Media Releases 2007

Media statement by the Minister of Finance, Trevor A. Manuel, MP, on the Preliminary Revenue Results for the Fiscal Year 2006/07

Cape Town, 31 March 2007 - The South African Revenue Service (SARS) has by midnight on Friday 30 March 2007 collected R493billion in revenue.

These preliminary results are more than R 3 billion above the revised 2007 Budget estimate of R 489.7 billion and about R 37 billion more than the original printed estimate of R456.7 billion.
The final outcome of revenue collected may change as a result of further payments made after the books were closed on the last day of the SARS 2006/07 financial year.

The revenue performance lays the foundation for government to realise its ambition to create the fiscal space needed to improve the lives of all South Africans.
Over the past few years government's fiscal strength has enabled us to improve expenditure on social delivery and investment in infrastructure.
The strong revenue yield for 2006/7 has been influenced largely by two major factors:
1. Stronger than expected economic growth that has reached 5% over the past two years; 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 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%.
The government wishes to express its heartfelt gratitude to all South Africans who have shown commitment to build a better life for all. SARS' work is a credit to all of them.

We are also proud of the dedication and commitment of a 15,000 strong team of SARS employees to make South Africa great.
An analysis of the preliminary revenue results indicates:
1. PERSONAL INCOME TAX (including interest)
The revised target of R140 billion was achieved, of which R133 billion is PAYE. The PAYE receipts are primarily due to a growth in employment as evidenced by several factors including:
· The Labour Force Survey released by STATSSA this week.
· Growth in the tax register from 4 683 821 in March 2006 to 4 997 469 in February 2007 (an increase of 6,7%).
· Growth in remuneration (9%)
2. VALUE ADDED TAX
The revised target of R134.5billion was achieved.
The VAT receipts are primarily due to the following factors:
· Growth in imports of goods and services which rose by 27,6% in 2006 according to the SA Reserve Bank
· 7.3% increase final household consumption
3. CORPORATE INCOME TAX (including interest)
The revised target of R116 billion was exceeded by R2 billion.
CIT receipts are primarily due to an annual growth in total gross operating surplus (GOS) of 14,5% in 2006 according to STATSSA.

4. SECONDARY TAX ON COMPANIES
The revised target of R15,7 billion was achieved.
5. FUEL LEVY
The revised target of R21.7 billion was achieved.
6. CUSTOMS DUTIES
The revised target of R23,5 billion was exceeded by R400million.
7. Transfer Duty
The revised target of R6.7 billion was achieved.
8. Excise Duties
The revised target of R16.1 billion was achieved.
ENDS.

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