



Budget Debate

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INTRODUCTION

- BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive.

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- As the principal representative of business in South Africa, BUSA represents the views of its members in a number of national structures and bodies, both statutory and non-statutory. BUSA also represents business' interests in the National Economic Development and Labour Council (NEDLAC).

BUSA POSITION

- BUSA welcomes Treasury's achievement in the Budget of maintaining real (additional to inflation) average growth of 1.8% in non-interest spending over the next three years, with post-school education and training, health, social development and community and economic development the fastest-growing categories of spending. This growth in expenditure has been received favourably as it serves as a catalyst for building the foundation for sustainable, inclusive economic growth.

BUDGET

- Given the still significant risks South Africa's public finances, BUSA is broadly supportive of the tax proposals outlined in the 2018 Budget. BUSA is on record in submissions made in the 2017 Budget that future tax increases over the medium term would need to maintain an optimal balance between direct taxes such as Corporate Income Tax (CIT) and Personal Income Tax (PIT), and indirect taxes such as Value Added Tax (VAT). With evidence emerging that direct taxation levels were beginning to become self-defeating through the negative effects on economic growth and compliance levels, it was clear that any further CIT and PIT tax hikes would have been counter-productive. Tax increases **3**
- need to maintain an efficient, diversified and sustainable tax system that should be aligned with Government's economic growth objectives and job creation in line with the NDP.

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- In view of this, BUSA is broadly supportive of the taxes identified for increase in the Budget, including the increase in VAT by 1% to 15%.

CONCLUDING REMARKS