Taxes, medical aids injure take-home pay

Increases in taxes and administered costs including medical insurance have placed the disposable income of low- to middle-income earners in SA under significant pressure over the past few years, the latest United Association of SA (UASA) employment report show.

The report, compiled for the union by economists.co.za with the aid of Statistics SA and Reserve Bank da showed that the average disposable income for last year was R10,141 per month.

The report took into account formal sector employees earning below R150,000 a year.

Salary deductions rose from an average of R2,612 a month in 2008 to just over R4,360 a month last year, according to the report.

Personal income taxes and the higher cost of medical insurance were identified as the main reasons for tl jump in salary deductions over the past four years.

"Unemployment insurance has also increased as the level at which taxes are raised has increased," economists.co.za chief economist Mike Schussler said.

Garnishee orders, maintenance orders and other deductions were also found to be taking away meaningfu amounts from employees' salaries.

The report showed that salaries only increased 6.5%, which, while still above last year's inflation rate, show that employees did not receive their full increases and took home less money than before.

Inflation averaged 5.6% last year.

"Take-home pay is under enormous strain, despite fewer civil debt judgments leading to garnishee orders Schussler said.

Other payments weighing on consumers, which Schussler referred to as either contractual or necessary, were municipal rates and taxes, which increased above the inflation rate.