

VAT panel terms of reference amended

Following hearings in Parliament on 25 April 2018, Finance Minister, Nhlanhla Nene, has amended the terms of reference of the panel of experts to review the current list of zero-rated items.



Nhlanhla Nene, minister of finance

"Concerns regarding the scope of work and the composition of the panel as expressed at the hearings or thereafter by let from some civil society organisations, the minister has decided to amend the terms of reference," National Treasury said in a statement.

The amendment will allow the panel more flexibility to make proposals that may alter the fiscal framework for the 2019/20 financial year and beyond, as they can be taken into account in the 2019 February budget.

A panel is considering the most effective way to mitigate the impact of the increase in the VAT rate on poor and low-income households. This as South Africa's VAT increased by 1% to 15% in April. "Similarly, the panel may also receive and consider submissions on the zero-rating of non-food items. The sections relating to discussion on potential government expenditure programmes that can assist poor and low income households have also been broadened, to allow further comments and suggestions from the panel," the statement said.

Extension

As a result, and at the request of the chair of the panel, the deadline for the final report of the panel has been extended to July 2018.

This also means that the deadline for the public submissions to the panel is also extended to 1 June 2018.

In addition, the minister will not alter the composition of the panel.

The make up of the panel, which is made up of nine capable, professional and highly regarded experts equipped to provide independent fact-based analysis and reporting, will remain the same. "The panel is not under any pressure to agree with government policy when making their proposals, and we are assured that they will provide a critical and objective perspective on these issues."

The minister will then consider the report and table a bill in parliament containing the appropriate tax legislative provisions, necessary. Parliament would then convene further hearings through its two finance committees before the final adoption of the bill.

The minister will also make the report available to the general public.

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