2020

Tax Statistics – **Highlights**

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

ISBN: 978-0-621-49022-0

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

SARS
South African Revenue Service

The 2020 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.

Published by National Treasury and SARS

December 2020

To obtain copies please contact:

ECONOMIC TAX ANALYSIS CHIEF DIRECTORATE
National Treasury
Private Bag X115
Pretoria
0001
South Africa
Tel: +27 12 315 5111
Fax: +27 12 406 9055
email: media@treasury.gov.za
http://www.treasury.gov.za/publications/tax%20statistics/default.aspx

NATIONAL REVENUE MANAGEMENT
South African Revenue Service
Private Bag X923
Pretoria
0001
South Africa
Tel: +27 12 422 4000
email: TaxStatistics@sars.gov.za
www.sars.gov.za/about/sataxsystem/pages/tax-statistics.aspx

ABOUT THIS PUBLICATION

The 2020 edition of the Tax Statistics publication provides an overview of tax revenue collections and tax return information for the 2016 to 2019 tax years as well as the 2015/16 to 2019/20 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. The aim is to improve and expand on the data made available in the previous Tax Statistics and to that end the 2020 edition.

Readers of the publication are also encouraged to use the explanatory content or guides that are published by SARS, in terms of the Tax Administration Act No.28 of 2011. These publications are aimed at providing practical guidance on the interpretation of the law.

The publication continues to look at the impact of policy changes with regard to the retirement funding reforms which became effective on 1 March 2016. Specifically considered is how the legislative change in which section 11F replaced section 11(k) of the Income Tax Act No.58 of 1962 affected the PIT taxable income base.

The publication follows the same format as previous years and is set out as follows:

- *Chapter 1: Revenue Collections* provides a summary of aggregate tax revenue collection trends from 2015/16 to 2019/20.
- *Chapter 2: Personal Income Tax (PIT)* gives an overview of assessed personal income tax revenues of registered individual taxpayers. It also provides information about taxable income by income group, age, gender, municipality of residence and source of income, as well as fringe benefits, allowances and deductions.
- *Chapter 3: Company Income Tax (CIT)* gives an overview of company income tax revenues. Information about taxable income by income group, sector and type of business entity as declared in the tax returns is also provided.
- *Chapter 4: Value-Added Tax (VAT)* provides a breakdown of VAT liabilities, receipts and refunds, by sector and payment category, as well as an overview of data on input and output VAT as derived from VAT returns submitted by vendors.

- *Chapter 5: Import VAT and Customs duties* provides information about the customs value of imported goods by product type, according to the Harmonised System (HS) at chapter level, as well as Import VAT, Customs duty and *Ad valorem* excise duty revenues on imported goods.
- *Chapter 6: Other Taxes and Collections* provides information about taxes such as Capital Gains Tax (CGT), Transfer Duty, Diesel refunds, Mineral and Petroleum Resources Royalty (MPRR), as well as Southern African Customs Union (SACU) payments.
- The *Glossary* and *Index* contain definitions of terms and abbreviations as well as a list of all tables and figures in the publication.

METHODOLOGY

- All statistics are based on the income, expenses, deductions and items as reported by taxpayers and traders in tax returns and assessment documents.
- Data has been evaluated for reasonability and any identified outliers have been excluded from these statistics.
- Nominal figures are used throughout the publication.
- Disaggregated income tax data is based on assessed PIT and CIT returns as extracted from SARS' systems at the end of July and October 2020 respectively. Given the time delay in the submission of tax returns by some taxpayers, and the time taken to assess such returns, statistics for later years tend to be less complete than those of earlier years.
- Given the time-lag between the close of a tax year and the filing of returns for that tax year, an estimate is applied to determine the proportion of expected tax returns to be filed for a specific tax year. More detail about how this estimate is determined is provided in Chapters 2 and 3 that address PIT and CIT, respectively.
- Declarations data for Import VAT and Customs Duties in this document, mainly discussed in Chapter 5, was extracted as at end of August 2020.
- Information about the sector (industry) in which taxpayers operate is drawn from taxpayer returns and is determined according to their main source of income. Trade classification data is based on the classification as declared by traders and is based on the Harmonised System.
- Figures have been rounded, therefore discrepancies may occur between the numbers of the component items and the totals in the tables.
- A hyphen ("-") in the tables represents zero while a zero symbol ("0") indicates the rounding of a numerical value that is greater than 0 and less than 0.5.
- The tax year for individuals starts on 1 March and finishes at the end of February the following year. The tax year for companies coincides with the financial year of the company for financial reporting purposes.

- A distinction is made between a tax year and a fiscal year. The former is shown as a single year (e.g. 2016) while the latter is displayed with a forward slash (e.g. 2019/20).
- Tables numbered with an "A" (e.g. *Table A1.1.1*) are included at the end of the relevant chapter.

A full electronic version of this publication (including the Excel tables) is available for download on the websites of the South African Revenue Service (SARS) http://www.sars.gov.za/About/SATaxSystem/Pages/Tax-Statistics.aspx) and that of National Treasury (http://www.treasury.gov.za/publications/tax%20statistics/default.aspx).

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 2019/20 fiscal year

Revenue collected during 2019/20 fiscal year

R1 355.8 BILLION

5.3%

Higher by R68.1bn against 2018/19

6.1%

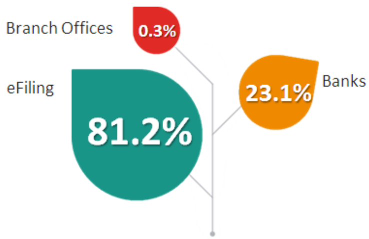
Compound annual growth rate (CAGR) achieved for 2015/16 to 2019/20

Composition of main sources of tax revenue

	PIT	VAT	CIT	OTHER
2015/16	36.4%	26.3%	18.1%	19.2%
2019/20	39.0%	25.6%	15.9%	19.5%

Payment Channels

The value of payments at banks reduced from 23.8% in 2015/16 to 23.1% in 2019/20



COST OF REVENUE COLLECTION

0.96% 2015/16

0.80% 2019/20

R92.3 BILLION

TOTAL TAX RELIEF provided to taxpayers between 2015/16 and 2019/20

CHAPTER 1: REVENUE COLLECTION

- This chapter provides a summary of aggregate revenue collection trends for the period 2015/16 to 2019/20.

In the 2019/20 fiscal year:

- Tax revenue collected amounted to R1 355.8 billion, growing year-on-year by R68.1 billion (5.3%), mainly supported by Personal Income Tax (PIT) which grew by R35.3 billion (7.2%);
- The number of individuals registered for Income Tax increased to 22.9 million on 31 March 2020 from 22.2 million in the previous year. This increase is as a result of SARS' requirement that employers register all employees for income tax, regardless of their tax liability; and
- The cost of revenue collection ratio decreased further from 0.84% in 2018/19 to 0.80% in 2019/20;

SARS continues to broaden the tax base and expand the register through the **9** Strategic Objectives of the Voluntary Compliance model. The growth of the tax register is influenced by socio-economic conditions, tax policy and legislative amendments. SARS has increased registration compliance by continuing to provide 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. Accurate taxpayer registers enables SARS to effectively manage the taxpayer base.

Tax register, 31 March 2016 – 31 March 2020

Number as at	Individuals[1, 2]	Companies (CIT)[1, 3]	Trusts[1]	Employers[1] (PAYE)	VAT Vendors[1]	Importers	Exporters
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 [4]	21 104 375	3 202 007	351 564	520 918	773 783	312 241	282 243
31 Mar 2019	22 170 513	2 020 759	357 859	552 611	802 957	319 949	288 604
31 Mar 2020	22 919 701	2 548 975	363 860	582 289	831 821	329 820	297 448
Percentage year-on-year growth							
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	5.6%	-14.2%	1.9%	6.4%	4.2%	3.5%	3.4%
31 Mar 2019	5.1%	-36.9%	1.8%	6.1%	3.8%	2.5%	2.3%
31 Mar 2020	3.4%	26.1%	1.7%	5.4%	3.6%	3.1%	3.1%

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.

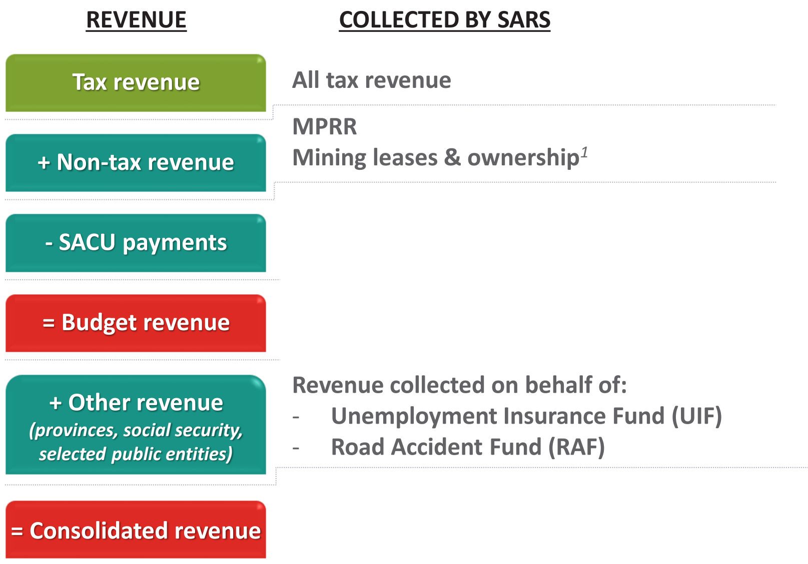
3. The tax year for companies is normally the financial year of the company for financial reporting purposes.

4. Different from Annual Report due to timing difference

National budget revenue includes all revenue streams into the fiscus, both tax revenue and non-tax revenue, and is reduced by payments made to Botswana, Eswatini, Lesotho and Namibia (BELN) in terms of the Southern African Customs Union (SACU) agreement. SACU disbursements are determined according to a revenue sharing formula described in Chapter 6.

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).

Illustration of budget revenue and consolidated revenue



1. SARS still accounts for residual amounts for Mining leases and ownerships

Total budget revenue and consolidated revenue, 2015/16 – 2019/20

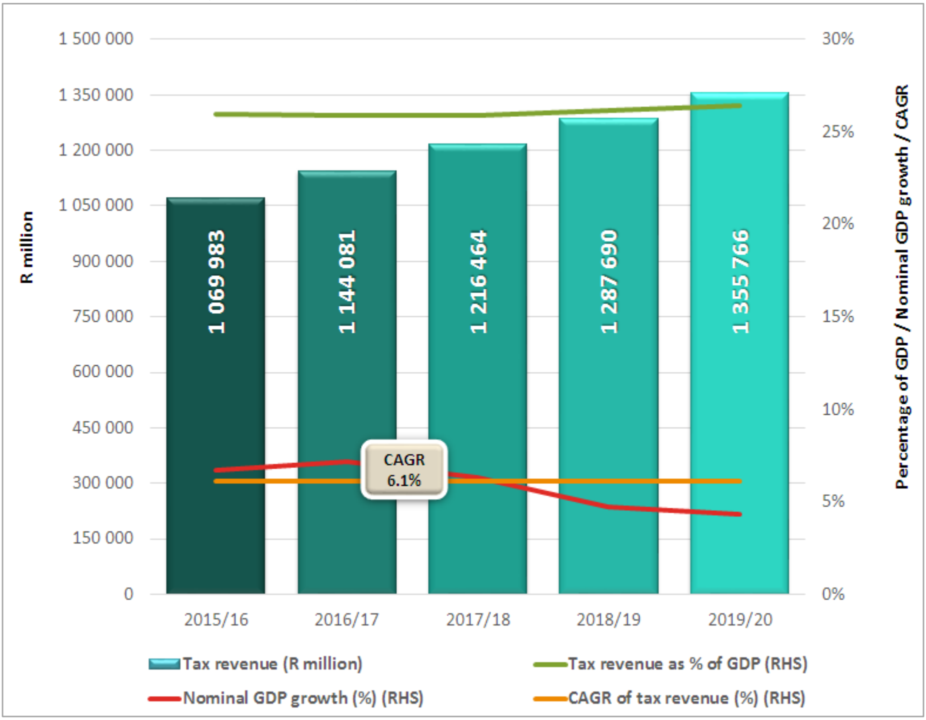
R million	Tax revenue	% of budget revenue	% of consolidated revenue	Non-tax revenue[1]	Total tax and non-tax revenue	Less: SACU payments	Budget revenue	Other[2]	Consolidated revenue
2014/15	986 295	102.2%	90.0%	30 900	**1 017 195**	-51 738	**965 457**	129 865	**1 095 322**
2015/16	1 069 983	99.4%	88.0%	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**	147 700	**1 285 690**
2017/18	1 216 464	101.7%	90.0%	35 886	**1 252 350**	-55 951	**1 196 399**	155 015	**1 351 415**
2018/19	1 287 690	101.0%	89.1%	35 869	**1 323 559**	-48 289	**1 275 270**	170 154	**1 445 424**
2019/20	1 355 766	100.8%	89.3%	39 834	**1 395 601**	-50 280	**1 345 320**	172 192	**1 517 512**

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.

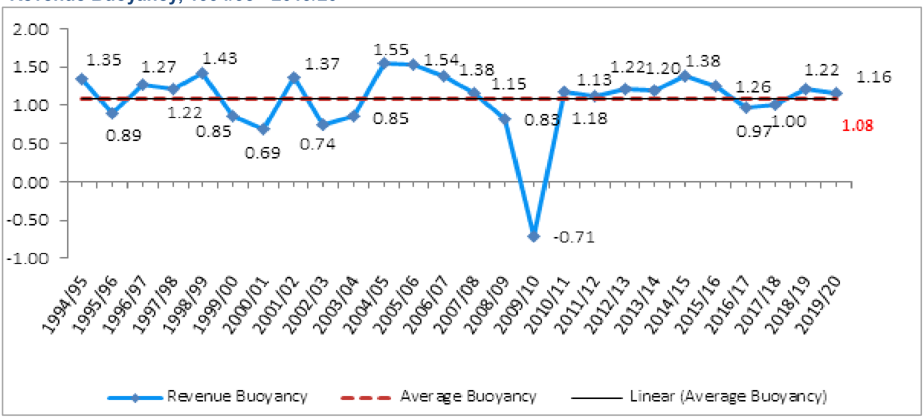
2. Includes provinces, social security and selected public entities.

The South African tax-to-GDP ratio has increased marginally from 25.9% in 2015/16 to 26.3% in 2019/20, driven by increased contributions from PIT and VAT.

Tax revenue collections, GDP and CAGR, 2015/16 - 2019/20



Revenue Buoyancy, 1994/95 - 2019/20



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. Buoyancy of tax revenue reflects both the effect of automatic stabilisers and of discretionary fiscal policy changes. A buoyancy ratio greater than unity (1.0) over the long-term supports the sustainability of fiscal policy.

Short-term buoyancy ratios fluctuate more and are the outcome of the stage of the business cycle, tax policy changes and efficiency of tax administration.

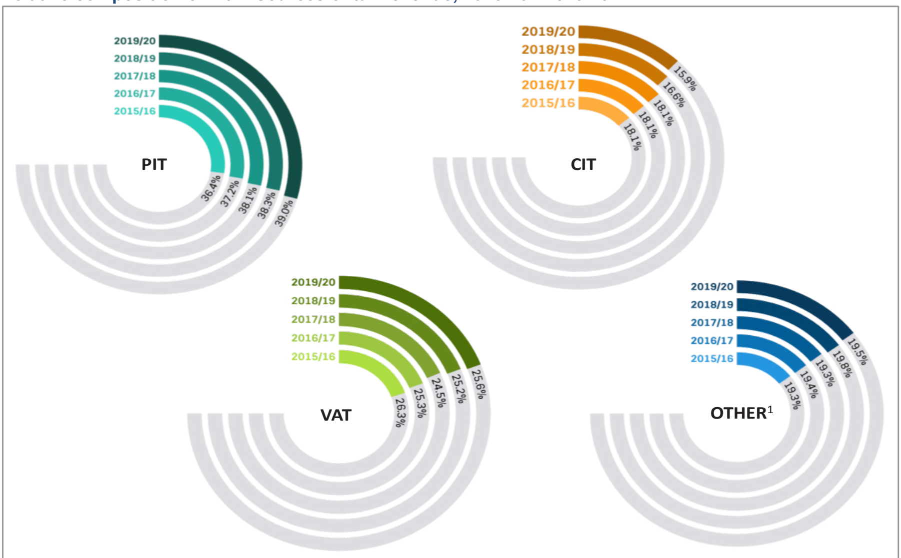
South African tax revenue collections have remained buoyant after the 2008/09 financial crisis despite tough economic conditions. However, in 2016/17 growth in total tax revenue collections did not keep up with economic growth, resulting in a buoyancy ratio of 0.97. In 2017/18 tax revenue growth was on par with GDP growth resulting in buoyancy ratio of 1.0.

Total tax revenue buoyancy for 2019/20 was 1.16, lower than the 1.22 in 2018/19, as a result of slower growth in the main taxes.

PIT, CIT and VAT account for about 80% of total tax revenue. The fuel levy, together with specific excise and Customs Duties, accounts for around 14% and other taxes make up the remainder.

Over the last five years the relative PIT contribution has shown a steady increase whilst the relative contribution of CIT to the total tax revenue has declined, (*Figure 1.4* and *Table A1.2.1*). The relative contribution of VAT has decreased from 26.3% in 2015/16 to 24.5% in 2017/18 and subsequently has increased to the 25.6% in the year under review.

Relative composition of main sources of tax revenue, 2015/16 - 2019/20



[1]*Fuel Levy, Customs Duties & Other*

Health Promotion Levy on Sugary Beverages was implemented on 1 April 2018. The Health Promotion Levy on sugary beverages is a new levy in support of the Department of Health's deliverables to decrease diabetes, obesity and other related diseases in South Africa as shown in Table 1.8.

Health Promotion levy, 2019/20

R million	Printed estimate Feb 2019	Revised estimate Feb 2020	Actual result	Increase / decrease on Printed estimate	Increase / decrease on Revised estimate
Health promotion levy[1]	1 986	2 590	2 446	460	-144
Health promotion levy on imports	245	54	67	-179	12
Total Health promotion levy	**2 231**	**2 644**	**2 513**	**281**	**-132**

1. Levy on locally manufactured products

The Levy on sugary beverages applies to beverages with more than 4 grams of sugar content per 100ml. The Health Promotion Levy on sugary beverages is payable by manufacturers thereof in the Republic of South Africa (RSA), is a domestic consumption tax, and is therefore not payable on sugary beverages that are exported or processed in the manufacture of other dutiable goods. It is payable on sugary beverages manufactured in, or imported into South Africa, specifically:

- Identified imported products are taxed when they are cleared for home consumption.
- Locally manufactured products are taxed at source.

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 calculated 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' cost-to-tax-revenue ratio is below the international benchmark of 1.0%. During the past five years, the ratio has ranged between 0.96% in 2015/16 and 0.89% in 2017/18 and moved to a low of 0.80% in 2019/20. This consistent performance shows that SARS has contained costs, while increasing the amount of revenue it has collected. The management of costs has also been informed by budget adjustments in pursuit of fiscal sustainability for the state.

Cost of revenue collection, 2015/16 - 2019/20

R million	Tax revenue collected	Operating cost[1]	Cost of collection[2]
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%*
2018/19	1 287 690	10 792	*0.84%*
2019/20	1 355 766	10 841	*0.80%*

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.

Through Automation and Digital Migration, SARS has reduced the volumes of manual activity and significantly improved turnaround times. Cash collections at branch offices and the associated risks have been significantly reduced.

Current payment methods other than branch payments are:

- *eFiling:* This requires a taxpayer to register as an eFiling client in order to make electronic payments using this channel; and
- *Payments at banks:* Taxpayers can make either an internet banking transfer or an over-the-counter deposit.

The eFiling payments channel constitutes the majority of payments received by SARS and accounted for 81.2% of the total value of all taxpayer payments in 2019/20. This is an improvement compared to 2015/16 when this channel accounted for 75.9% of the total value of payments processed.

Composition of main channels of payment (by value), 2015/16 - 2019/20

For the 2019 tax year

Registered individuals 22.2 million

Expected to submit returns
6.3 million
Assessed taxpayers
4.3 million

68.8% Assessed

Females assessed **45.8%**

Males assessed **54.2%**

Aggregated taxable income of assessed individual taxpayers **R1.6 trillion**

Tax liability of assessed individual taxpayers **R360.0 billion**

68.0% PAYE payments received from the finance sector[1]

Of those assessed...

...owed SARS **18.1%**

68.3% ...received refunds.

13.6% ...had a zero assessment.

40.9% ...were registered in Gauteng

27.0% ...were in the 35 – 44 age bracket

Allowances and deductions

Travel was the largest allowance at **R28.8billion** (26.3% of total allowances assessed).

Contributions to pension, provident and retirement annuity funds was the largest deduction at **R181.3billion** (83.4% of all deductions granted).

Pension, provident and retirement annuity contributions paid on behalf of employees was the largest fringe benefit at **R102.0billion** (59.8% of the total fringe benefits assessed).

Cohort across 10 consecutive years

2009: 5 076 863 Taxpayers assessed

2018: 5 372 211 Taxpayers assessed

2 938 297 Taxpayers assessed for all tax years 2009 - 2018

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 municipalities during the past year.

1. The finance sector refers to the Financial intermediation, insurance, real-estate and business services sector, which includes the following SARS sectors – Agencies and other services; Financing, insurance, real estate and business services; Long term insurance; and Research and scientific institutes

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, income group, sector, province, age, gender and source of income, as well as on fringe benefits, allowances and deductions.

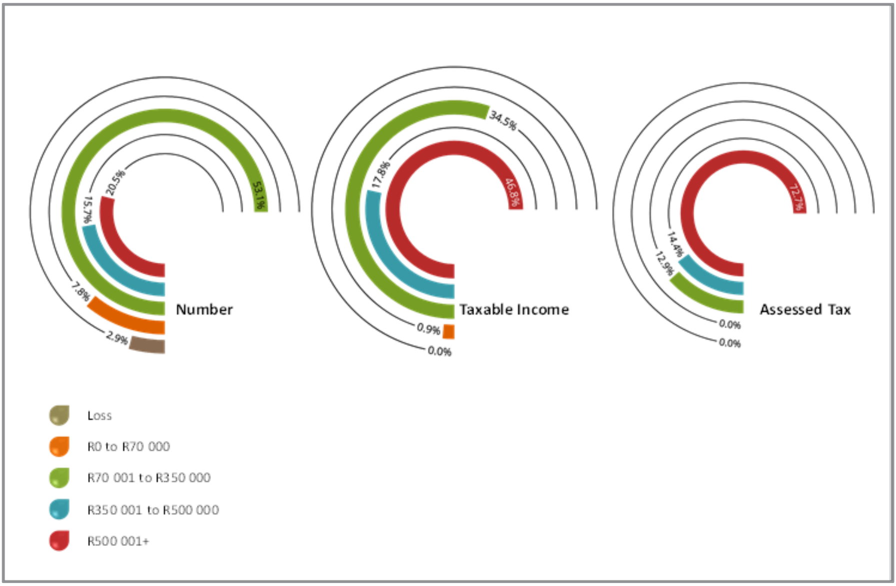
The Budget presented in February 2018 included:

- Increases of 6.1%, 4.1% and 4.4% respectively in the primary, secondary and tertiary rebates to R14 067, R7 713 and R2 574 respectively. This increased the tax thresholds for taxpayers below the age of 65 to R78 150, for those 65-74 years to R121 000 and 75 years and older to R135 300.

SARS received more than 18.8 million employees’ tax certificates (IRP5s) that could be linked to nearly 13.4 million individuals.

To track changes in the taxable income of taxpayers over a 10-year tax period, an analysis was conducted of the taxable income and assessed tax of all taxpayers who have been assessed every year since 2009. There were 5 076 863 taxpayers assessed in 2009. Of these, 2 938 292 taxpayers (57.9%) had been assessed for each of the subsequent nine years (2010 to 2018).

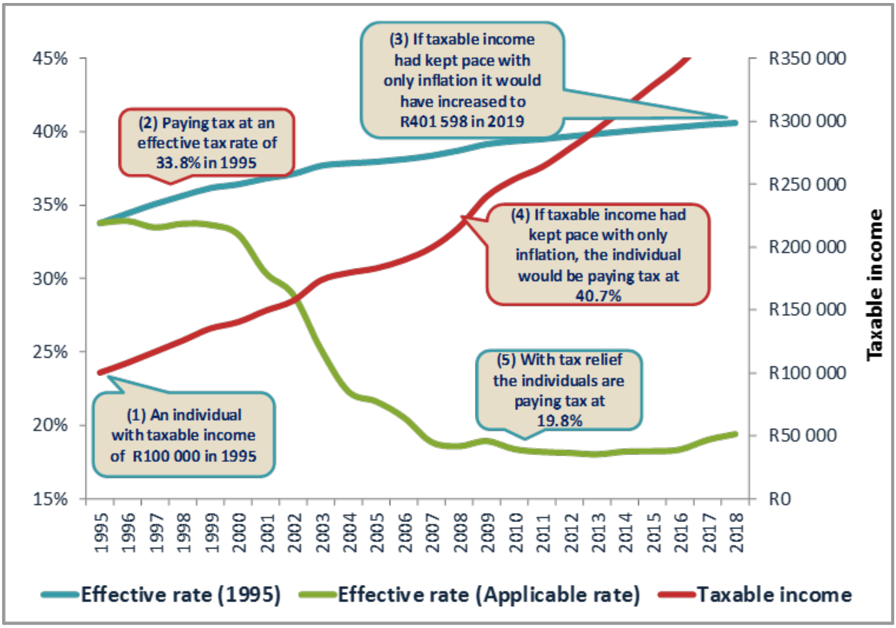
Distribution of assessed individual taxpayers in taxable income group, 2019



The tax burden aggregated across all taxpayers, as indicated by the tax assessed as a percentage of taxable income, increased from 20.4% in the 2016 tax year to 21.6% in the 2018 tax year and to 22.5% for the 2019 tax year, 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”[1], is illustrated in the following example.

[1] Fiscal drag relief is the relief granted to taxpayers to neutralise the impact of inflation on effective tax rates.

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



The table on the next page illustrates the distribution of income and the granting of deductions in income groups (rather than taxable income groups). The largest portion of the R227.2 billion allowed as deductions in 2018 was granted to taxpayers in the R500 000 + income bracket. Of their income, 12.4% was granted as a deduction.

Assessed taxpayers by income group, deductions granted & taxable income, 2019

Tax year	2019			
Income group	Number of taxpayers	Income before deductions (R million)	Deductions allowed (R million)	Taxable income (R million)
<= 0	124 369	-22 095	16	-22 111
1 – 70 000	315 203	11 482	626	10 856
70 001 – 350 000	2 033 289	414 010	38 491	375 519
350 001 – 500 000	716 044	299 666	39 205	260 462
500 000 +	1 149 018	1 113 261	139 175	974 086
Total	**4 337 923**	**1 816 324**	**217 513**	**1 598 811**
Income group	Average income per assessed taxpayer (R)	Average deduction allowed (R)	Average taxable income per assessed taxpayer (R)	Percentage of income granted as a deduction
<= 0	-177 661	127	-177 788	0.1%
1 – 70 000	36 427	1 985	34 442	5.4%
70 001 – 350 000	203 616	18 930	184 685	9.3%
350 001 – 500 000	418 503	54 752	363 751	13.1%
500 000 +	968 881	121 125	847 755	12.5%
Total	**418 708**	**50 142**	**368 566**	**12.0%**

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.

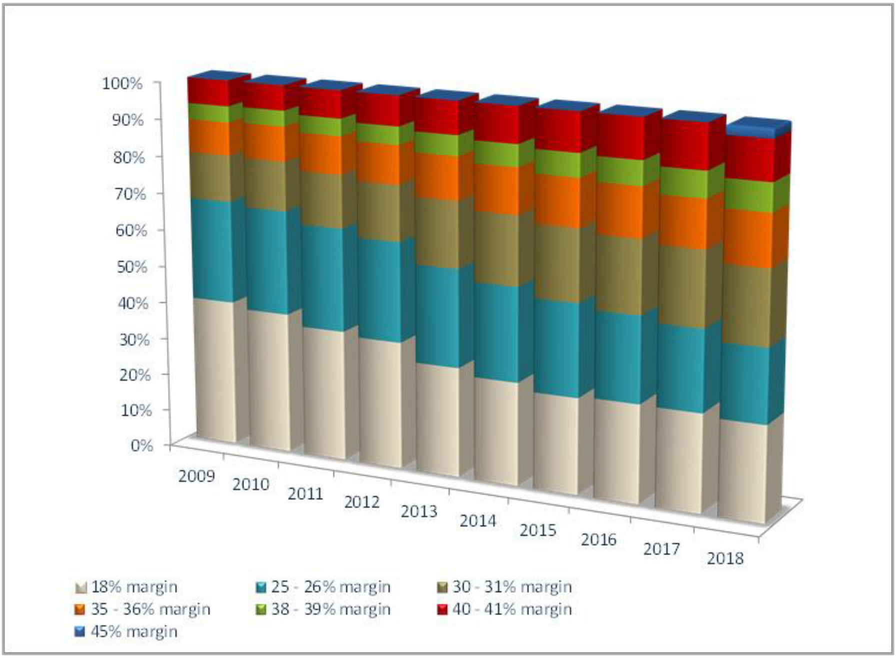
Number of individual taxpayers, 2016 – 2019

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
2016	5 857 738	1 650 199	281 713	336 950	57 522	20.4%
2017	5 746 248	1 724 781	300 158	356 805	62 094	20.7%
2018	5 372 211	1 750 496	325 843	377 463	70 262	21.6%
2019	4 337 923	1 598 811	368 566	360 024	82 994	22.5%

To track the fluctuations in taxable income of taxpayers over a 10 year tax period, all taxpayers who were assessed every year since 2009, were isolated and their taxable income and assessed tax analysed.

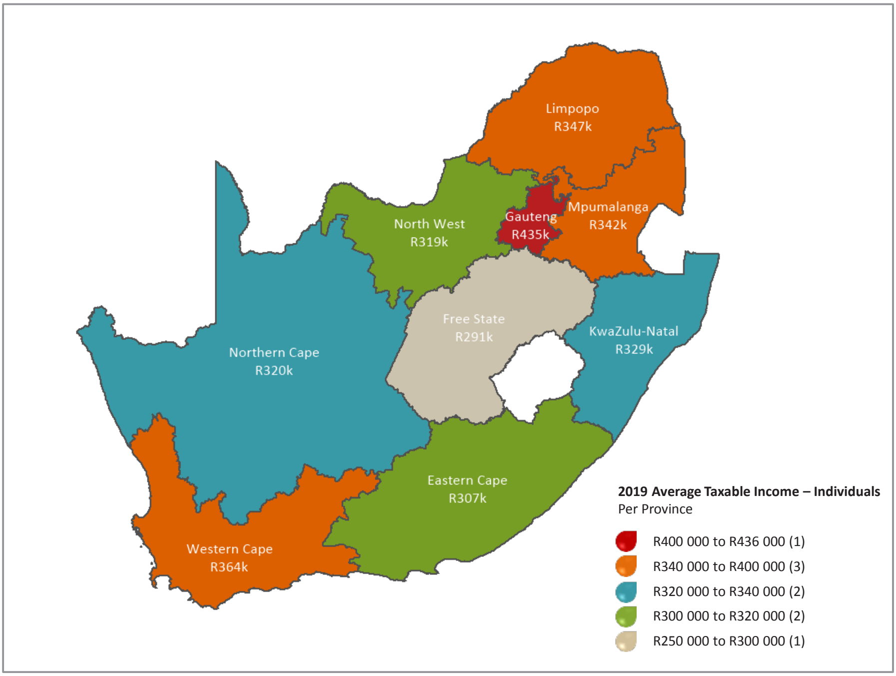
The graph below shows how taxpayers shifted across the tax brackets due to increases in taxable income.

Proportion of the 2.9 million 10 year taxpayers by marginal tax rates, 2009 – 2018



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 R435 239 while the North West indicates the lowest average taxable income at R291 239.

Assessed individual taxpayers by province (based on residential address), 2019



For the 2018 tax year and 2019/20 fiscal year as at 31 July 2020

CIT
third largest contributor to tax revenue

16.6%
2018/19

15.9%
2019/20

1st Provisional period	2nd Provisional period	3rd Provisional period
40.7%	56.5%	2.9%

Total CIT Provisional Tax Collected in 2017

Over 2.0 million companies on register as at March 2019

2018 tax year

780 460
Were assessed
(majority of the remainder are inactive or dormant)

170 207
assessed as Small Business Corporations (using graduated tax rates as opposed to a fixed rate)

Contributions by financial year-end in tax year 2018

December	June	February
33.2%	22.1%	22.9%

28.2%
Reported **NEGATIVE** taxable income

46.6%
Reported **ZERO** taxable income

25.2%
Reported **POSITIVE** taxable income

Taxable income for assessed companies

Sector contributions of companies with assessed losses

14.4%
Financing, insurance, real estate & business services sector

8.0%
Construction sector

6.0%
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 2018 tax year and CIT collections in the 2019/20 fiscal year show:

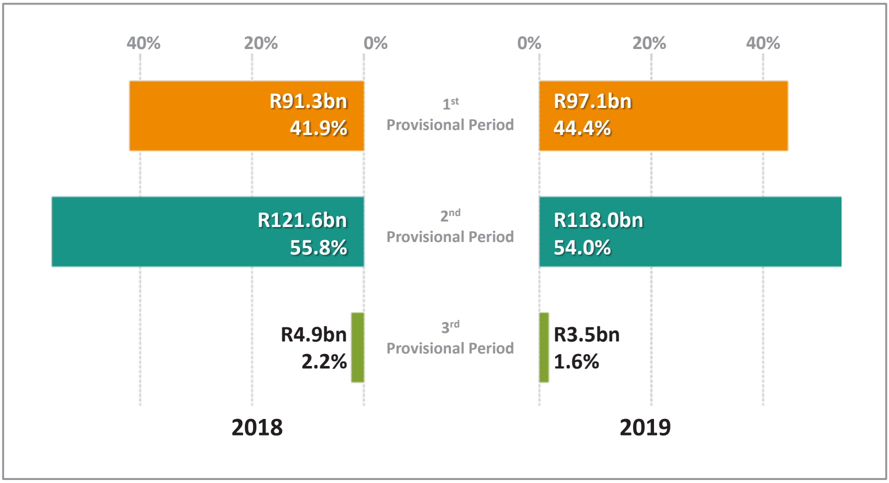
- At 15.9%, CIT has remained the third largest contributor to total tax revenue collected in 2019/20; this is slightly below the 16.6% achieved in the 2018/19 financial year. Furthermore, it is well below the peak of 26.7% achieved prior to the 2008/09 global financial crisis. The 2008/09 performance was mainly due to elevated global demand for commodities in the prior years coupled with high commodity prices in 2008/09;
- However, the impact of the recession on CIT collections was felt in 2009/10 as the effects of lower corporate profits filtered through and the tax product has seemingly struggled to attain historic contribution levels for the past years;
- There were over 2.0 million companies registered for CIT as at 31 March 2019. Of these, 939 781 companies were expected to submit income tax returns for the tax year 2018, but only 83.0% of these companies were assessed in 2018;
- Out of the 780 480 companies assessed as at 31 July 2020 for tax year 2018, 25.2% had positive taxable income, whilst 46.6% had taxable income equal to zero and the remaining 28.2% reported an assessed loss;

- The concentrated nature of the South African economy is evident as only 399 large companies (0.2% of the companies with positive taxable income) had taxable income of more than R200 million and were liable for 57.3% of the CIT in respect of the 780 480 companies assessed;
- The *Financial intermediation, insurance, real-estate and business services* sector accounted for 200 343 (25.7%) of the assessed companies and was liable for 41.6% of the CIT assessed, thus it continues to contribute the most amongst all the sectors;
- As at 31 July 2020, of the 780 480 companies assessed in respect of the 2018 tax year, 170 207 were assessed as Small Business Corporations (SBCs), taxed at the applicable graduated income tax rates, and the remainder taxed at either the fixed company tax rate of 28% or the graduated income tax rates for micro business that elect to pay only turnover tax;
- 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 are payable by the end of that year, CIT collections continue to improve, with the third provisional tax payments decreasing from 12.9% of total provisional tax collections in 2009/10 to 2.3% in 2018/19 and subsequently to 2.4% in 2019/20; and
- During 2018/19, 51.6% of the tax paid related to the 2018 tax year and 47.4% related to the 2019 tax year.

Provisional tax payments by provisional period by tax year, 2016 – 2019

Period R million Tax year	1st Provisional period	Percentage change	2nd Provisional period	Percentage change	3rd Provisional period	Percentage change	Total
2016	82 174	7.3%	113 499	11.0%	5 858	-9.1%	**201 531**
2017	85 858	4.5%	119 245	5.1%	6 022	2.8%	**211 126**
2018	91 317	6.4%	121 602	2.0%	4 880	-19.0%	**217 798**
2019	97 051	6.3%	117 962	-3.0%	3 526	-27.7%	**218 539**
Percentage of total							
2016	40.8%		56.3%		2.9%		**100.0%**
2017	40.7%		56.5%		2.9%		**100.0%**
2018	41.9%		55.8%		2.2%		**100.0%**
2019	44.4%		54.0%		1.6%		**100.0%**

Provisional tax payments by provisional period, 2018 and 2019



The value of provisional tax collections for previous tax years (2016 to 2018 tax years) have been or were more than 95% 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 results in analysis that is 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.

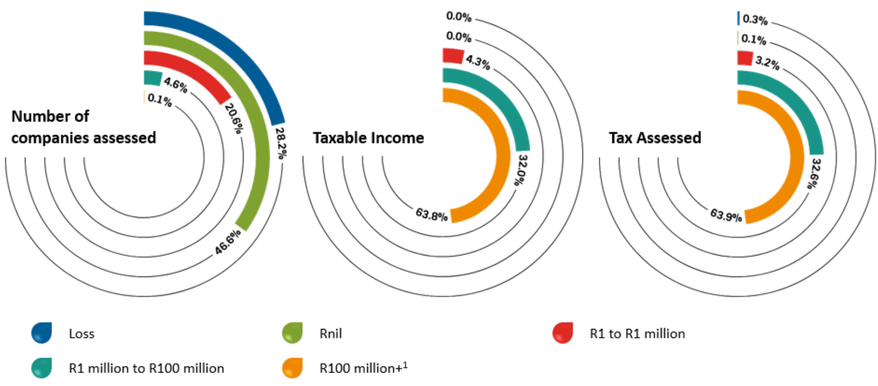
Provisional tax payments and tax assessed by tax year, 2016 – 2019

R million Tax year	Provisional tax payments	Tax assessed	Tax assessed as % of provisional tax payments
2016	201 531	201 530	100.0%
2017	211 126	208 793	98.9%
2018	217 798	207 005	95.0%
2019	218 539	122 353	56.0%

The number of returns expected for a particular tax year is determined by 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 have not yet been assessed for the tax year in question.

The figure below shows the distribution of the number of companies assessed, their taxable income and the tax assessed for the 2018 tax year.

Assessed companies, taxable income and tax assessed by taxable income group, 2018

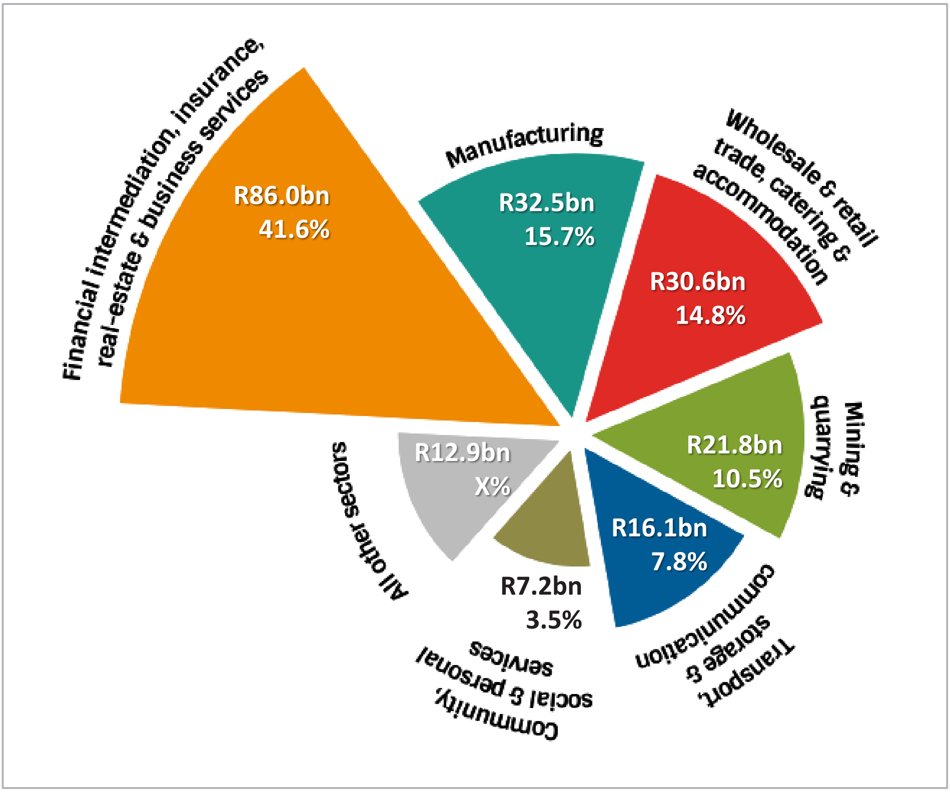


1. *Companies with taxable income greater than R 100 million constituted 0.1% of the number of companies (not visible in number bar) but contributed 63.8% of taxable income and 63.9% of assessed tax.*

Distribution by sector

As at 31 July 2020, the *Financial intermediation, insurance, real-estate & business services* sector had the highest number of taxpayers (25.7%assessed) in respect of the 2018 tax year. This sector accounted for 41.6% of the tax assessed in respect of the same tax year.

Companies' tax assessed by economic activity, 2018



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 2016 to the 2019 tax years. The threshold of the first SBC bracket increased by 6.1% from R73 650 in respect of tax year 2016 to R78 150 for the 2019 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, 2015 and 2018

Tax year Rand	2016			SBC rate for 2015	2019			SBC rate for 2018	Percentage increase in top bracket
Taxable income brackets	0	–	73 650	0%	0	–	78 150	0%	6.1%
	73 651	–	365 000	7%	78 151	–	365 000	7%	–
	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.

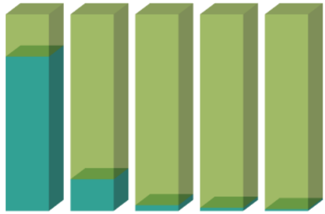
In 2018 they could be taxed on either 2017/2018 tax rates or 2018/2019 tax rates. This would occur because:

- 2017/2018 tax rates (rates in effect from 1 April 2017 to 31 March 2018) are applicable to SBCs with years of assessment ending between 1 January 2018 and 31 March 2018; and

- 2018/2019 tax rates (rates in effect from 1 April 2018 to 31 March 2019) are applicable to SBCs with years of assessment ending between 1 April 2018 and 31 December 2018.

Registered VAT vendors

54.9% active



831 821 registered VAT vendors

449 597 were active

- 78.5% | Companies & close corporations
- 16.1% | Individuals
- 2.9% | Trusts/Estates
- 1.6% | Partnerships
- 0.9% | Other

83.7%

Vendors making payments and receiving refunds in the bi-monthly category

35.4%

Vendors with a turnover of R1 million or less

Account for **80.5%** of VAT payments

Account for **90.2%** of VAT refunds

14.1%

Vendors making payments and receiving refunds in the monthly category

Ratio of payments and refunds

R1 Domestic VAT	=	R2.83 Output tax declared	−	R1.83 Input tax claimed
R1 VAT Refund	=	R1.87 Input tax claimed	−	R0.87 Output tax declared

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 2019/20 fiscal year:

- Net VAT collections totalled R346.8 billion and grew by 6.8% compared to the previous year. Domestic VAT, which amounted to R399.3 billion and grew by 5.4%, was the key driver for the aggregate growth.
- This growth was augmented by the collection of R180.0 billion in Import VAT, which grew by 2.7% compared to the prior year. VAT refunds totalled R232.5 billion and grew by 1.5%.
- The subdued household consumption expenditure curtailed the growth in Domestic VAT collections, which were below expectation. 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;* as well as *Wholesale and retail trade, catering and accommodation;*
- VAT refunds increased the most in the *Wholesale and retail trade catering and accommodation; Construction*; as well as *Electricity, gas and water sectors;* and

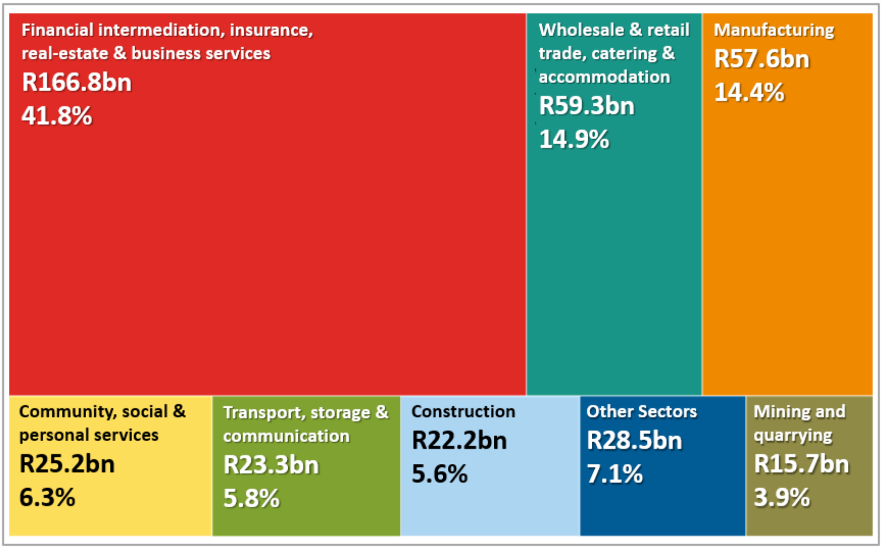
- There were 831 821 registered vendors as at 31 March 2020, of which 449 597 (54.0%) were active. A vendor is regarded as active if a VAT payment was received from or a VAT refund was made to the vendor during the fiscal year.

Number of registered VAT vendors

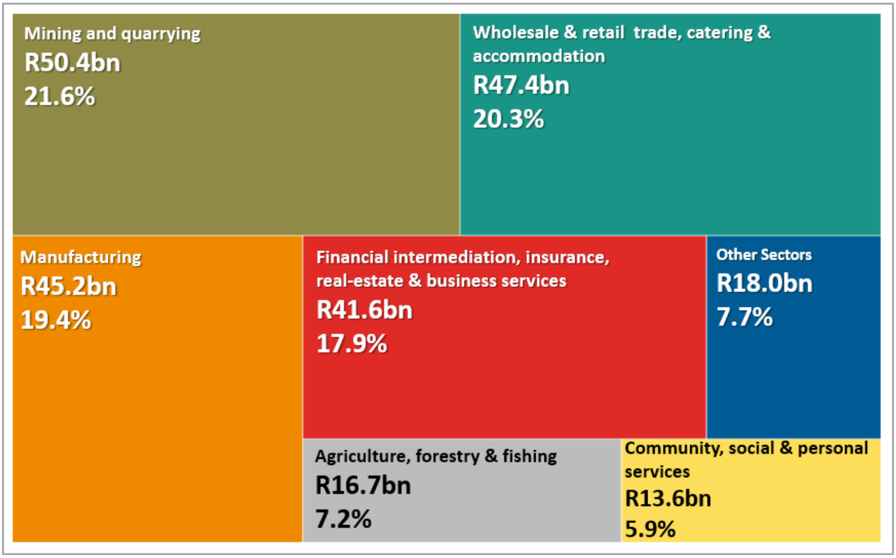
Fiscal year	Registered[1]	Percentage growth rates	Active vendors	Percentage growth rates	Active percentage of register
2016/17	742 388	5.0%	432 072	1.6%	58.2%
2017/18	773 783	4.2%	434 981	0.7%	56.2%
2018/19	802 957	3.8%	448 710	3.2%	55.9%
2019/20	831 821	3.6%	449 597	0.2%	54.0%

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

VAT payments by economic activity, 2019/20



VAT refunds by economic activity, 2019/20



In 2016/17 and 2017/18, the supply of standard-rated goods and services contributed more than 96.0% to total output tax, this dropped below that bar since 2018/19. Over the same period, the contribution of the supply of capital goods was below 3.0% and decreasing; this is in line with subdued business confidence levels that have led to low capital investments.

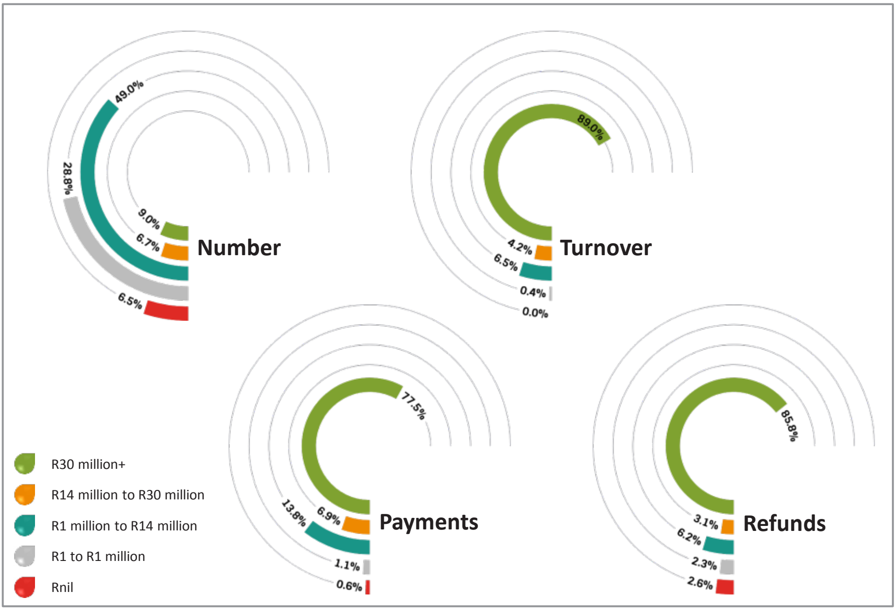
Output tax by class of supply, 2016/17 - 2019/20

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				
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**
2018/19	1 459 836	37 543	3 281	36 029	**1 536 689**
2019/20	1 552 243	37 997	3 490	25 362	**1 619 092**
	Percentage of total				
2016/17	96.1%	2.8%	0.2%	0.9%	**100.0%**
2017/18	96.3%	2.7%	0.2%	0.8%	**100.0%**
2018/19	95.0%	2.4%	0.2%	2.3%	**100.0%**
2019/20	95.9%	2.3%	0.2%	1.6%	**100.0%**

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

In 2019/20, 35.4% of vendors had a turnover of R1 million or less i.e. below the mandatory VAT registration threshold. However, these vendors accounted for only 1.7% of Domestic VAT payments and 4.9% of VAT refunds. In contrast, 3.2% of VAT vendors who had an annual turnover greater than R100 million accounted for 64.8% of Domestic VAT payments and 78.8% of VAT refunds.

Distribution of VAT vendors by turnover group, 2019/20



Vendors per annualised turnover (payments and refunds), 2016/17 – 2019/20

	2016/17	2017/18	2018/19	2019/20
Number of vendors	432 072	434 981	448 710	449 597
Turnover (R million)	12 613 531	13 308 025	13 698 161	14 687 969
Payments (R million)	320 759	336 964	377 675	398 735
Refunds (R million)	-180 912	-190 969	-229 957	-232 862
Nett VAT	**139 847**	**145 995**	**147 719**	**165 873**
Nett VAT as % turnorver	1.1%	1.1%	1.1%	1.1%

Number of registered importers

329 820
319 949

Import VAT		Customs Duties
13.3%	% of Revenue	4.1%
13.6%		4.3%
3.5%	% of GDP	1.1%
3.6%		1.1%
2.7%	% Change Y/Y	0.8%
14.7%		11.8%

Biggest contributors

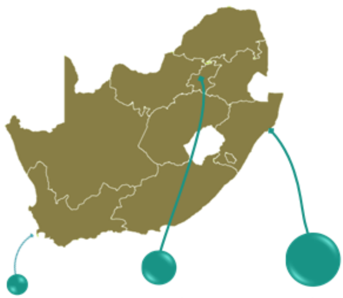
Import VAT	Customs Duties
25.9%	25.1%
Machinery and Electronics	Vehicles, Aircrafts & Vessels
25.7%	25.9%
13.1%	16.7%
Chemical Products	Textile and Clothing
12.8%	16.0%
11.5%	15.8%
Vehicles, Aircrafts & Vessels	Food, Beverages & Tobacco
11.3%	13.9%

PY Figures (2018/19)

The main contributors by World Zone to Total Import Tax

Africa	Americas	Europe	Asia
5.1%	11.2%	35.5%	46.7%
4.9%	11.1%	34.0%	48.1%

Main contributors by Customs Port of Entry to Total Import Tax



Cape Town Harbour	O.R Tambo Int. Airport	Durban Harbour
10.6%	16.2%	42.5%
10.3%	16.6%	43.4%

PY Figures (2018/19)

CHAPTER 5: IMPORT VAT AND CUSTOMS DUTIES

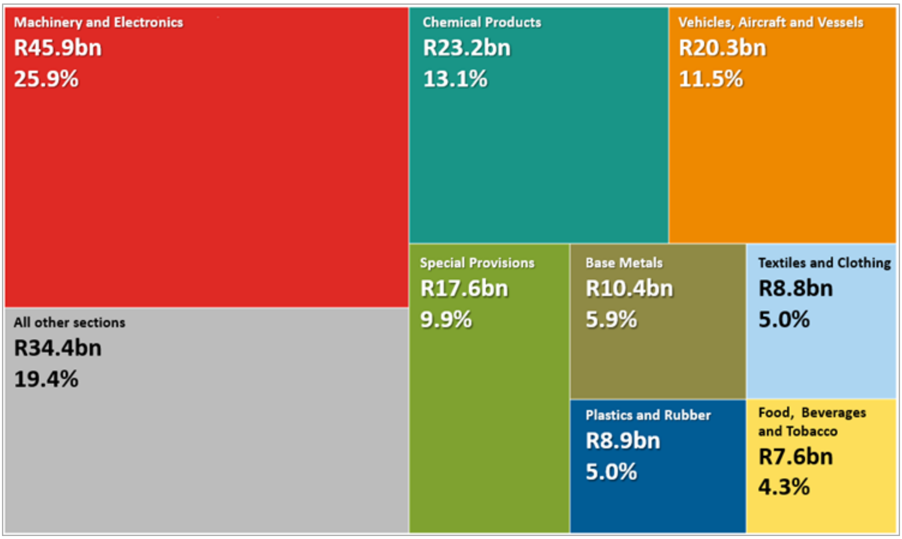
This chapter provides information on the Customs value, Import VAT, Customs Duties and Total Import Tax revenues by Harmonised System (HS), world zone, customs port of entry, country of origin as well as for selected trade blocs.

For the 2019/20 fiscal year:

- Import VAT collections totalled R180.0 billion and grew year-on-year (y/y) by 2.7% compared to a significant 14.7% recorded in 2018/19. This was driven by moderate levels of growth in the imports of key contributing commodities.
- Collections of Customs Duties totalled R55.4 billion and experienced a marginal y/y improvement of 0.8%, on the back of a notable 11.8% growth rate in 2018/19. Revenue from two of the sub-categories of Duties, namely Specific Excise Duties and *Ad valorem* Excise Duties contributed R7.9 billion (14.3%) and R10.5 billion (18.9%) respectively to the year’s total Duty collection (referencing Sections A and B respectively of Part 2 of Schedule 1 to the Customs and Excise Act, 1964). The majority of the remaining R37.0 billion (66.8%) comprises 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 25.9%, slightly up from 25.7% in 2018/19. Notably, *Vehicles, Aircraft and Vessels* accounted for the significant portion of Customs Duties at 25.1%, dipping from 25.9% in the prior year.
- Imports from the world zones of Asia and Europe accounted for 82.2% of the combined Total Import Tax contribution, the same proportion as in 2018/19.

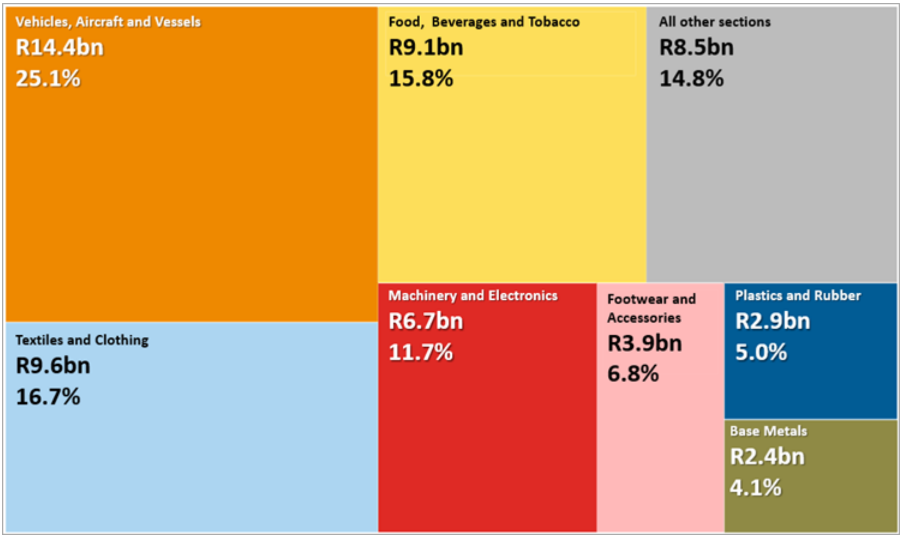
- On a country basis, China and Germany at 25.2% and 11.2% of Total Import Tax contribution respectively remained the principal suppliers of taxable goods into South Africa.
- The Importer register grew y/y by 3.0% to 329 820 in number.
- Import VAT for 2019/20 was collected mostly from the importation of *Machinery and Electronics* (25.9%); *Chemical Products* (13.1%); *Vehicles, Aircraft and Vessels* (11.5%); *Special Provisions* (9.9%); *Base Metals* (5.9%); *Plastics and Rubber* (5.0%); *Textiles and Clothing* (5.0%) as well as *Food, Beverages and Tobacco* (4.3%). The *All Other sections* grouping (19.4%) comprises the remaining 14 HS sections.

Import VAT by HS section, 2019/20



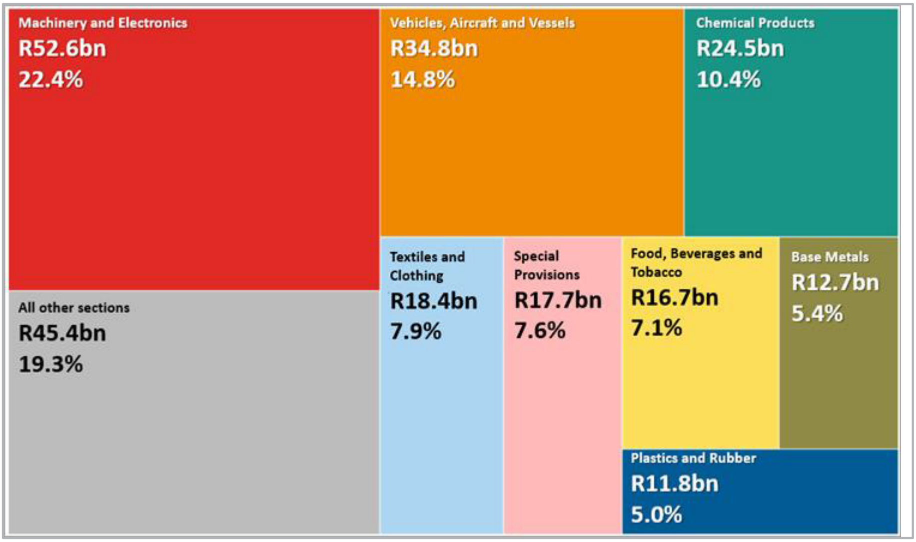
The largest contributing HS sections to Customs Duties in 2019/20, as shown in *Figure 5.2,* were *Vehicles, Aircraft and Vessels* (25.1%); *Textiles and Clothing* (16.7%); *Food, Beverages and Tobacco* (15.8%) as well as *Machinery and Electronics* (11.7%).

Customs Duties by HS section, 2019/20



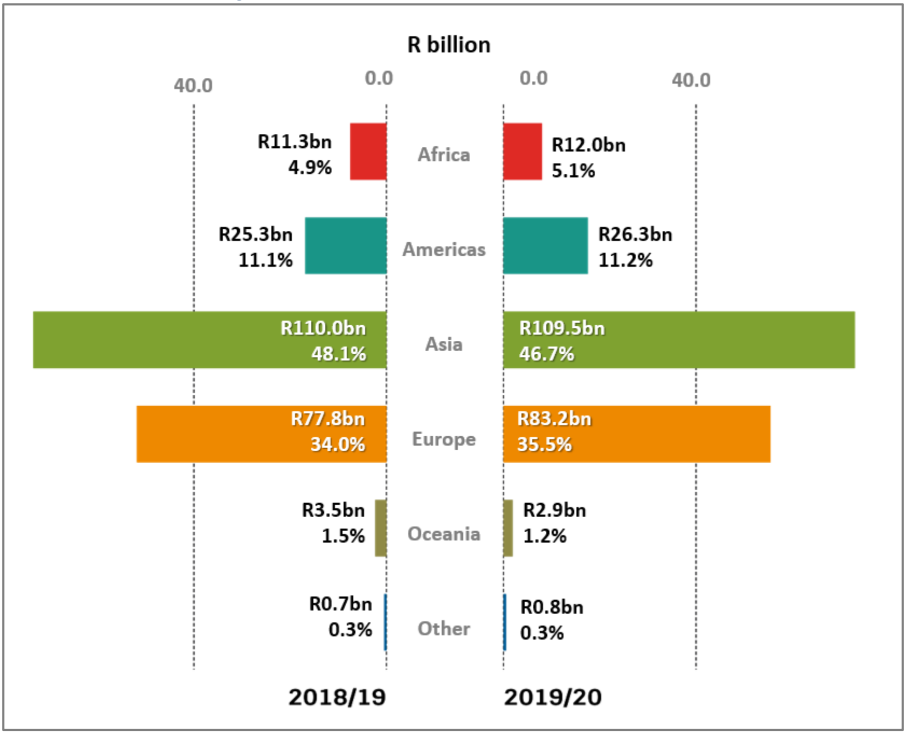
Machinery and Electronics; Vehicles, Aircraft and Vessels; Chemical Products, Textiles and Clothing, Special Provisions as well as *Food, Beverages and Tobacco* – combined, made up more than 70% of the Total Import Tax for 2019/20.

Total Import Tax by HS section, 2019/20



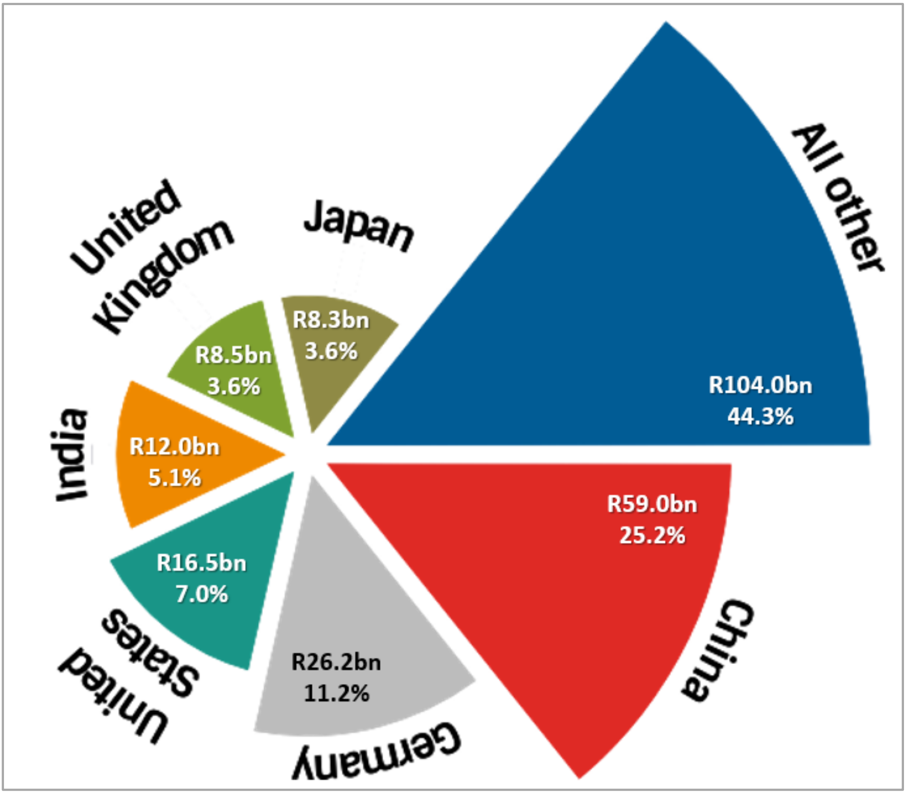
Imports from Asia accounted for 46.7% of the Total Import Tax, followed by Europe at 35.5% and the Americas at 11.2%.

Total Import Tax by world zone, 2019/20



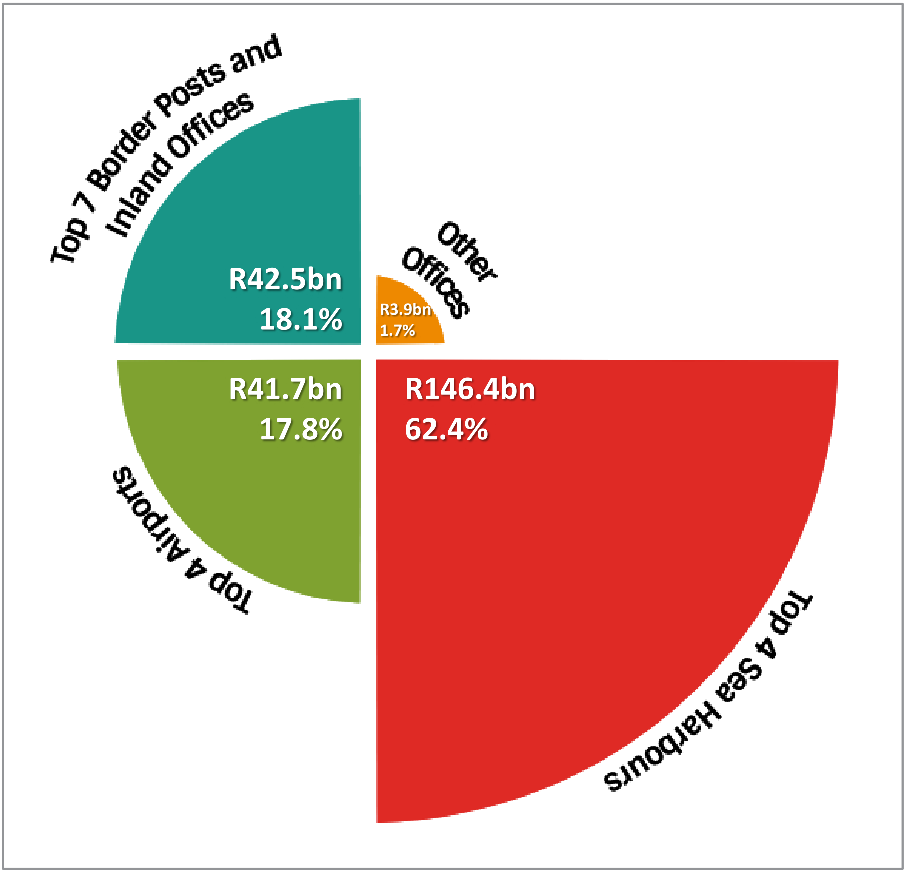
The top six countries of origin – China, Germany, United States, India, United Kingdom and Japan – collectively accounted for 55.7% of the Total Import Tax for 2019/20.

Total Import Tax by country of origin, 2019/20



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 – which together accounted for 88.9% of the Total Import Tax for 2019/20.

Total Import Tax by customs port of entry, 2019/20



For the 2019/20 fiscal year

Capital Gains Tax

Company CGT = **R6.4 billion** + Individual CGT = **R7.7 billion** → Capital Gains Tax raised of **R14.1 billion**

Narrow increase of R249 million (1.4%) on the R17.6 billion raised in 2017/18.

An aggregate of R156.7 billion has been raised since the introduction of CGT in October 2001

Transfer duties amounted to R7.1 billion down from R7.2 billion in 2018/19

Property transfers that were subjected to transfer duty	Average transfer duty paid
R175.7bn	R81 864

Mineral and Petroleum Resources Royalty payments amounted to **R11.8 billion, a 37.4% increase from 2018/19**

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

Contributions to the SACU pool during 2019/20

R106.4 billion

A 6.4% increase from 2018/19

Diesel refunds increased by 50.0% from R5.8 billion to **R8.8 billion** in 2019/20

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

CHAPTER 6: OTHER TAXES AND COLLECTIONS

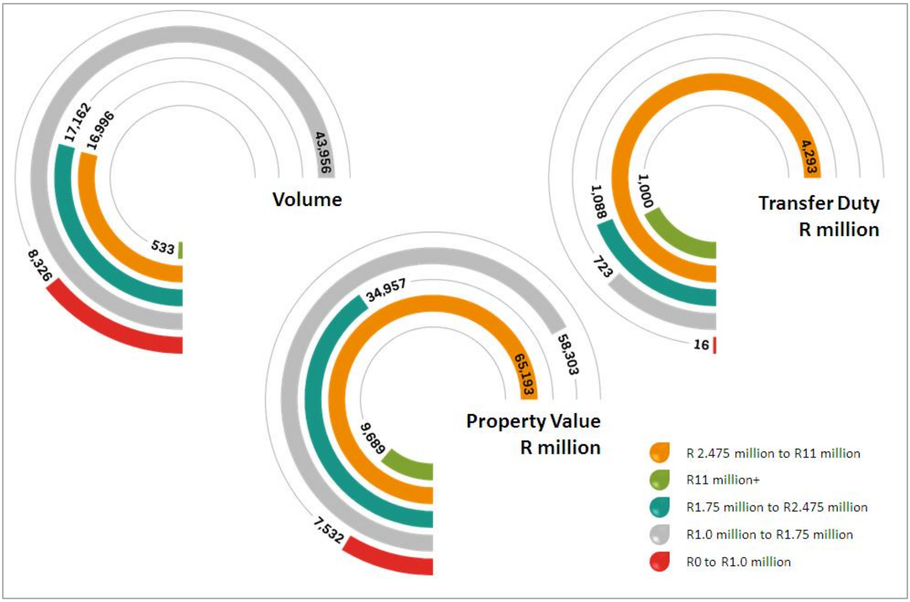
This chapter focuses on revenue collection trends that provide insight into specific aspects of economic activity during 2019/20. It gives an overview of:

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

For the 2019/20 fiscal year:

- Capital Gains Tax (CGT) of R14.1 billion was raised of which R6.4 billion was attributable to individuals and trusts and R7.7 billion to companies. This reflects a significant decline of R3.8 billion (21.3%) against the R17.9 billion raised in 2018/19;
- Transfer Duty collections of R7.1 billion is down from the R7.2 billion received in 2018/19, representing a 6.8% volume decrease year-on-year and a 1.7% value decrease in Transfer Duty collection;

Distribution of Transfer Duty collected by property value, 2019/20



- Diesel refunds increased from R5.8 billion in 2018/19 to R8.8 billion in 2019/20 an increase of 50.0%. This increase was driven by the increase in the use of diesel generators for electricity production within the energy sector as well as completion of significant audits in the mining and agriculture sectors;
- Mineral and Petroleum Resources Royalty (MPRR) payments by extractors grew significantly by R3.2 billion (37.4%) to R11. 8 billion due to a significant improvement in commodities such as iron ore as well as platinum. This growth, however, was still at a lower rate compared to the growth in 2016/17 of R2.1bn (56.5%); and
- Total contributions to the Southern African Customs Union (SACU) pool amounted to just under R106.4 billion, up by 6.4% on the contributions from the previous year.

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