



## **Economic Digest 21**

**30<sup>th</sup> July 2021**

### **Tackling Poverty with Innovation and Creativity**

#### **Financing a universal income grant through taxes**

In June this year the CPLO published a Briefing Paper (No 523) dealing with financing options for a universal income grant (available at <https://tinyurl.com/tse998ef>). One of the sources of the BP was a policy brief by the Institute for Economic Justice (<https://tinyurl.com/8e9z62vn>). The IEJ recently published a supplement to the earlier policy brief which expands on the various financing options through innovative tax reforms; it can be found at <https://tinyurl.com/s72ptppt>

#### **How to make inroads into tax policy in a rebuilt, post-Covid South Africa**

“In the endeavour to rebuild South Africa and plan a post-Covid society, inequality, poverty and unemployment will have to feature prominently. In designing a new South Africa, the architects will need to employ a number of building blocks, including education, tax policy, competition policy, company law, small business legislation and labour relations, to name but a few. In designing a tax policy, there will be an immediate realisation that there are a number of objectives which compete with each other and in some cases appear to be mutually exclusive.” <https://tinyurl.com/ma5nzuv9>

#### **Government's plan to help businesses recover from looting and Covid-19 impact – including tax breaks**

Plans were announced to assist businesses caught up in the recent unrest in KwaZulu-Natal and Gauteng, as well as those SMMEs that have been affected by the Covid-19 pandemic that has ravaged the country's economy. These plans include deferred payment of PAYE taxes, expanding the employment tax incentive, and the deferment of excise taxes owed by the alcohol sector. <https://tinyurl.com/2rex8kcm>

#### **Banks to allow grant recipients to use all ATMs without additional charges in areas impacted by unrest**

“Social grant recipients who live in areas where ATMs and branches have been destroyed by the recent unrest will be able to use any ATM – including those not operated by their own bank – without incurring additional charges. This agreement will run from 1 August to 30 September 2021.” <https://tinyurl.com/72dabbr8>

## **IMF study suggests civil unrest will have a significant economic impact on South Africa**

“Among the drivers globally from social ructions have been ‘sharp contractions in manufacturing and services and consumption’. The study also found that ‘unrest lowers confidence and raises uncertainty; however, its adverse effect on GDP can be mitigated by strong institutions and by a country’s policy space’. <https://tinyurl.com/86c5turc>

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