

# Sugar tax and asset disclosures could add R1bn to budget revenue

There were several potential tax revenue windfalls that could increase the 2017-18 budget revenue estimate by more than R1bn, Treasury officials said in Parliament.

This would mitigate, to a small extent, any undercollection by the South African Revenue Service.

The proposed tax on sugary beverages was not factored into the R1,4trn estimate. Neither were the proceeds of the special voluntary disclosure programme which allows taxpayers with undeclared assets here and abroad to declare them without being penalised.



Source: SAICA

Also not included in the estimate are proceeds of a tax measure which took effect from the beginning of March to tax as a donation interest-free loans made to trusts.

Details of these potential windfalls were provided to members of Parliament's two finance committees by Treasury chief director of legal tax design Yanga Mputa and director of personal income taxes and savings Chris Axelson. They were giving the Treasury's responses to issues raised during public hearings on the budget.

PricewaterhouseCoopers tax policy leader Kyle Mandy said in his presentation during the hearings that anecdotal evidence

suggested the tax on interest-free loans to trusts could raise R1bn while the sugar tax could raise about R2bn.

By late February, R600m had already been raised off disclosures of R3,8bn in foreign assets under the voluntary disclosure programme, which ends at the end of August. Several billions could accrue to the fiscus from these disclosures.

Tax experts also pointed out that, according to their calculations, the imposition of a 45% tax rate on the 103,353 individuals earning more than R1,5m should yield more than R6bn and not Treasury's estimate of R4,4bn.

Axelson said that while this was correct, the Treasury had introduced a "behavioural assumption" into its estimate which took into account that high-income earners would make use of various deductions or might not work as hard.

"There are a variety of reasons you might not get as much money with a higher rate. This reduces the amount of revenue that we expect to get from that top rate," Axelson explained.

**Source:** *Business Day*

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