a growth rate of 1.9%, following an adjusted growth rate of 4.7% in 2021. GDP growth supported an increase of R24.2 billion (7.5%) in CIT collections for the 2022/23 financial year, significantly down from the higher base where a growth of R119.1 billion (58.3%) was achieved in 2021/22 financial year. This growth rate was significantly higher than the rate of 18.1% in collections recorded before the global financial crisis of 2009/10.

Provisional tax payments by provisional period by tax year, 2019 - 2022

Period R million Tax year	1st Provisional period	Percentage change	2nd Provisional period	Percentage change	3rd Provisional period	Percentage change	Total
2019	97,097	6.3%	118,363	-2.7%	5,041	2.5%	**220,502**
2020	84,667	-12.8%	113,791	-3.9%	8,465	67.9%	**206,924**
2021	112,753	33.2%	171,309	50.5%	7,645	-9.7%	**291,707**
2022	137,742	22.2%	188,288	9.9%	5,487	-28.2%	**331,517**
Percentage of total							
2019	44.0%		53.7%		2.3%		**100.0%**
2020	40.9%		55.0%		4.1%		**100.0%**
2021	38.7%		58.7%		2.6%		**100.0%**
2022	41.5%		56.8%		1.7%		**100.0%**

Provisional tax payments by provisional period 2021 and 2022



The value of provisional tax collections for previous tax years (2019-2021) was more than 97.0% of the value of the final liability as reflected in the issued assessments. Provisional tax collections for a specific tax year are received by SARS well before assessments for a specific tax year are raised. Provisional tax collections enable extrapolations of tax collections and lead to timelier analyses.

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

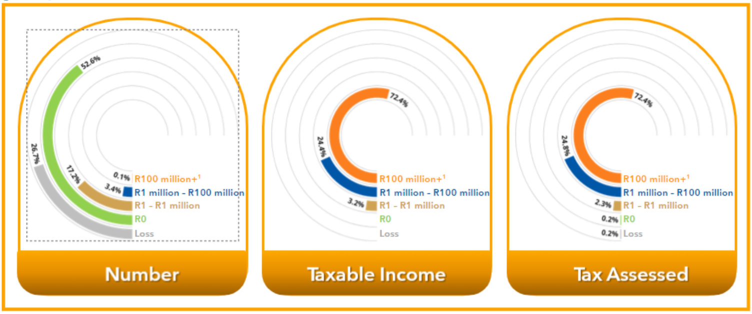
Provisional tax payments and tax assessed by tax year, 2019 - 2022

R million Tax year	Provisional tax payments	Tax assessed	Tax assessed as % of provisional tax payments
2019	220 502	216 507	98.2%
2020	206 924	206 177	99.6%
2021	291 707	284 610	97.6%
2022	331 517	189 827	57.3%

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 that 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 2021 tax year.

Assessed companies, taxable income and tax assessed by taxable income group, 2021



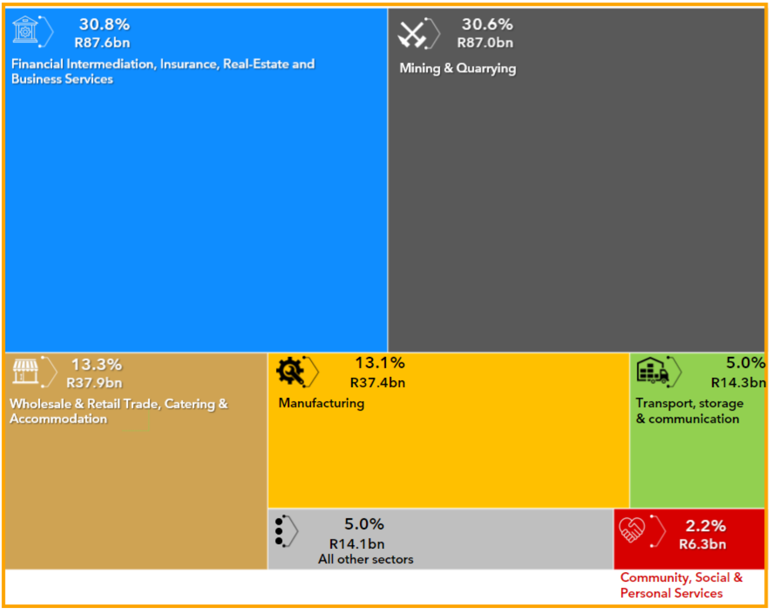
1. Please note that companies with taxable income greater than R100 million constituted 0.1% of the number of companies (not visible in number column) but contributed 72.4% of taxable income and 72.4% of assessed tax.

Distribution by sector

On 30 September 2022, the Financial intermediation, insurance, real - estate & business services sector had the highest number of taxpayers (24.0% of the assessed total) in the 2021 tax year. This sector accounted for 30.8% of the tax assessed for the same tax year. The sector with the fewest taxpayers (0.5% of the assessed total) for the 2021 tax year was the

Electricity, gas and water sector, which accounted for 1.6% of the tax assessed.

Companies' tax assessed by economic activity, 2021



Small Business Corporations (SBCs)

Companies are taxed as SBCs for a particular tax year if they meet specific criteria, such as:

- 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% for years of assessments ending on or after 31 March 2023). The Table below shows the increase in the SBCs taxable income brackets from the 2019 to the 2022 tax years. The limit of the first SBCs bracket increased by 11.7% from R78 150 for the 2019 tax year to R87 300 for the 2022 tax year.

SBCs can also immediately write off all plant or machinery used in manufacturing 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, 2019 and 2022

Tax year Rand	2019			SBC rate for 2019	2022			SBC rate for 2022	Percentage increase in top bracket
Taxable income brackets	0	–	78 150	0%	0	–	87 300	0%	11.7%
	78 151	–	365 000	7%	87 301	–	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 2021, they could be taxed at either 2020/21 tax rates or 2021/22 tax rates. This would occur because:

- 2019/20 tax rates (rates in effect from 1 April 2020 to 31 March 2021) apply to SBCs with years of assessment ending from 1 January 2021 to 31 March 2021; and
- 2020/21 tax rates (rates in effect from 1 April 2021 to 31 March 2022) apply to SBCs with years of assessment ending from 1 April 2021 to 31 December 2021.

For the 2022/23 fiscal year...

953 665 registered VAT vendors

477 782 were active

50.1% ACTIVE

Registered VAT Vendors

- 80.8% | Companies & Close Corporations
- 11.5% | Individuals
- 5.6% | Trusts
- 1.2% | Partnerships
- 0.9% | Other

33.5%

Vendors with a turnover of R1 million or less

82.3%

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

15.9%

Vendors making payments and receiving refunds in the monthly category

Ratio of payments and refunds

R1 Domestic VAT = R3.08 Output Tax declared − 2.08 Input Tax claimed

R1 VAT Refund = R2.08 Input Tax claimed − R1.08 Output Tax declared

Account for **82.4%** of VAT payments

Account for **93.8%** 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 2022/23 fiscal year:

- Net VAT collections totalled R422.4 billion and grew by 8.1% compared to the previous year. Domestic VAT, the biggest contributor to net VAT amounted to R486.4 billion, with an annual growth of 8.4%. The net growth rate was boosted by the collection of R255.0 billion in Import VAT, which grew by 24.7% compared to the prior year. VAT refunds which totalled R319.0 billion grew by 21.6% and partially countered the growth of the net VAT collections.
- The main sectors that contributed to the nominal Domestic VAT growth were Financial intermediation, insurance, real estate and business services; Manufacturing; as well as Wholesale and retail trade, catering and accommodation. This performance was mainly supported by the continuous recovery in real households' final consumption expenditure (RHFCE).
- VAT refunds increased the most in the Manufacturing; Financial intermediation, insurance, real estate and business as well as Wholesale and retail trade, catering and accommodation sectors; and
- The registered vendors totalled 953 665 on 31 March 2023, of which 477 782 (50.1%) were active. Key statistics are:
    - The 15.9% share of VAT vendors in the monthly submission category contributed 82.4% to Domestic VAT payments and received 93.8% of the VAT refunds;

- The 82.3% share of VAT vendors that submitted returns bi-monthly (every two months), contributed 17.6% to Domestic VAT payments and received 6.2% of the VAT refunds;
- Companies and close corporations composed 80.8% of VAT vendors. Individuals made up 11.5%, trusts 5.6%, partnerships 1.2% and the remaining entities 0.9%;
- The Financial intermediation, insurance, real estate & business services sector was the largest sector, constituting 41.2% 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 33.5% of the total number of active vendors;
- On average, for each R1.00 in Domestic VAT declared, R3.08 in output tax was declared and R2.08 in input tax was claimed; and
- On average, for each R1.00 in VAT refund claimed, R1.08 in output tax was declared while R2.08 in input tax was claimed.

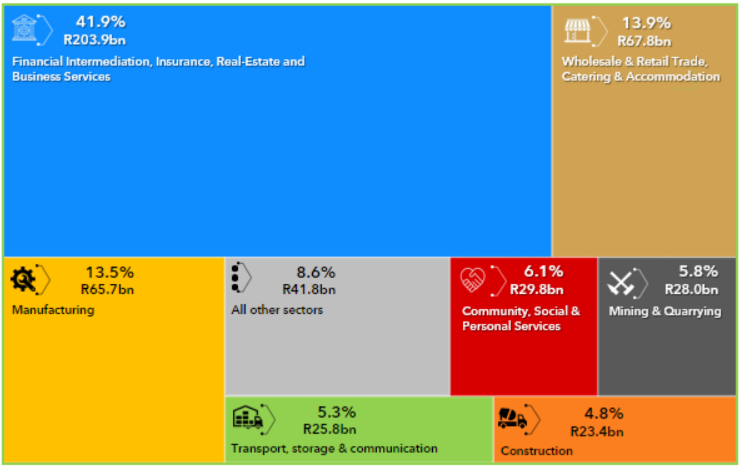
- In 2022/23, there were 953 665 registered VAT vendors of which 477 782 were active (see *Table 4.1*). The register for VAT has maintained minimal growth over the years, increasing in 2019/20 and more so in 2021/22. The growth of active vendors subsided in 2020/21 because of the COVID-19 lockdown which restricted economic activities and led to a contraction of 0.3% in the number of registered VAT vendors. The 2022/23 period under review, active vendors grew by 1.6% 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, 2019/20 – 2022/23

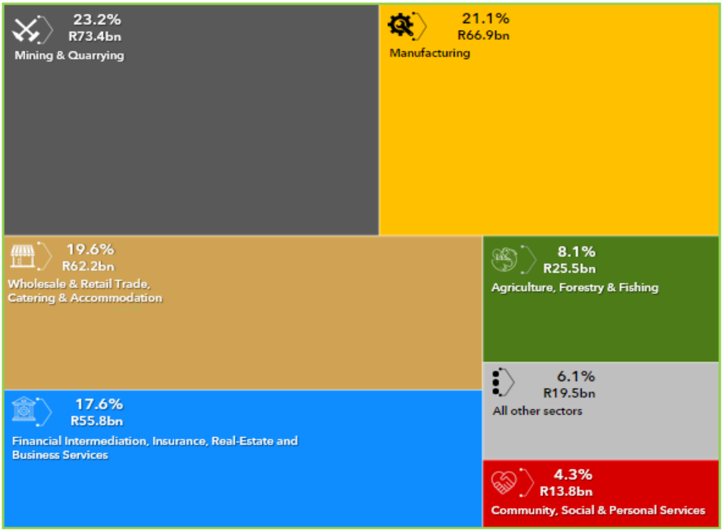
Fiscal year	Registered[1]	Percentage growth rates	Active vendors	Percentage growth rates	Active percentage of register
2019/20	831 821	3.6%	451 738	0.2%	54.0%
2020/21	880 553	5.9%	450 423	-0.3%	51.2%
2021/22	941 406	6.9%	470 238	4.4%	50.0%
2022/23	953 665	1.3%	477 782	1.6%	50.1%

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

VAT payments by economic activity, 2022/23



VAT refunds by economic activity, 2022/23



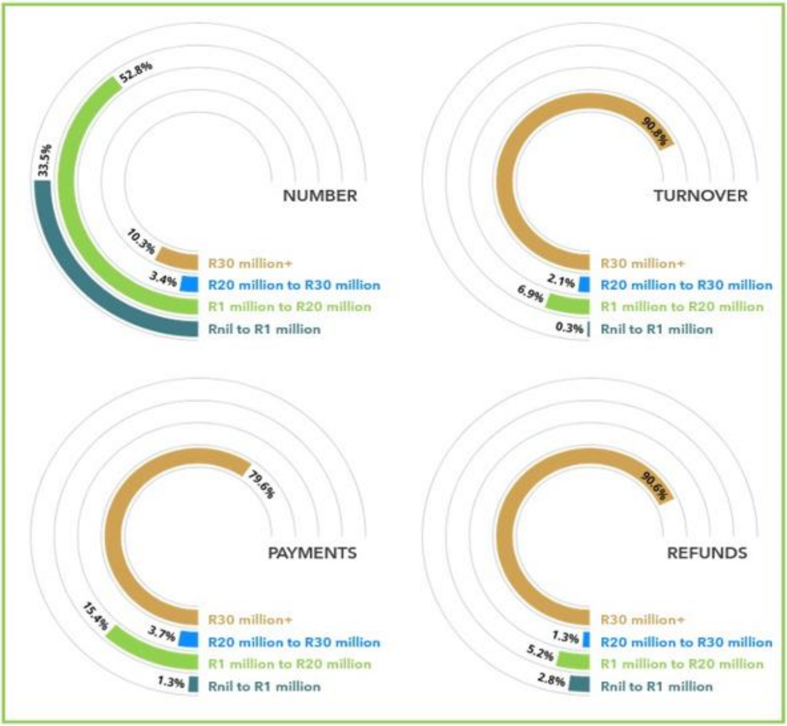
From 2019/20 to 2022/23, the supply of standard-rated goods and services contributed 96.2% on average to total output tax. The share of capital goods and accommodation supplied remained relatively stable over this period. Over the same period, the contribution of the supply of capital goods was below 2.7% in line with low capital investments due to the recovery of COVID-19 and prevailing economic conditions.

Output tax by class of supply, 2019/20 - 2022/23

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		
2019/20	1 552 245	37 997	3 490	25 362	**1 619 095**
2020/21	1 479 182	32 496	1 520	16 956	**1 530 153**
2021/22	1 757 479	44 767	2 417	24 867	**1 829 530**
2022/23	2 001 771	53 834	4 178	21 223	**2 081 007**
			Percentage of total		
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%**
2022/23	96.2%	2.6%	0.2%	1.0%	**100.0%**

In 2022/23, 33.5% of vendors had a turnover of R1 million or less i.e., below the mandatory VAT registration threshold. However, these vendors accounted for only 1.3% of Domestic VAT payments and 2.8% of VAT refunded. In contrast, 3.8% of VAT vendors who had an annual turnover greater than R100 million accounted for 67.2% of Domestic VAT payments and 84.3% of VAT refunded, as shown in *Table A4.6.1*.

Distribution of VAT vendors by turnover group, 2022/23



For the 2022/23 fiscal year...

Number of registered importers **347 754**

Import VAT		Customs Duties
15.1%	% ...of Revenue	4.4%
3.8%	% ...of GDP	1.1%
24.7%	% ...of change Y/Y	27.5%

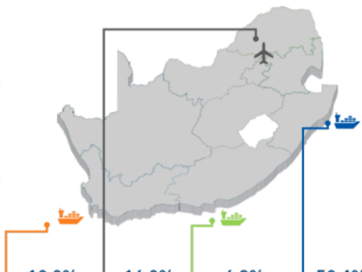
Biggest Contributors

Import VAT	Customs Duties
26.4% Machinery & Electronics	29.0% Vehicles, Aircraft & Vessels
13.8% Chemical Products	15.9% Textiles & Clothing
11.2% Vehicles, Aircraft & Vessels	13.4% Food, Beverages & Tobacco

Main contributors to Total Import Tax
by World Zone

Americas	Africa	Europe	Asia
10.9%	5.2%	29.8%	52.4%

Main contributors to Total Import Tax
by Customs Port of Entry



Cape Town Harbour	OR Tambo Int Airport	Port Elizabeth (Gqeberha) Harbour	Durban Harbour
10.0%	16.0%	6.8%	50.4%

IMPORT VAT AND CUSTOMS DUTIES

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 2022/23 fiscal year (FY):

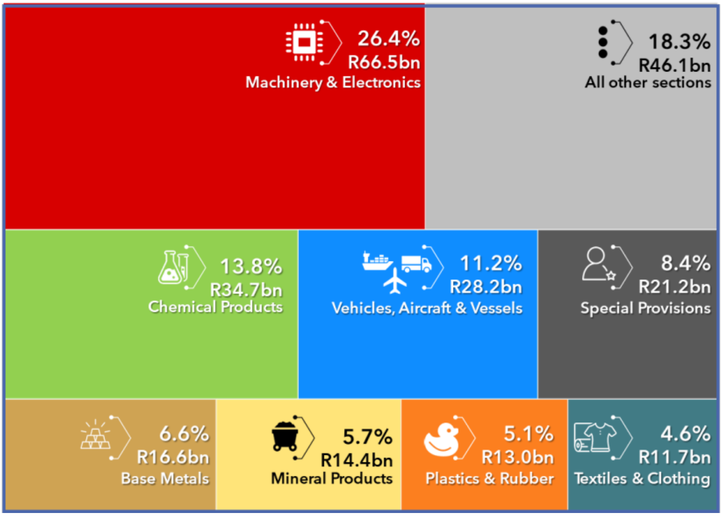
- Import VAT collections totalled R255.0 billion and recorded a year-on-year (y/y) growth rate of 24.7%, following a growth of 22.9% in 2021/22. This was driven by significant levels of growth in the imports of key contributing commodities.
- Collections of Customs Duties totalled R73.9 billion and experienced a y/y growth of 27.5%, on the back of a significant 22.6% increase in 2021/22.
- Revenue from two of the sub-categories of Duties, namely Specific Excise Duties and *Ad valorem* Excise Duties contributed R8.8 billion (at 12.0% share) and R16.7 billion (22.6%) 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 R48.4 billion (65.4%) comprises all other Customs Duties levied, predominantly General Duties (Part 1 of Schedule 1 to the Customs and Excise Act, 1964).
- Import VAT and Customs Duties accounted for 15.1% and 4.4% of the year’s Total Tax Revenue respectively; resulting in a 19.5% aggregate, which was higher the 17.1% average over the preceding five fiscal years. The combined share of these taxes

relative to GDP increased to 4.9% from the preceding five-year average of 4.1%; with Import VAT and Customs Duties contributing 3.8% and 1.1% for the year respectively.

- The largest driver of the year's Import VAT was *Machinery and Electronics* at 26.4%, up from 25.6% in 2021/22. Notably, *Vehicles, Aircraft and Vessels* accounted for the most significant portion of Customs Duties at 29.0%, up from 22.7% in the prior year.
- Imports from the world zones of Asia and Europe accounted for 82.3% of the combined Total Import Tax contribution, compared to 82.4% in 2021/22.
- On a country basis, China and Germany, at 28.7% and 8.8% share of Total Import Tax contribution respectively, remained the principal suppliers of taxable goods into South Africa.
- The Importer register increased y/y by 4.4% to 347 754 in number.
- The overall effective tax rates were 9.2% for Import VAT, 2.8% for Customs Duties and 12.0% for Total Import Tax.

IMPORT VAT AND CUSTOMS DUTIES

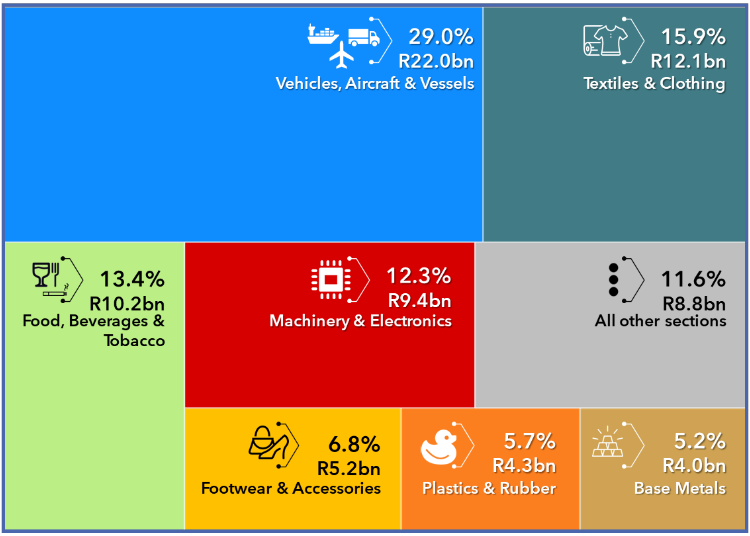
Import VAT by HS section, 2022/23



Import VAT for 2022/23 was collected mostly from the importation of *Machinery and Electronics* (26.4%); *Chemical Products* (13.8%); *Vehicles, Aircraft and Vessels* (11.2%); *Special Provisions* (8.4%); *Base Metals* (6.6%); *Mineral Products* (5.7%); *Plastics and Rubber* (5.1%) as well as *Textiles and Clothing* (4.6%). The *All Other* sections grouping (18.3%) comprises the remaining 14 HS sections.

The overall effective tax rate for Import VAT in 2022/23 was 9.2% compared to previous year's 9.1%. Key commodities with the highest effective VAT rates were *Footwear and Accessories* at 18.6%; *Hides, Skins and Leather* at 17.5%, as well as both *Special Provisions* and *Wood and articles* thereof at 15.6% each.

Customs Duties by HS section, 2022/23

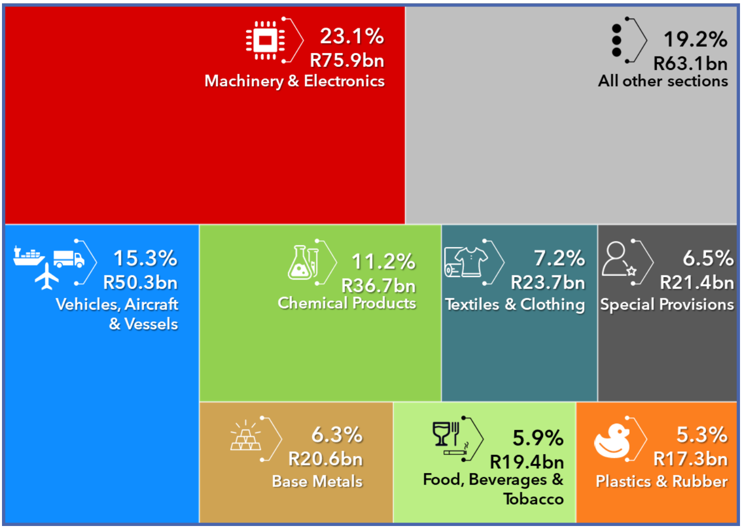


The largest contributing HS sections to Customs Duties in 2022/23, were *Vehicles, Aircraft and Vessels* (29.0%); *Textiles and Clothing* (15.9%); *Food, Beverages and Tobacco* (13.4%) as well as *Machinery and Electronics* (12.3%).

The overall effective Customs Duty rate in 2022/23 was 2.8% compared to previous year's 2.7%. Key commodities with the highest effective Duty rates were *Footwear and Accessories* at 24.7%; *Hides, Skins and Leather* at 21.5%; *Textiles and Clothing* at 16.1% as well as *Food, Beverages and Tobacco* at 10.9%.

IMPORT VAT AND CUSTOMS DUTIES

Total Import Tax by HS section, 2022/23

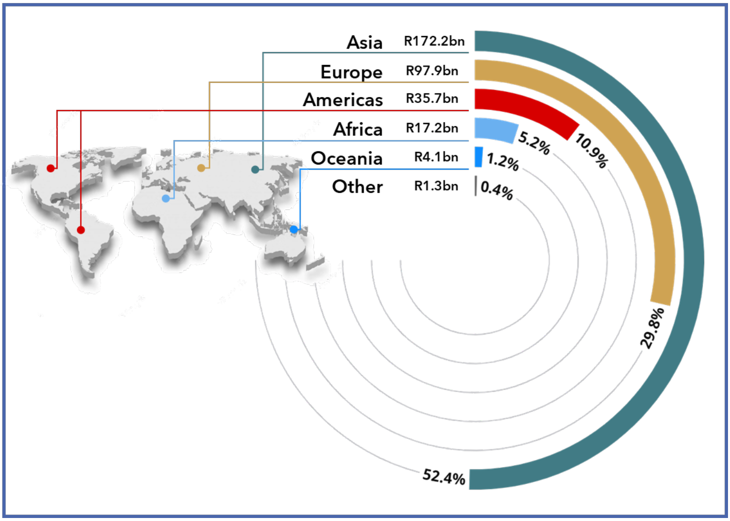


Machinery and Electronics; Vehicles, Aircraft and Vessels; Chemical Products; Textiles and Clothing; Special Provisions; *Base Metals; Food, Beverages and Tobacco* as well as *Plastics and Rubber* – combined, made up 80.8% of the Total Import Tax for 2022/23.

The overall effective tax rate for Total Import Tax in 2022/23 was 12.0% compared to previous year's 11.9%. Key commodities with the highest effective Total Import Tax rates were *Footwear and Accessories* at 43.4%; *Hides, Skins and Leather* at 39.0%; and *Textiles and Clothing* at 31.6%.

Imports from Asia accounted for 52.4% of the Total Import Tax, followed by Europe at 29.8% and the Americas at 10.9%.

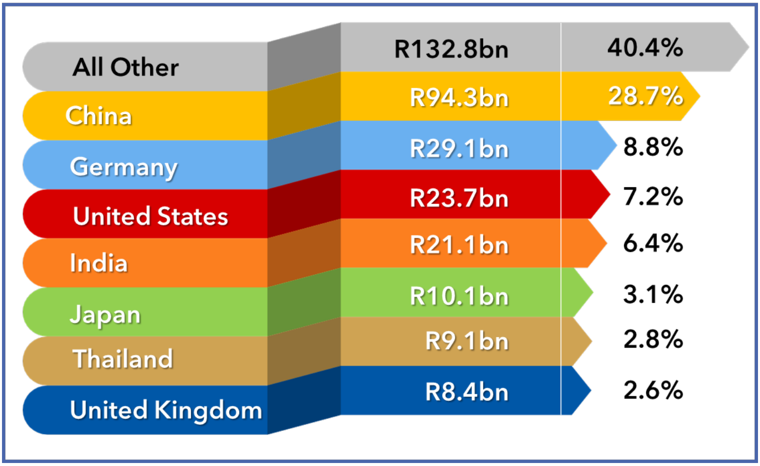
Total Import Tax by World zone, 2022/23



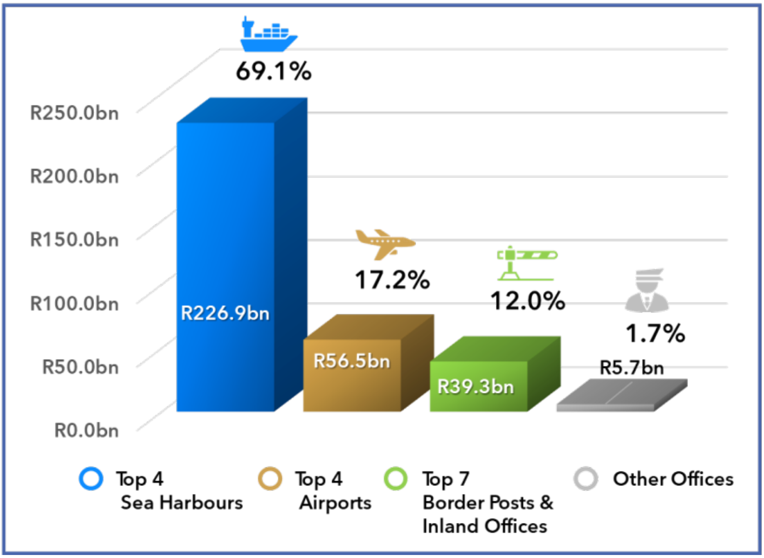
The top-seven countries of origin – China, Germany, United States, India, Japan, Thailand and United Kingdom – collectively accounted for 59.6% of the Total Import Tax for 2022/23.

IMPORT VAT AND CUSTOMS DUTIES

Total Import Tax by Country of origin, 2022/23



Total Import Tax by Customs port of entry group, 2022/23



The contribution of the top six offices – Durban Harbour, O.R. Tambo International Airport, Cape Town Harbour, Port Elizabeth (Gqeberha) Harbour, Johannesburg Customs Office and East London Customs Office – together accounted for 90.7% of the Total Import Tax for 2022/23.

IMPORT VAT AND CUSTOMS DUTIES

Total Import Tax by Customs port of entry, 2022/23

For the 2022/23 fiscal year…

Capital Gains Tax

Company Capital Gains Tax

R12.5 billion

+

Individual Capital Gains Tax

R9.8 billion

=

Obtained Capital Gains Tax

R22.2 billion

Increase of R6.0 billion (37.2%) on the R16.2 billion raised in 2021/22.

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

An aggregate of **R211.5 billion** has been raised since the introduction of CGT in October 2001.

R277.0bn

Property transfers subjected to transfer duty

R86,974

Average transfer duty paid

Transfer duties amounted to **R11.5billion** an increase from R10.6 billion in 2021/22

Mineral and Petroleum Resources Royalty payments amounted to **R25.3 billion**

11.0% decrease from 2021/22

This contraction is attributed due to a significa decline in commodity prices, particularly platinum and iron ore

Contributions to the SACU pool during 2022/23

R134.6 billion

Diesel refunds decreased 11.4% from R7.3 billion to **R6.5 billion** in 2022/23.

This decrease was driven mainly by the contraction of R945.1 million (46.0%) in the **Electricity sector**.

CHAPTER 6: OTHER TAXES AND COLLECTIONS

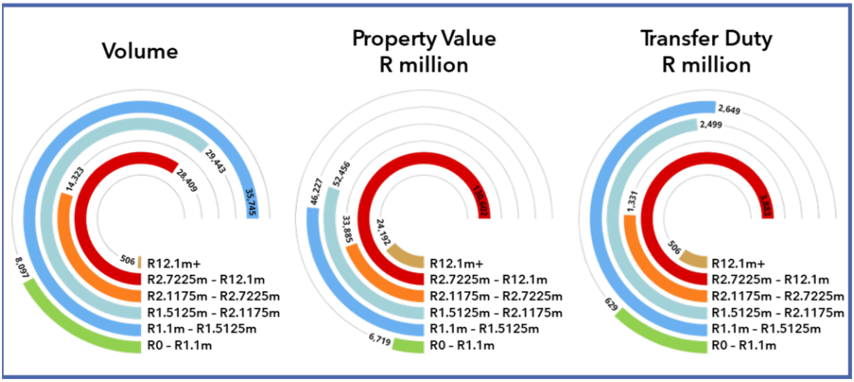
This chapter focuses on revenue collection trends that provide insight into specific aspects of economic activity during 2022/23. It gives an overview of:

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

For the 2022/23 fiscal year:

- Capital Gains Tax (CGT) of R22.2 billion was raised, of which R9.8 billion was attributable to individuals and trusts, and R12.5 billion to companies. This reflects a significant growth of R6.0 billion (37.2%) from the R16.2 billion raised in 2021/22. An aggregate of R211.5 billion has been raised since the introduction of CGT in October 2001, with R98.4 billion deriving from individuals and trusts and R113.1 billion from companies;
- Transfer Duty collected totaled R11.5 billion, an increase from the R10.6 billion collected in 2021/22, despite a 4.5% transaction-volume decrease year-on-year and supported by a 7.6 % increase in value of dutiable properties;

Distribution of Transfer Duty collected by property value, 2022/23



- Diesel refunds decreased from R7.3 billion in 2021/22 to R6.5 billion in 2022/23, a decrease of R839.2 million (11.4%). This decrease was driven mainly by the contraction of R945.1 million (46.0%) in the electricity sector because of the decrease in diesel use, which declined by 231.6 mega liters (44.1%) as well as other administrative reasons.
- Mineral and Petroleum Resources Royalty (MPRR) payments by extractors contracted by R3.1 billion (11.0%) from R28.5 billion to R25.3 billion due to a significant decline in commodity prices, particularly platinum and iron ore. This contraction was not as severe as expected due to a surge in coal prices that effectively offset the decline in MPRR payments.
- The SACU common revenue pool (CRP) was estimated at R133.9 billion in 2022/23. Total contributions to the pool amounted to R134.6 billion, reflecting a year-on-year growth of 19.7% and a surplus of R0.76 billion (0.6%) against the estimate.

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