

## Media Releases 2007

### Update on the Preliminary Revenue Figures for the 2006/07 Financial Year

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**Pretoria, 2 April 2007** - The South African Revenue Service (SARS) can today provide an update on the preliminary outcome of revenue collection figures after the 2006/07 financial year ended on Friday, 30 March 2007.

The updated figures released today follow further reconciliation of inflows into the National Revenue Account after midnight on Friday night and the subsequent announcement of the preliminary revenue outcome by the Minister of Finance on Saturday morning.

By midnight on Saturday 31 March SARS had collected R495.1 billion in revenue for the 2006/07 fiscal year. This figure – which shall remain a preliminary figure until a final external audit is completed later this year - is R5.5 billion more than the revised revenue target announced in this year's Budget.

By midnight on Friday 30 March 2007, the due date for final payment of taxes and duties to SARS, total revenue stood at R493 billion. Since then a further R2 billion was added to the total as reconciliations of inflows was done with the banking system over the weekend.

The drivers of the robust revenue performance remain:

1. Stronger than expected economic growth driven mainly by domestic demand and enhanced investments in the economy by the public and private sectors.

Higher than anticipated corporate profits in particular had a significant impact on the outcome of revenue collection. For example, the gross operating surplus in the mining sector grew by 25% driven by the boom in commodity prices the financial services sector grew by 17% and the retail and wholesale sector by 10% which continues to enjoy robust consumption demand.

Collections from PAYE increased significantly to about R133billion or 10% compared to last year. This was influenced by the increasing formalisation of labour. The recent Labour Force Survey reveals that a greater number of people are being absorbed into the formal job opportunities and that there is an increasing confidence among job-seekers about their chances to exploit opportunities in the labour market.

2. Structural changes in the tax policy environment enacted through legislation over the past few years have significantly broadened the tax base. Such changes include the introduction of Capital Gains Tax, the switch from Source to Residence based taxation. Between February and December 2006 the income tax register has grown by 7%, the PAYE register by 6% and the VAT register by 5%.

SARS wishes to express its heartfelt gratitude to all South Africans who have shown commitment to build a better life for all. The table below contains an updated view of the preliminary revenue performance for 2006/7 **(Image Missing)**

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