



2018 Tax Statistics – Highlights

A joint publication between **National Treasury** and the **South African Revenue Service**

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SARS

South African Revenue Service

The 2018 Tax Statistics publication is compiled with the latest available data from the South African Revenue Service (SARS) and National Treasury. Some of the data may be incomplete and subject to revision in later editions.

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BOUT THIS PUBLICATION

The 2018 edition of the Tax Statistics publication provides an overview of tax revenue collections and tax return information for the 2014 to 2017 tax years as well as the 2013/14 to 2017/18 fiscal years.

The objective of this publication is to present comprehensive tax revenue data in a manner that will complement and help contextualise economic and demographic data provided by other publications. It contains more detailed and varied tax revenue data that complements publications such as the National Treasury's Budget Reviews and SARS' Annual Reports. It contains more detailed and varied tax revenue data that complements publications such as the National Treasury's Budget Reviews and SARS' Annual Reports. The aim is to improve and expand on the data made available in the Tax Statistics. The publication is available for download at the websites of the South African Revenue Service (SARS) (www.sars.gov.za/About/SATaxSystem/Pages/Tax-Statistics.aspx) and that of National Treasury (www.treasury.gov.za/publications/tax%20statistics).

We welcome comments and suggestions that would enhance the value of the publication for policy evaluation and provide further insights into South Africa's social and economic contexts. Please email such comments and suggestions to taxstatistics@sars.gov.za.

For the 2017/18 fiscal year

Revenue collected during 2017/18 fiscal year

R1 216.5 BILLION



6.3%

Higher by R72.4bn against 2016/17



7.8%

Compound annual growth rate (CAGR) achieved for 2013/14 to 2017/18

Composition of main sources of tax revenue

2013/14

PIT | 34.5%

VAT | 26.4%

OTHER | 19.2%

CIT | 19.9%

2017/18

PIT | 38.1%

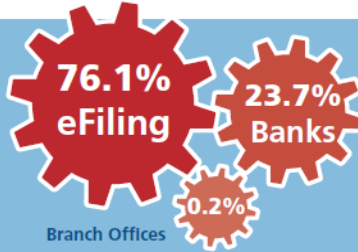
VAT | 24.5%

OTHER | 19.3%

CIT | 18.1%

Payment Channels

The value of payments at banks reduced from 27.1% in 2013/14 to 23.7% in 2017/18



TOTAL TAX RELIEF provided to taxpayers between 2013/14 and 2017/18

R33.3 BILLION

COST OF REVENUE COLLECTIONS

0.97%
2013/14



0.89%
2017/18

CHAPTER 1: REVENUE COLLECTIONS

- This chapter provides a summary of aggregate revenue collections trends for the period 2013/14 to 2017/18.

In the 2017/18 fiscal year:

- Tax revenue collected amounted to R1 216.5 billion, growing year-on-year by R72.4 billion (6.3%), mainly supported by Personal Income Tax (PIT) which grew by R37.0 billion (8.7%);
- The number of individuals registered for Income Tax increased to 21.0 million on 31 March 2018 from 20.0 million in the previous year;
- On 31 March 2018 there were 3.1 million registered companies and 773 7835 registered Value-Added Tax (VAT) vendors of which 434 981 (56.2%) were active; and
- Despite a continuation of tough economic conditions which saw a small increase in GDP growth from 1.0% in 2016/17 to 1.3%¹, the Tax-to-GDP ratio increased from 25.5% in 2014/15 to 25.9% in 2015/16 and 2016/17, before decreasing slightly to 25.8% in 2017/18.

SARS continues to broaden the tax base and expand its taxpayer and trader register through the pillars of the compliance model, namely: education, service and enforcement programmes. The growth of the tax register is influenced by socio-economic conditions, tax policy and legislative amendments. SARS has increased registration compliance by introducing bulk registration at places of employment and providing an online facility that enables employers to register staff when submitting their monthly Pay-As-You-Earn (PAYE) returns.

¹ As announced in the Medium Term Budget Policy Statement, 2018

Tax register, 31 March 2014 – 31 March 2018

Number as at	Individuals ^{1,2}	Companies (CIT) ^{1,3}	Trusts ¹	Employers ¹ (PAYE)	VAT Vendors ¹	Importers	Exporters
31 Mar 2014	16 779 711	2 685 405	322 188	407 066	662 194	272 544	246 500
31 Mar 2015	18 185 538	2 935 385	331 584	429 691	679 274	280 953	254 108
31 Mar 2016	19 075 270	3 278 708	340 000	458 048	706 874	289 922	262 162
31 Mar 2017	19 980 110	3 732 416	345 048	489 445	742 388	301 746	272 951
31 Mar 2018	20 953 564	3 131 983	361 587	504 226	760 615	310 784	280 950
Percentage year-on-year growth							
31 Mar 2015	8.4%	9.3%	2.9%	5.6%	2.6%	3.1%	3.1%
31 Mar 2016	4.9%	11.7%	2.5%	6.6%	4.1%	3.2%	3.2%
31 Mar 2017	4.7%	13.8%	1.5%	6.9%	5.0%	4.1%	4.1%
31 Mar 2018	4.9%	-16.1%	4.8%	3.0%	2.5%	3.0%	2.9%

1. Excludes cases where status is in suspense, estate and address unknown.

2. The tax year for individuals starts on 1 March and ends at the end of February the following year.

3. The tax year for companies is normally the financial year of the company for financial reporting purposes.

National budget revenue includes all revenue streams into the fiscus, both tax revenue and non-tax revenue. However this is reduced by payments made to Botswana, eSwatini, Lesotho and, Namibia (BELN) in terms of the Southern African Customs Union (SACU) agreement.

Consolidated revenue also includes revenue collected by the provinces and selected public entities as well as social security contributions. In addition to tax revenue, SARS collects Mineral and Petroleum Resources Royalties (MPRR) as well as Mining Leases and Ownership which are included in non-tax revenue. SARS also collects revenue on behalf of the Road Accident Fund (RAF) and the Unemployment Insurance Fund (UIF).

Total budget revenue and consolidated revenue, 2013/14 – 2017/18

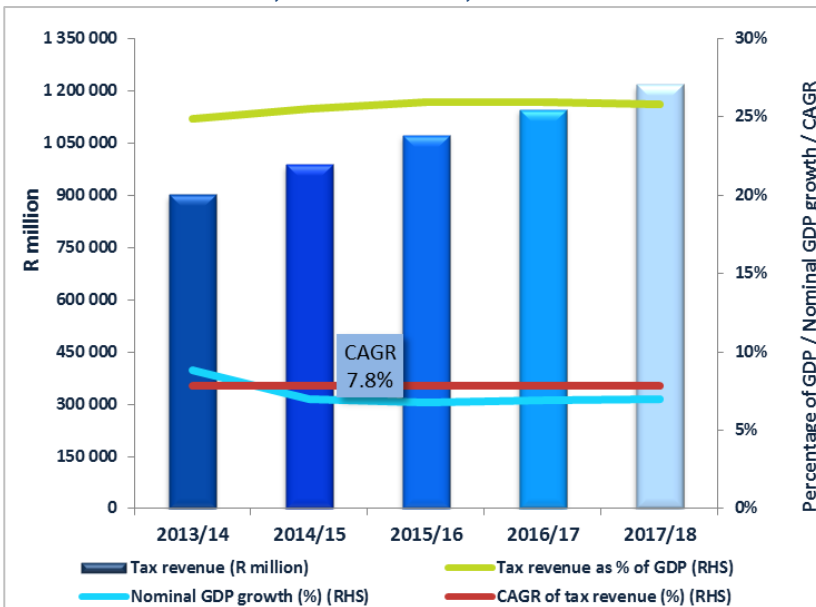
R million	Tax revenue	% of budget revenue	% of consolidated revenue	Non-tax revenue ¹	Total tax and non-tax revenue	Less: SACU payments	Budget revenue	Other ²	Consolidated revenue
2013/14	900 015	101.4%	89.3%	30 726	930 741	-43 374	887 366	120 685	1 008 051
2014/15	986 295	102.2%	90.0%	30 900	1 017 195	-51 738	965 457	129 865	1 095 322
2015/16	1 069 983	99.4%	88.0%	57 274	1 127 256	-51 022	1 076 234	139 035	1 215 270
2016/17	1 144 081	100.5%	89.0%	33 264	1 177 345	-39 448	1 137 896	147 793	1 285 690
2017/18	1 216 464	101.7%	89.7%	35 881	1 252 345	-55 951	1 196 394	159 044	1 355 438

1. Includes interest, dividends, rent on land, sales of goods and services, fines and penalties, sales of capital assets, financial transactions in assets and liabilities, MPRR as well as extraordinary receipts.

2. Includes provinces, social security and selected public entities.

The South African Tax-to-GDP ratio showed a general upward trend during the past 22 years from a low of 22.6% in 1996/97 to 25.8% in 2017/18.

Tax revenue collections, GDP and CAGR, 2013/14 - 2017/18

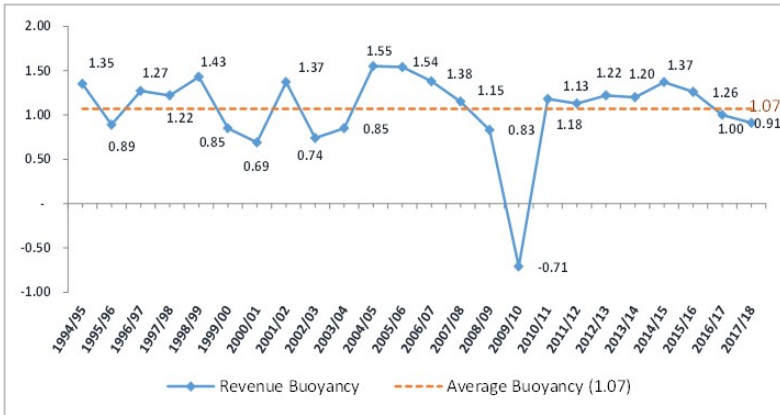


An important indicator of tax revenue performance is the tax buoyancy ratio. This indicator measures the sensitivity of tax revenues to changes in economic growth. A buoyancy ratio greater than unity (one) over the long-term supports the sustainability of fiscal policy. South African tax revenue

collections have remained buoyant after the 2008/09 financial crisis despite tough economic conditions.

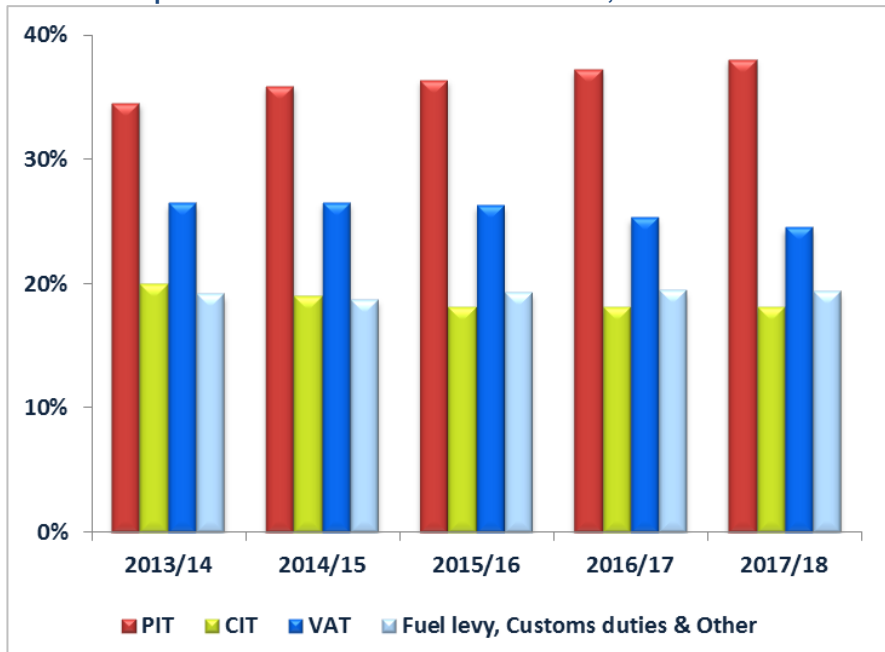
However, in 2017/18 growth in total tax revenue collections did not keep up with economic growth, resulting in a buoyancy ratio of 0.91, lower than the long-term average of 1.07. The lower buoyancy ratio is mainly due to lower than expected collections in taxes on income and profits, VAT and subdued PIT growth levels due to lower wage settlements and increasing unemployment. Year-on-year total tax revenue buoyancy has recovered from a low of -0.71 in 2009/10, at the height of the global financial crisis, to 1.38 in 2014/15 before subsiding to 0.91 in 2017/18.

Revenue buoyancy, 1994/95 - 2017/18



Over the last five years, the relative PIT contribution has increased and the relative VAT contribution has declined in the last two years after remaining relatively flat for the preceding three years. The contribution by CIT has remained relatively constant in the last three years after declining for the two preceding years.

Relative composition of main sources of tax revenue, 2013/14 -2017/18



The cost of tax revenue collection is an important indicator of the efficiency of revenue administrations and may be used for comparative analysis when benchmarking against administrations in other countries. This ratio is determined by dividing the cost of the internal operations of a revenue authority by total tax revenue collected. This ratio does not include the non-tax revenue and social security contributions collected by SARS such as MPRR, UIF contributions and RAF levies. If these amounts are included in the cost of revenue collection, then the cost-to-revenue ratio will be even lower.

SARS's cost-to-tax revenue ratios remains in line with the international benchmark of 1% mark and moved from 0.97% in 2013/14 to a low of 0.89% in 2017/18. This indicates that SARS has contained operational cost while also increasing the amount of revenue it has collected.

Cost of revenue collections, 2013/14 - 2017/18

R million	Tax revenue collected	Operating cost ¹	Cost of collection ²
2013/14	900 015	8 702	0.97%
2014/15	986 295	9 523	0.97%
2015/16	1 069 983	10 245	0.96%
2016/17	1 144 081	10 696	0.93%
2017/18	1 216 464	10 795	0.89%

1. Operating cost as disclosed in the Statement of Financial Performance for the controlling entity in the SARS: Own Accounts Annual Financial Statements.

2. Operating cost as a percentage of tax revenue.

For the 2017 tax year

Registered individual taxpayers 20.0 million



Expected to submit returns

6.4 million

Assessed taxpayers

4.9 million

76.5%
Assessed



Females
assessed
45.3%

Males
assessed
54.7%



Aggregated
taxable income of
assessed individual
taxpayers

**R1.5
trillion**

Tax liability
of assessed
individual
taxpayers

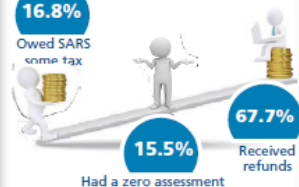
**R321.4
billion**

44.5%
PAYE payments received
from the financial
intermediation,
insurance sector

Of those assessed

16.8%

Owed SARS
some tax



15.5%

Had a zero assessment

67.7%

Received
refunds



40.1%

Were registered
in Gauteng



27.2%

Were in the
35 - 44
age group

Allowances and deductions



Travel was the largest allowance
at R27.4bn (24.5% of total
allowances assessed)



Contributions to pension, provident
and retirement annuity funds was
the largest deduction at R182.6bn
(85.7% of all deductions granted)



Pension, provident and retirement
annuity paid on behalf of
employees was the largest fringe
benefit at R102.7bn (59.7% of
total fringe benefits assessed)

Cohort across 10 consecutive years

4 318 512 Taxpayers assessed
for 2007 tax year

5 365 552 assessed for
2016 tax year

2 522 436 Taxpayers assessed for all tax years 2007 - 2016

Municipalities

Statistics available on assessed
tax for individual taxpayers
in 213 municipalities, reduced
from 234 reported in the
2016 publication as a result of
merging of municipalities
during the past year.

CHAPTER 2: PERSONAL INCOME TAX

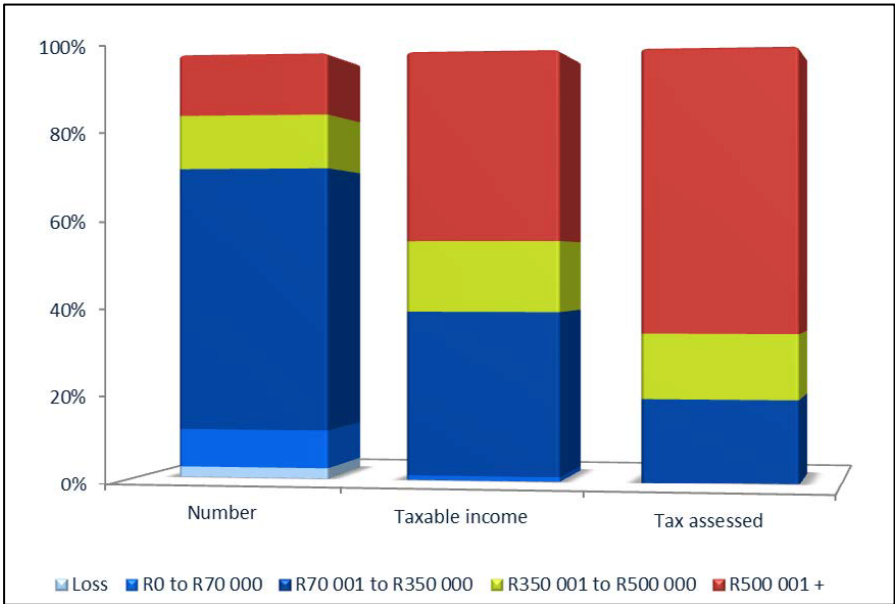
This chapter gives an overview of Personal Income Tax (PIT) revenues of registered individual taxpayers. It also provides information on assessed individual taxpayers, taxable income and tax assessed by taxable income group, sector, province, age, gender and source of income, as well as fringe benefits, allowances and deductions.

The Budget presented in February 2016 included the following proposals that had a potential impact on the 2017 tax year:

- An increase in the threshold for the top PIT bracket to R701 300;
- Increases of 11.8%, 9.7% and 9.6% respectively in the primary, secondary and tertiary rebates to R13 500, R7 407 and R2 466 respectively. This increased the tax thresholds for taxpayers below the age of 65 to R75 000, for those 65-74 years to R116 150 and 75 years and older to R129 850;
- SARS received more than 18.0 million employees' tax certificates (IRP5s) that could be linked to just over 12.7 million individuals.

Data shows the distribution of assessed individual taxpayers, taxable income and tax assessed across major taxable income groups. The table shows that for 2017, 72.8% of the assessed individual taxpayers had a taxable income below R350 000, i.e. most of the taxpayers fell below the return submission threshold. These taxpayers earned 38.6% of the total taxable income and contributed 19.2% of the tax assessed. A further 12.8% of the taxpayer earned between R35 001 and R500 000 in 2017 and were liable for 15.2% of the tax assessed.

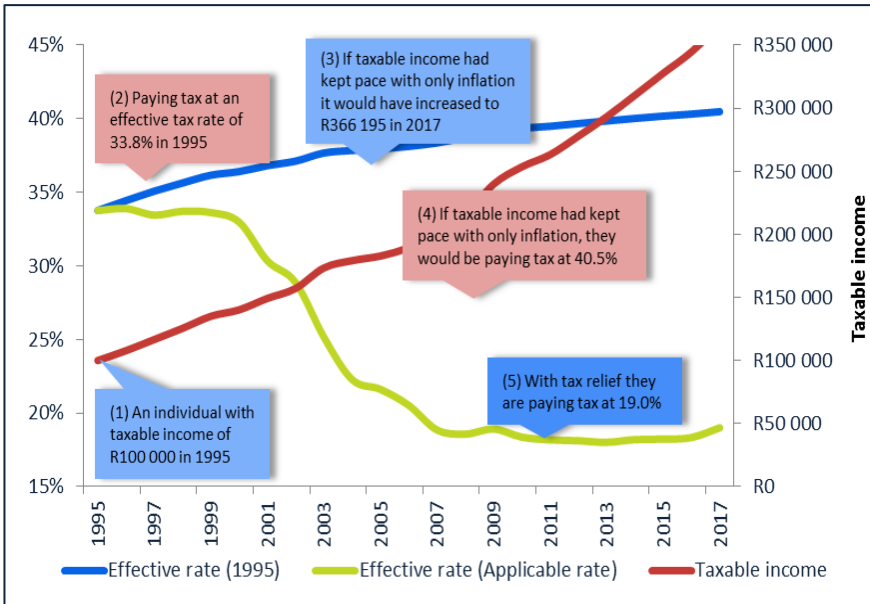
Distribution of assessed individual taxpayers in taxable income group, 2017



The tax burden aggregated across all taxpayers, as indicated by the tax assessed as a percentage of taxable income, remained fairly stable at around 20% for the period under review. This indicates the effectiveness of using tax relief to combat fiscal drag.

The extent of tax relief, including “fiscal drag relief”, illustrates the impact of tax relief over a period of 22 years. (1) An individual with taxable income of R100 000 in 1995 (2) was paying tax at an effective tax rate of 33.8%. (3) If the taxpayer’s taxable income had only kept pace with inflation (4) the effective tax rate would have increased to 40.5% in 2017 if there had been no adjustments to the income tax brackets. The impact of the actual tax rate adjustments from 1995 for the same example (5) lowers the effective tax rate to only 19.0%. Note that real tax relief occurred in the period 2000 to 2010 after broadening of the taxable income base.

Example of tax relief granted to an individual with taxable income of R100 000 in 1995



The table below page illustrates the distribution of income and the granting of deductions in income groups (rather than taxable income groups). The largest portion of the R76.5 billion allowed as deductions in 2015 was granted to taxpayers in the R500 000 + income bracket. Of their income, 6.1% was granted as a deduction.

Assessed taxpayers by income group, deductions granted & taxable income, 2017

Tax year	2017				
	Income group	Number of taxpayers	Income before deductions (R million)	Deductions allowed (R million)	Taxable income (R million)
<= 0		116 998	-15 096	11	-15 107
1 – 70 000		401 447	14 835	565	14 270
70 001 – 350 000		2 689 263	543 389	58 380	485 009
350 001 – 500 000		764 197	317 965	44 483	273 483
500 000 +		926 660	898 846	109 690	789 157
Total		4 898 565	1 759 939	213 128	1 546 811
Income group	Average income per assessed taxpayer (Rand)	Average deduction allowed (Rand)	Average taxable income per assessed taxpayer (Rand)	Percentage of income granted as a deduction	
<= 0	-129 030	90	-129 120	0.1%	
1 – 70 000	36 954	1 408	35 547	3.8%	
70 001 – 350 000	202 059	21 708	180 350	10.7%	
350 001 – 500 000	416 078	58 208	357 869	14.0%	
500 000 +	969 985	118 371	851 614	12.2%	
Total	359 276	43 508	315 768	12.1%	

There are many taxpayers currently submitting returns who are below the compulsory submission threshold. These taxpayers are therefore not liable to submit a return but they may still elect to submit a return, possibly to recover allowed deductions. The number of returns expected to be submitted is therefore a more prudent gauge of the proportion of returns that are likely to be received by SARS.

Expected submission counts for each tax year now include all taxpayers who have been assessed for a tax year as well as taxpayers with an “active” status who were assessed in any of the two previous years but who do not have an assessment for the tax year in question.

Number of individual taxpayers, 2014 – 2017

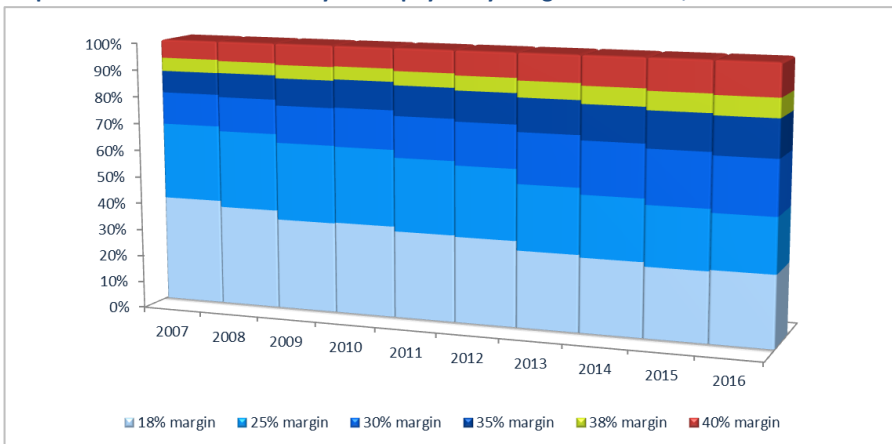
Tax year	Number of taxpayers assessed	Taxable income (R million)	Average taxable income (R)	Tax assessed (R million)	Average tax assessed (R)	Tax assessed as % of taxable income
2014	5 991 934	1 400 976	233 810	273 841	45 702	19.5%
2015	5 672 322	1 516 303	267 316	301 014	53 067	19.9%
2016	5 365 552	1 566 428	291 942	321 732	59 962	20.5%
2017	4 898 565	1 546 811	315 768	321 353	65 601	20.8%

To track the fluctuations in taxable income of taxpayers over a 10 year tax period, all taxpayers who were assessed every year since 2005, were isolated and their taxable income and assessed tax analysed.

The average taxable income of taxpayers who have been assessed every year since 2007, increased by a compound annual growth rate of 11.2%. There were 4 318 512 taxpayers assessed in 2007. Of these, 2 522 436 taxpayers (58.4%) had been assessed for each of the subsequent nine years (2008 to 2016).

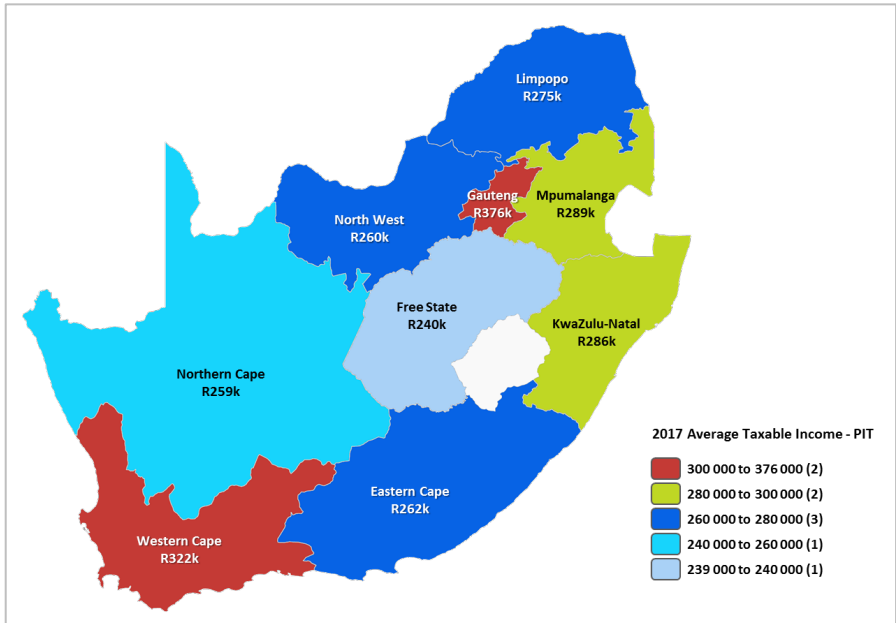
The graph below shows how taxpayers shifted across the tax brackets due to increases in taxable income.

Proportion of the 2.2 million 10 year taxpayers by marginal tax rates, 2007 - 2016



The distribution of taxpayers, taxable income and tax assessed by province and municipality, is determined using the residential address declared by taxpayers on their returns. The analysis of the assessments by municipality shows that most assessed taxpayers are based in Gauteng and they also have the highest average taxable income at R375 996 while the Free State indicates the lowest average taxable income at R239 741.

Assessed individual taxpayers by province (based on residential address), 2017



For the 2016 tax year and 2017/18 fiscal year as at 30 June 2018

CIT
third largest contributor
to tax revenue

18.1%

2016/17



18.1%

2017/18

Total CIT Provisional
Tax Collected
in 2016



40.8%
1st
Provisional
period

56.3%
2nd
Provisional
period

2.8%
3rd
Provisional
period

Nearly 3.7 million companies on register as at March 2017

2016 tax year

768 687

Were assessed
(majority of remainder
inactive or dormant)



143 768

Assessed as Small Business
Corporations (using graduated tax
rates as opposed to a fixed rate)

Contributions by financial year-end in tax year 2016

34.6%

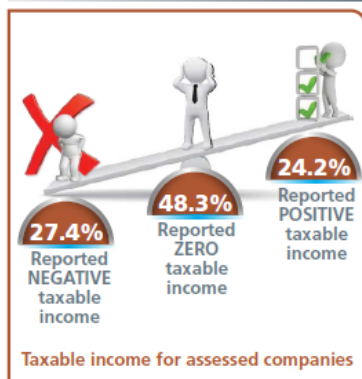
December

22.0%

June

21.3%

February



Sector contributions of
companies with
assessed losses

13.4%

Financing, insurance,
real estate & business
services sector



8.2%

Construction sector

5.9%

Agencies and other
services



CHAPTER 3: COMPANY INCOME TAX

This chapter is an overview of Company Income Tax (CIT) revenues. It provides information on provisional payments, assessed companies taxable income and tax assessed by taxable income group, sector and assessed losses. It also provides information on Small Business Corporations (SBCs).

Analysis of Company Income Tax (CIT) returns assessed for the 2016 tax year and CIT collections in the 2017/18 fiscal year shows:

- At 18.1%, CIT has remained in 2017/18 the third largest contributor to total tax revenue collected. This is well below the peak of 26.7% achieved prior to the 2008/09 global financial crisis. The 2008/09 standout performance was driven mainly by elevated levels in the global demand for commodities in the prior years as well as by high commodity prices in 2008/09. The effects of the recession on CIT collections were felt in 2009/10 as the effects of lower corporate profits filtered through;
- Just over 24.2% of the 768 687 companies assessed as at 30 June 2018 for tax year 2016 had positive taxable income. A further 48.3% had taxable income equal to zero and the remaining 27.5% reported an assessed loss;
- The concentrated nature of the South African economy is evident as only 370 large companies (0.2% of the companies with positive taxable income) had taxable income of more than R200 million and were liable for 58.6% of the CIT assessed for this subgroup;
- The *Financial intermediation, insurance, real-estate and business services* sector accounted for 189 066 (24.6%) of the assessed companies and was liable for 39.6% of the CIT assessed, contributing the most of all sectors;

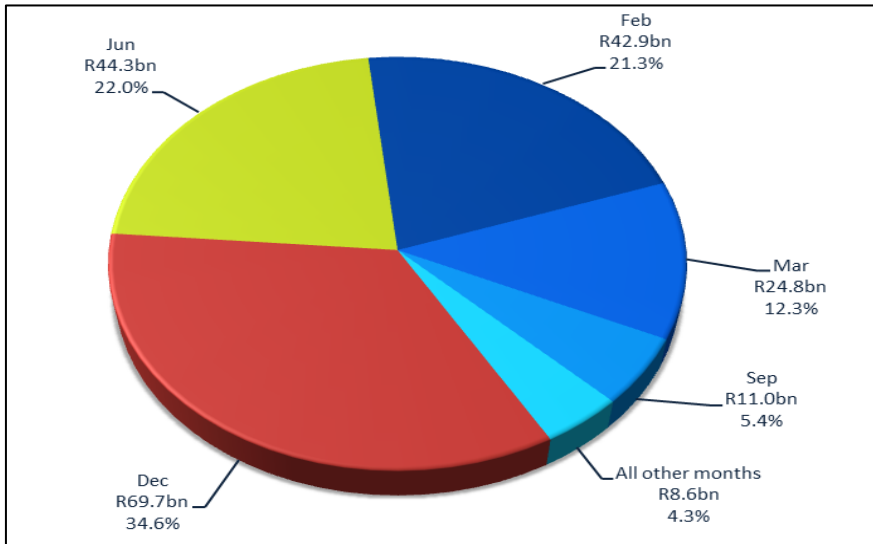
- There were over 3.7 million companies registered for CIT as at 31 March 2017. Of these, 993 069 companies were expected to submit income tax returns for the tax year 2016;
- As at 30 June 2018, 768 687 companies had been assessed for the 2016 tax year, with 143 768 being assessed as Small Business Corporations (SBCs), taxed at the applicable graduated income tax rates, and the remainder taxed at the fixed company tax rate of 28%; and
- With the introduction of the rule that provisional tax payments of at least 80% of a company's tax liability for the applicable year of assessment is payable by the end of that year, CIT collections improved substantially, with third provisional tax payments decreasing from 12.9% of total provisional tax collections in 2009/10 to 2.7% in 2017/18.

During 2016/17, 52.4% of the tax paid related to the 2016 tax year and 46.4% related to the 2017 tax year.

Provisional tax payments by provisional period by tax year, 2014 – 2017

Period R million Tax year	1st Provisional period	Percentage change	2nd Provisional period	Percentage change	3rd Provisional period	Percentage change	Total
2014	77 092	6.9%	97 606	2.6%	6 000	-18.9%	180 698
2015	76 596	-0.6%	102 170	4.7%	6 423	7.0%	185 188
2016	82 160	7.3%	113 436	11.0%	5 730	-10.8%	201 326
2017	85 832	4.5%	118 754	4.7%	4 444	-22.4%	209 030
Percentage of total							
2014	42.7%		54.0%		3.3%		100.0%
2015	41.4%		55.2%		3.5%		100.0%
2016	40.8%		56.3%		2.8%		100.0%
2017	41.1%		56.8%		2.1%		100.0%

Provisional tax payments by companies financial year end, 2016



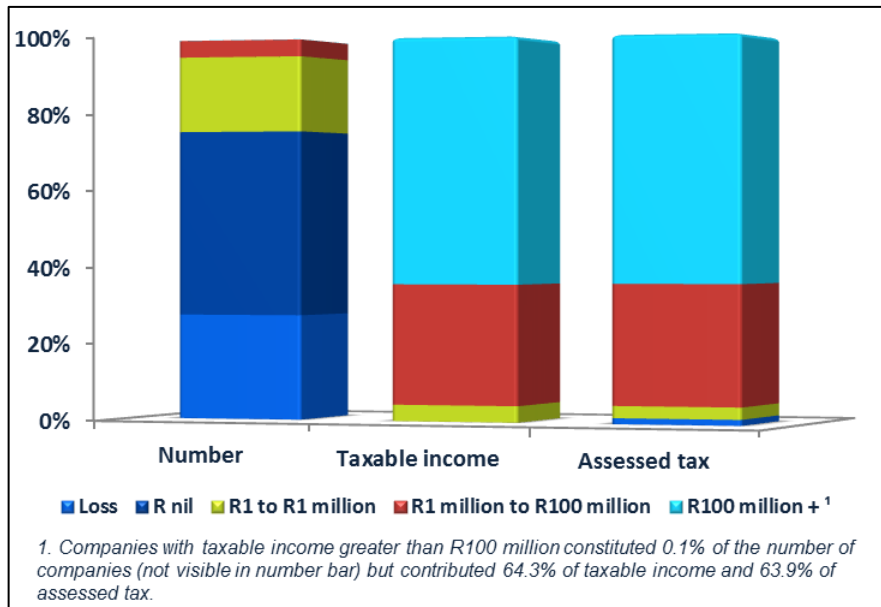
The value of provisional tax collections for previous tax years (2014 to 2016 tax years) have been close to 100% of the value of the final liability as reflected in issued assessments. Provisional tax collections for a specific tax year are known by SARS well before assessments for a specific tax year are raised and this enables extrapolations of tax collections and resulting analysis that are more reliable. Tax assessed as a percentage of provisional tax payments received for a relevant tax year is, therefore, a good gauge of the completeness of the issued assessments.

Provisional tax payments and tax assessed by tax year, 2014 – 2017

R million Tax year	Provisional tax payments	Tax assessed	Tax assessed as % of provisional tax payments
2014	180 698	185 148	102.5%
2015	185 188	184 451	99.6%
2016	201 326	201 839	100.3%
2017	209 030	87 806	42.0%

The number of returns expected for a particular tax year is defined as the number of companies that have been assessed for that tax year, plus the number of companies with an “active” status that were assessed in respect of either of the two tax years prior to the relevant tax year, but do not yet had an assessment for the year in question. The figure below shows the distribution of the number of companies assessed their taxable income and the tax assessed for the 2016 tax year.

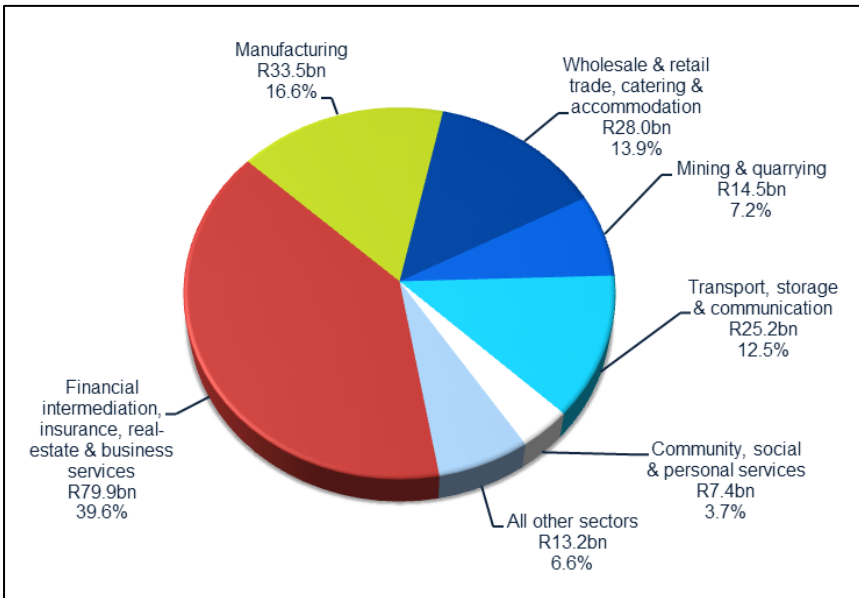
Assessed companies, taxable income and tax assessed by taxable income group, 2016



Distribution by sector

The *Financial intermediation, insurance, real-estate & business services* was the sector, with the highest number of taxpayers (24.6% assessed) in respect of the 2016 tax year. This sector accounted for 39.6% of the tax assessed in respect of 2016.

Companies' tax assessed by economic activity, 2016



Small Business Corporations (SBCs)

Small business corporations (SBCs) with a gross income of not more than R20 million for a particular year of assessment qualify for a special tax dispensation in the form of graduated income tax rates instead of the fixed rate. SBCs benefit from graduated income tax rates (progressive taxation) rather than the fixed tax rate of 28%.

The table below shows the increase in the SBC taxable income brackets from the 2014 to the 2017 tax years. The threshold of the first SBC bracket increased by 11.8% from R67 111 in respect of tax year 2014 to R75 000 for the 2017 tax year.

SBCs can also immediately write-off all plant or machinery used in a process of manufacture and are eligible for an accelerated write-off of certain other depreciable assets (at a rate of 50%, 30% and 20%).

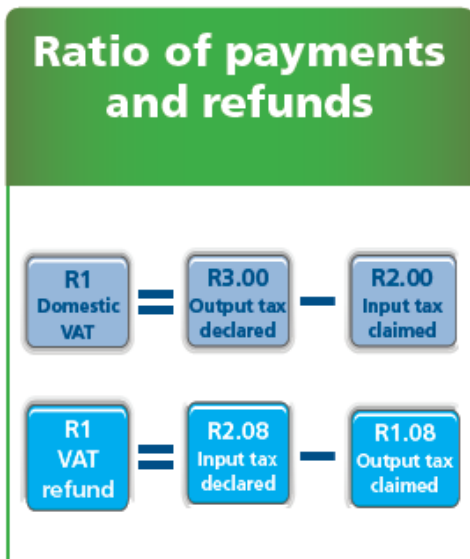
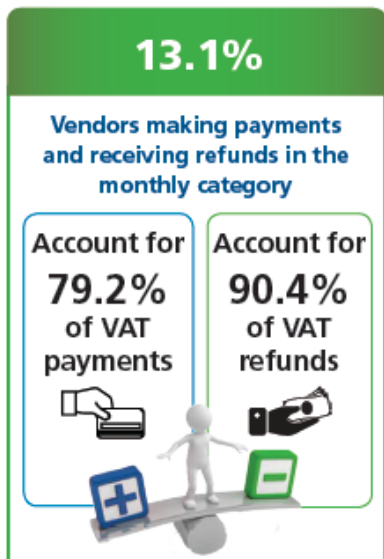
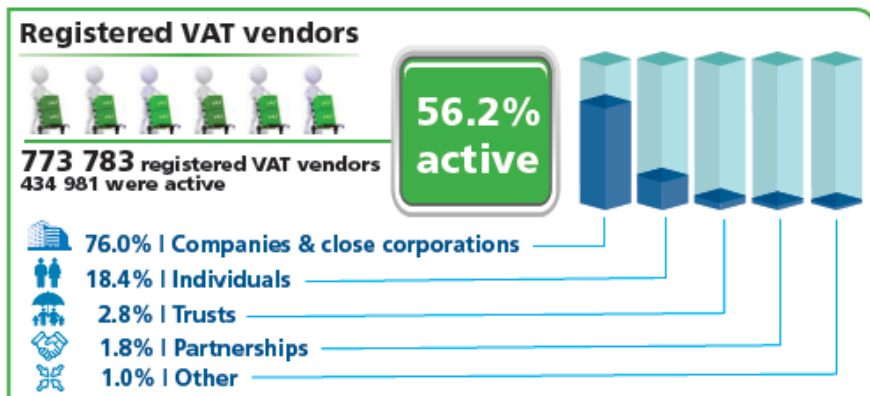
Small Business Corporations’ tax rates, 2014 and 2017

Tax year	2014		SBC rate for 2014	2017		SBC rate for 2017	Percentage increase in bracket
	Rand			Rand			
	0	– 67 111	0%	0	– 75 000	0%	11.8%
Taxable income	67 112	– 365 000	7%	75 001	– 365 000	7%	–
brackets	365 001	– 550 000	21%	365 001	– 550 000	21%	–
	550 001	– and over	28%	550 001	– and over	28%	–

In any calendar year, SBCs could be taxed by applying two different tax year rates. In 2016 they could be taxed on either 2015/2016 tax rates or 2016/2017 tax rates. This would occur because:

- 2015/2016 tax rates (rates in effect from 1 April 2015 to 31 March 2016) are applicable to SBCs with years of assessment ending between 1 January 2016 and 31 March 2016; and
- 2016/2017 tax rates (rates in effect from 1 April 2016 to 31 March 2017) are applicable to SBCs with years of assessment ending between 1 April 2016 and 31 December 2016.

For the 2017/18 fiscal year



CHAPTER 4: VALUE-ADDED TAX

This chapter gives an overview of Value-Added Tax (VAT) and provides a breakdown of VAT payments and refunds by sector, payment category and type of enterprise. It also includes data on input and output tax as derived from VAT returns submitted by vendors as well as a distribution of VAT vendors by turnover group.

In the 2017/18 fiscal year:

- Net VAT collections totalled R298.0 billion and grew by 3.1% compared to the previous year. Domestic VAT, which amounted to R336.3 billion and grew by 4.6%, was the key driver for the aggregate growth in net VAT. This growth was moderated by the collection of R152.8 billion in Import VAT which grew by only 2.4% compared to the prior year and VAT refunds which totalled R191.1 billion and grew by 5.2%;
- The subdued household consumption expenditure curtailed the growth in Domestic VAT payments. Consumption was constrained by low consumer confidence and high debt levels, high costs of servicing debt as well as slow growth in employment. The main sectors that contributed to nominal Domestic VAT growth were *Financial intermediation, insurance, real estate & business services; Manufacturing and Wholesale and retail trade, catering and accommodation;*
- VAT refunds increased the most in the *Mining & quarrying; Manufacturing; as well as Agriculture, forestry & fishing sectors;* and

- As at 31 March 2018, there were 773 783 registered vendors, of which 434 981 (56.2%) were active. A vendor is regarded as active if a VAT payment was received from or a VAT refund was made to the vendor during the fiscal year.
- The number of vendors registered for VAT has been steadily increasing since 2014/15. Slight increases in the number of active vendors were recorded since 2015/16. A vendor is regarded as active if a payment was received from or a refund made to the vendor during the fiscal year, regardless of the registration status. In 2017/18, there were 773 783 registered VAT vendors of which 434 981 were active.

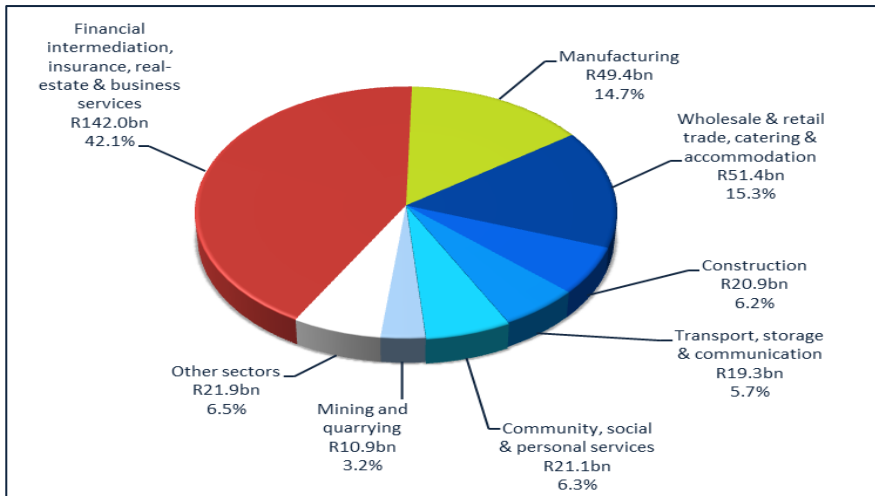
Number of registered VAT vendors, 2014/15 -2017/18

Fiscal year	Registered ¹	Percentage growth rates	Active vendors	Percentage growth rates	Active percentage of register
2014/15	679 274	2.6%	420 940	-0.9%	62.0%
2015/16	706 874	4.1%	425 225	1.0%	60.2%
2016/17	742 388	5.0%	432 072	1.6%	58.2%
2017/18	773 783	4.2%	434 981	0.7%	56.2%

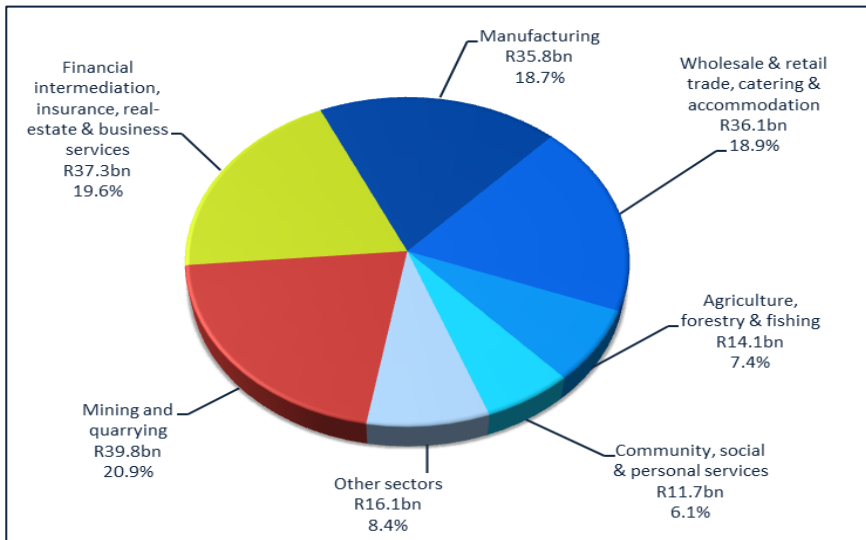
1. As per register at 31 March of each year. Excludes coded cases where status is in suspense or estate or address unknown.

- The *Financial intermediation, insurance, real estate & business services* sector contributed R142.0 billion (42.1%) to Domestic VAT in 2017/18, the largest contribution among all sectors. This sector received the second largest proportion of VAT refunds for the year amounting to R37.3 billion(19.6%).
- The Mining & quarrying sector had the second lowest number of active vendors at only 0.7% in 2017/18 and contributed R10.9 billion (3.2%) of the total Domestic VAT payments during the period. However, these vendors received the largest proportion of VAT refunds, namely R39.8 billion (20.9%). The large volume of zero-rated mineral exports makes the Mining & quarrying sector a negative contributor to net VAT.

VAT payments by economic activity, 2017/18



VAT refunds by economic activity, 2017/18



Since 2014/15, the supply of standard-rated goods and services has contributed more than 96.0% to total output tax. Over the same period, the contribution of the supply of capital goods was below 3.0%; this is in line

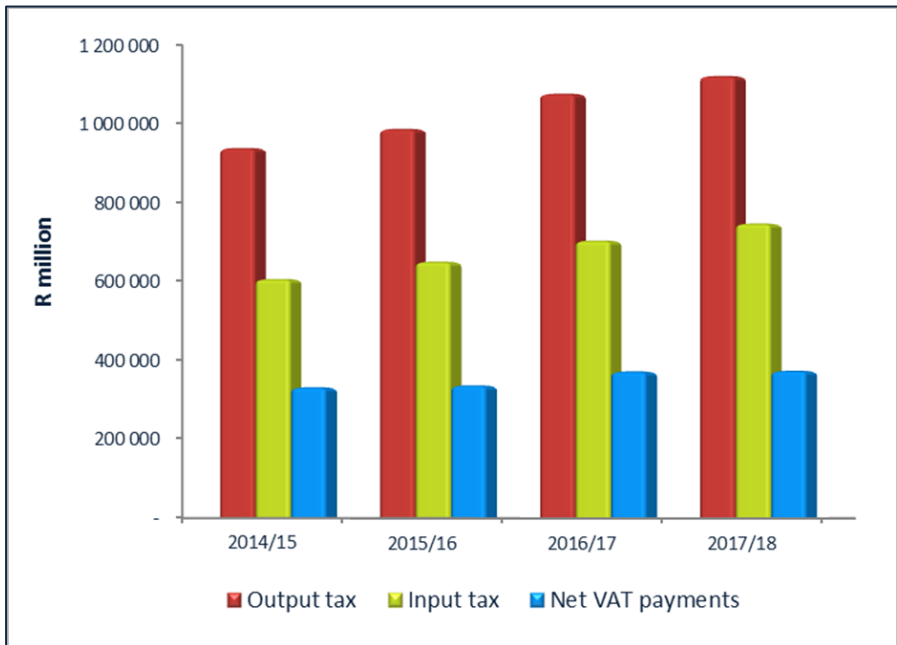
with subdued business confidence levels that have led to low capital investments.

Output tax by class of supply, 2014/15 - 2017/18

Fiscal year	Standard rate (excl. capital goods and services and accommodation)	Standard rate (only capital goods and services)	Supply of accommodation	Adjustments ¹	Total output tax
R million					
2014/15	1 111 283	29 042	2 338	11 987	1 154 650
2015/16	1 173 226	32 020	2 540	11 363	1 219 150
2016/17	1 263 976	36 909	2 836	12 034	1 315 756
2017/18	1 320 499	36 697	3 026	11 646	1 371 867
Percentage of total					
2014/15	96.2%	2.5%	0.2%	1.0%	100.0%
2015/16	96.2%	2.6%	0.2%	0.9%	100.0%
2016/17	96.1%	2.8%	0.2%	0.9%	100.0%
2017/18	96.3%	2.7%	0.2%	0.8%	100.0%

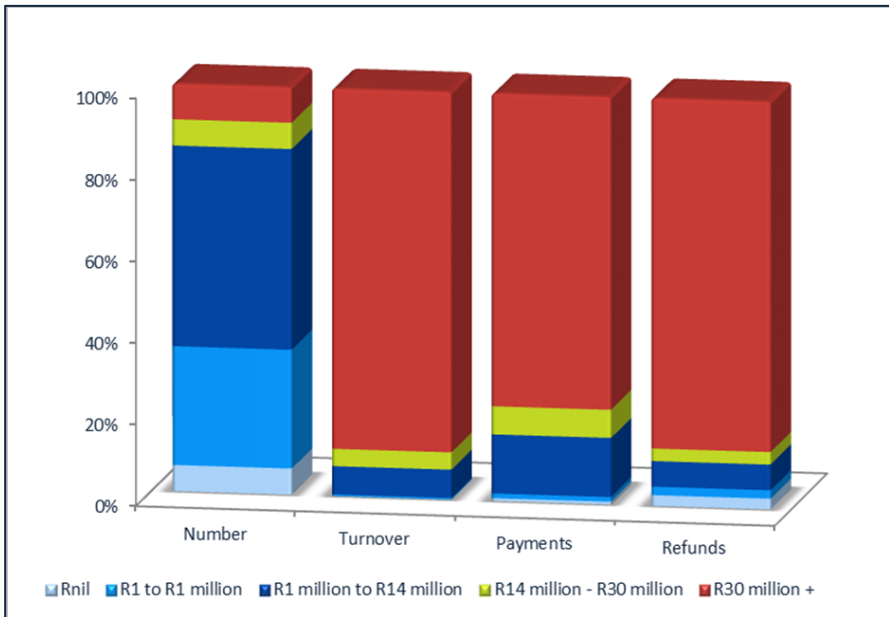
1. Comprises VAT of Change in use and export of second-hand goods, as well as VAT of Other and imported services.

Composition of Domestic VAT payments (output/input), 2014/15 – 2017/18



In 2017/18, 35.5% of vendors had a turnover of R1 million or less i.e. below the mandatory VAT registration threshold. However, these vendors accounted for only 1.8% of Domestic VAT payments and 4.7% of VAT refunds. In contrast, 3.1% of VAT vendors who had an annual turnover greater than R100 million accounted for 63.7% of Domestic VAT payments and 78.2% of VAT refunds.

Distribution of VAT vendors by turnover group, 2017/18



Vendors per annualised turnover (payments and refunds), 2014/15 – 2017/18

	2014/15	2015/16	2016/17	2017/18
Number of vendors	420 940	425 225	432 072	434 981
Turnover (R million)	11 192 846	11 700 998	12 613 531	13 308 025
Payments (R million)	285 485	296 348	320 759	336 964
Refunds (R million)	-162 021	-166 760	-180 912	-190 969
Nett VAT	123 463	129 588	139 847	145 995
Nett VAT as % turnover	1.1%	1.1%	1.1%	1.1%

For the 2017/18 fiscal year



Number of registered importers

310 784

Import VAT

12.6%

% of Revenue

Customs Duties

4.0%

3.2%

% of GDP

1.0%

2.4%

% Change Y/Y

7.8%

Biggest contributors

Import VAT

26.6%

Machinery and Electronics

Customs Duties

26.8%

Vehicles, Aircrafts & Vessels

12.4%

Chemical Products

16.9%

Textile and Clothing

12.2%

Vehicles, Aircrafts & Vessels

13.7%

Food, Beverages and Tobacco

The main contributors by world zone to Total Import Tax



● Africa 4.6%
 ● Americas 11.3%
 ● Europe 35.2%
 ● Asia 47.2%

Main contributors by Customs Port of Entry to Total Import Tax



● Cape Town Harbour 10.7%
 ● OR Tambo Int. Airport 16.2%
 ● Durban Harbour 43.0%

CHAPTER 5: IMPORT VAT AND CUSTOMS DUTIES

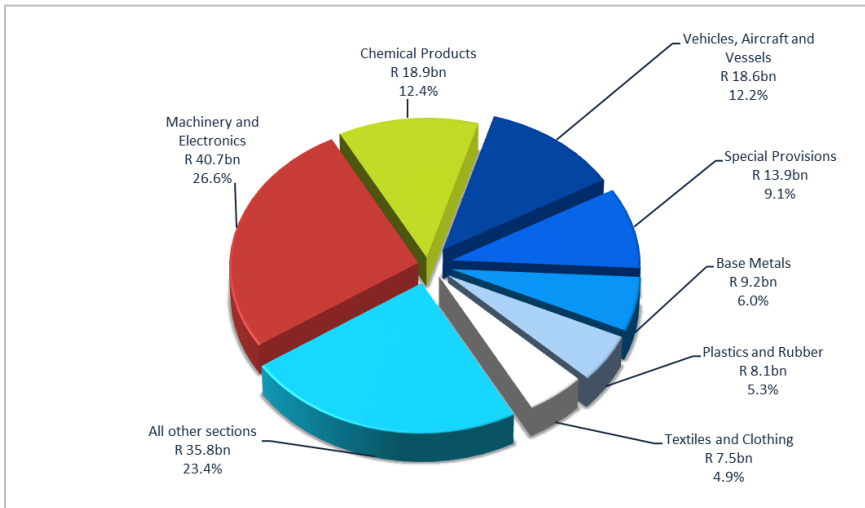
This chapter provides information on the Customs value, Import VAT, Customs Duties and Total Import Tax revenues by Harmonised System (HS), world zone, customs port of entry, country of origin as well as for selected trade blocs.

For the 2017/18 fiscal year:

- Import VAT collections totalled R152.8 billion and grew year-on-year (y/y) by 2.4% compared to the 1.0% decline recorded in 2016/17.
- Collections of Customs Duties totalled R49.2 billion and experienced a y/y improvement of 7.8%, on the back of a 1.5% contraction in 2016/17. Revenue from two of the sub-categories of Customs Duties, namely Specific Excise Duties and Ad valorem Duties (referencing Section A and B respectively of Part 2 of Schedule 1 to the Customs and Excise Act, 1964), contributed R5.8 billion (11.9%) and R8.9 billion (18.1%) respectively to the year's total Duty collection with the remaining majority of R34.4 billion (70.0%) comprising all other Customs Duties levied, predominantly General Duties (Part 1 of Schedule 1 to the Customs and Excise Act, 1964).
- The largest driver of the year's Import VAT was *Machinery and Electronics* at 26.6%, down from 26.9% in 2016/17; while *Vehicles, Aircraft and Vessels* accounted the most for Customs Duties at 26.8%, up from 24.8% in the prior year.
- Imports from the world zones of Asia and Europe accounted for 82.5% of the combined Total Import Tax contribution, a similar rate to 2016/17.

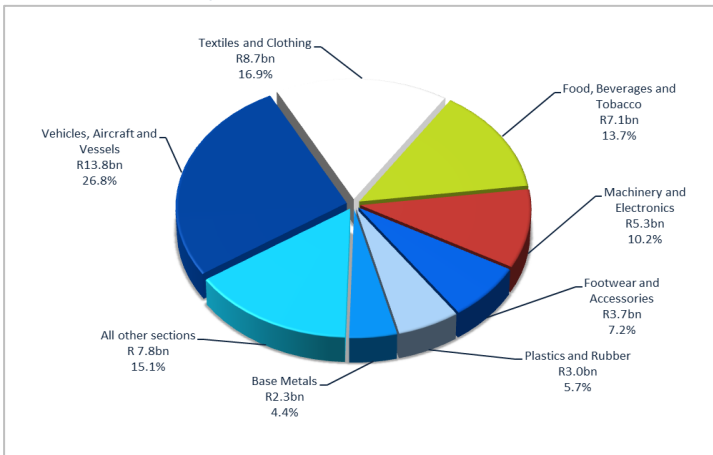
- On a country basis, China at 25.9% and Germany at 12.1% remain the principal suppliers of taxable goods to the Total Import Tax contribution for 2017/18.
- Import VAT for 2017/18 was mostly collected from the importation of *Machinery and Electronics* (26.6%); *Chemical Products* (12.4%); *Vehicles, Aircraft and Vessels* (12.2%); *Special Provisions* (9.1%); *Base Metals* (6.0%); *Plastics and Rubber* (5.3%) as well as *Textiles and Clothing* (4.9%). The *All Other sections* grouping (23.4%) comprises the remaining 15 HS sections.

Import VAT by HS section, 2017/18



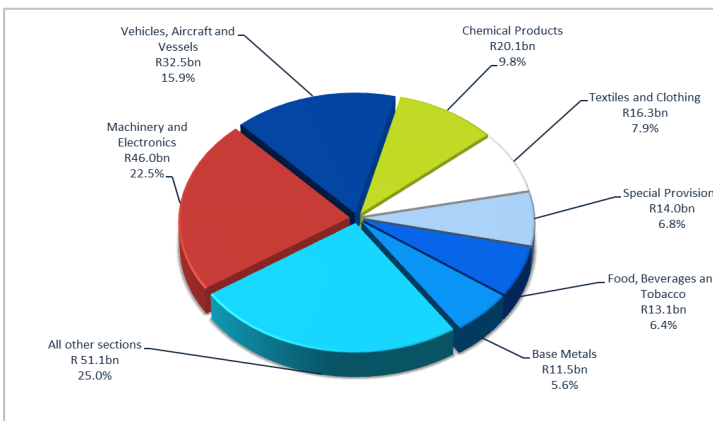
The largest contributing HS sections to Customs Duties in 2017/18 were *Vehicles, Aircraft and Vessels* (26.8%); *Textiles and Clothing* (16.9%); *Food, Beverages and Tobacco* (13.7%); and *Machinery and Electronics* (10.2%).

Customs Duties by HS section, 2017/18



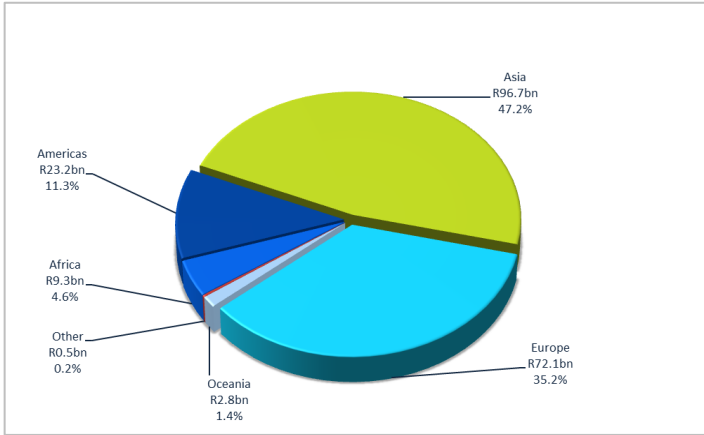
Machinery and Electronics; Vehicles, Aircraft and Vessels; Chemical Products as well as Textiles and Clothing – combined, made up more than half (56.1%) of the Total Import Tax for 2017/18.

Customs Duties by HS section, 2017/18



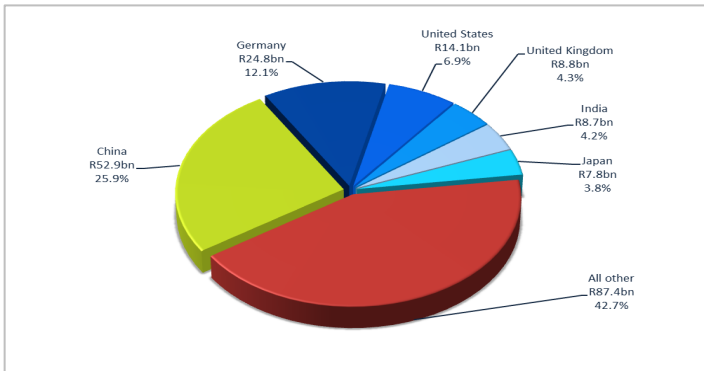
Imports from Asia accounted for 47.2% of the Total Import Tax, followed by Europe at 35.2% and the Americas at 11.3%.

Total Import Tax by world zone, 2017/18



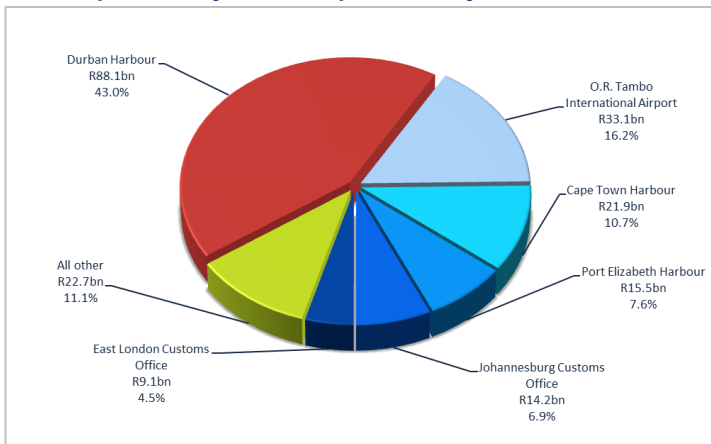
The top six countries of origin China, Germany, United States, United Kingdom, India and Japan collectively accounted for 57.3% of the Total Import Tax for 2017/18.

Total Import Tax by country of origin, 2017/18



The contribution of the top six offices – Durban Harbour, OR Tambo International Airport, Cape Town Harbour, Port Elizabeth Harbour, Johannesburg Customs Office and East London Customs accounted for 88.9% of the Total Import Tax for 2017/18.

Total Import Tax by customs port of entry, 2017/18



For the 2017/18 fiscal year

Capital Gains Tax

Company
CGT =
**R7.6
billion**



Individual
CGT =
**R10.0
billion**



Capital Gains
Tax Raised of
**R17.6
billion**

Narrow increase of R0.6 billion (3.3%)
on the R17.1 billion raised in 2016/17



An aggregate of
R124.8 billion has been
raised since the introduction
of CGT in October 2001

Transfer duties amounted to R7.7 billion, down from R8.2 billion in 2016/17



Property transfers that were
subject to transfer duty



R179.0bn

Average transfer duty paid



R90 155

Mineral and Petroleum Resources
Royalty payments amounted to
**R7.6 billion, a 31.3%
increase from 2016/17**



The increase is attributed to
a significant improvement in
commodity prices such as the
manganese, iron ore and coal

Contributions to the SACU
pool during 2017/18
R90.3 billion



Diesel refunds decreased by 40% from
R5.0 billion to **R3.0 billion** in 2017/18

This decrease was driven by the
decline in the use of diesel generators
for electricity production in the
energy sector



CHAPTER 6: OTHER TAXES AND COLLECTIONS

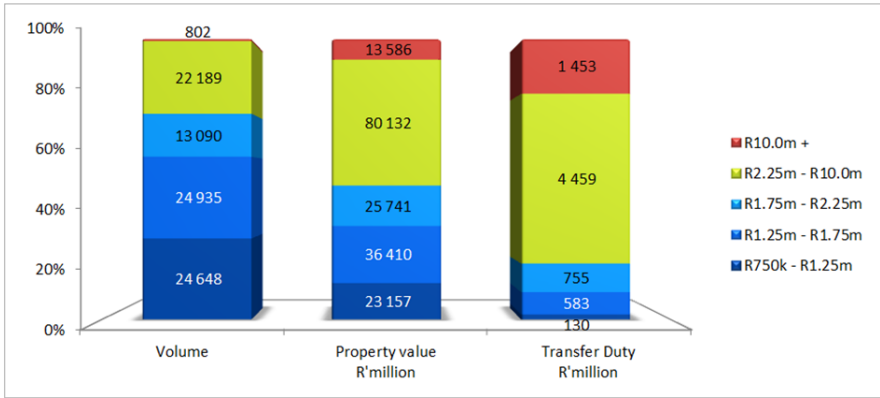
This chapter focuses on revenue collection trends that provide insight into specific aspects of economic activity during 2017/18. It gives an overview of:

- Capital Gains Tax;
- Transfer Duty;
- Diesel Refunds;
- Mineral and Petroleum Resources Royalty; and
- The Southern African Customs Union.

For the 2017/18 fiscal year:

- CGT of R17.6 billion was raised of which R10.0 billion was attributable to individuals and trusts and R7.6 billion to companies. This shows a narrow increase of R0.6 billion (3.3%) on the R17.1 billion raised in 2016/17. An aggregate of R124.8 billion has been raised since the introduction of CGT in October 2001;
- Collections of Transfer Duty amounted to R7.7 billion, down from R8.2 billion in 2016/17, a contraction of 5.9% year-on-year.

Distribution of Transfer Duty collected by property value, 2017/18



- Diesel refunds decreased from R5.0 billion in 2016/17 to R3.0 billion in 2017/18, a decrease of 40%. This decrease was driven by the decline in the use of diesel generators for electricity production in the energy sector.
- Mineral and Petroleum Resources Royalty (MPRR) payments by extractors grew by R1.8 billion (31.3%) to R7.6 billion due to a significant improvement in the prices of commodities such as the manganese, iron ore and coal. This growth, however, was still at a lower rate compared to 2016/17 growth of R2.1bn (56.5%).
- Total contributions to the SACU pool amounted to R90.3 billion, up by 6.5% on the contributions from the previous year.

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