

# Sars has a R13bn shortfall, as sluggish economy takes toll on state coffers

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Tax revenue in the first quarter of the current financial year to end-June was R13.1bn lower than the printed estimate, South African Revenue Service (SARS) executives will report to Parliament.



The outcome confirms expectations that the tax revenue for the year will fall far short of the target due to the stagnation in the economy.

Sars executives will brief members of Parliament's standing committee on finance on the first-quarter performance.

Personal income tax came in at R104.4bn compared with the target of R110bn, corporate income tax at R54bn (R57bn target), dividend tax at R7.2bn (R9.5bn), VAT collections at R63bn (R64.7bn) and customs duties at R8.9bn (R9.7bn).

Lower personal income tax was mainly due to pay-as-you-earn (PAYE) tax (a R4.7bn or 4.3% shortfall) and personal income tax assessment payments (R500m or 20.1%).

The shortfall in corporate income tax was due to provisional tax payments that were R2.4bn or 4.1% below target, as well as assessment payments that were R400m or 17.6% lower than expected.

Customs duties were lower mainly due to shrinking contributions by clothing and footwear as well as cereals.

VAT on imports was lower than the printed estimate by R1.6bn (5.2%) mainly due to declining contributions by machinery, original equipment components and photographic instruments.

VAT refunds were lower than printed estimates by R700m (1.5%) as real gross fixed capital formation recorded a slower growth of 1% quarter on quarter in the first quarter, from the 1.7% quarter-on-quarter growth in the fourth quarter of 2016.

The temporary shutdowns by vehicle manufacturers for plant upgrades also had a direct impact on exports.

Specific excise duties were R900m (9.2%) lower than the printed estimate mainly due to lower collections on cigarettes and cigarette tobacco of R1.2bn (30.2%). Smaller companies closed down operations during the previous year in order to move their operations outside SA.

Taxes on properties were higher by R300m (R7.9%). Collections in June were driven by a one-off payment of R500m as a deposit relating to a deceased estate.

**Source:** *Business Day*

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