

Graduate tax "unfair" says DA

An additional tax on working graduates will be unfair, the DA Youth said on Thursday (7 February).

"It would mean an extra payment on top of their income tax, at a time when many are struggling to make ends meet," Democratic Alliance Youth federal leader Makashule Gana said in a statement.

"Under these circumstances, a graduate tax could actively discourage students from entering tertiary level education," he claimed.

Gana said many students were still battling to pay off student loans. Student loan debt in 2009 was around R3bn and had risen since then.

The African National Congress resolved at its elective conference in Bloemfontein last year to introduce a tax on graduates. Conference delegates who participated in an education and health commission resolved that consideration "must be given to a graduate tax for all graduates from higher education institutions". No other details were given.

Gana said there was currently no guarantee that a graduate would get work.

"Instead of a tax, we need a youth wage subsidy to help young people find work when they finish school. We must not crush the spirit of young people with taxes," he said.

Tax director at accounting and consultancy firm BDO South Africa, David Warneke, said the tax would diminish the desire of graduates to stay in the country where their skills were needed.

"The principle appears to be to tax the successful in order to fund the unsuccessful, as the proposal appears to apply only to students who graduate from tertiary institutions," Warneke said.

Source: *Sapa* via I-Net Bridge