

## Tax relief, further fiscal consolidation welcomed

Apart from the commitment made to the urgent rollout of the vaccination programme, of comfort debt-burdened consumers is the announcement in the National Budget Speech that there will be no increase in personal income tax, but instead, a 5% adjustment in the personal income tax brackets which will combat fiscal drag and provide R2.2bn in tax relief - targeting lower and middle-income households.

 By [Dr Andrew Golding](#) 25 Feb 2021



Dr Andrew Golding, chief executive of the Pam Golding Property group

In addition, good news for businesses is that the corporate income tax rate will be lowered to 27% for those with years of assessment from 1 April 2022.

Most important from a property perspective is what the budget will do to address obstacles to economic growth and to boost business and consumer confidence. Tax relief for both individuals and businesses will provide a boost to confidence levels – particularly as possibly significant tax increases were predicted as possible by some commentators. Government's ongoing commitment to fiscal consolidation should also be well received by the ratings agencies and investors.



MARKETS & INVESTMENT

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Samuel Seeff 24 Feb 2021

## Supporting tourism sector recovery

Firstly, in this regard, we welcome the prioritisation of establishment of a Tourism Equity Fund to help support recovery of the tourism sector, which is a significant contributor to GDP and which has, together with the hospitality industry in general, borne the brunt of the sustained Covid-19 lockdown.

We also look forward to seeing the stabilisation of government debt and acceleration in the implementation of long-overdue structural reforms aimed at boosting investment in the economy to lift growth and create jobs, which is essentially the only sustainable long-term solution.

SMMEs in turn will also be appreciative of any initiatives to lower barriers to entry and help lower the cost of doing business. A further positive is the allocation of R4bn by the Department of Small Business Development for township and rural enterprises.



BUDGET SPEECH

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25 Feb 2021

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## Infrastructure investment

Of importance is investment in infrastructural improvements – a factor which in turn has a direct impact on housing market sentiment - and it is hoped that the R791.2bn allocated to infrastructure investment will be swiftly put to good use, not only in terms of roads, bridges and dams, but in particular the pressing need to get our country's rail operation network repaired and fully up and running once more. Without effective transport networks, industry and individuals alike are negatively impacted, as is our economy.

However, on the back of a recent fuel price hike, a further fuel levy increase of 27c per litre will act as an additional financial burden on the economy.

While the residential property market has in recent months rebounded to some degree, consumers remain under economic pressure and it is hoped that initiatives taken by government in the near future will help offset the ongoing economic impact of the Covid lockdown.

On balance, the budget is welcomed with tax relief and further fiscal consolidation. This should go some way towards boosting economic growth. But much of the progress in stabilising debt depends on upwardly revised growth forecasts materialising. As the Treasury itself notes "the outlook remains highly uncertain as the economic effects of the pandemic are far-reaching".

## ABOUT DR ANDREW GOLDING

Dr Andrew Golding, chief executive of the Pam Golding Property group, was originally in private practice as a General Practitioner on the Atlantic Seaboard from 1991 to 1996, after which he joined the family business as MD in 1996, followed by his present position.  
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