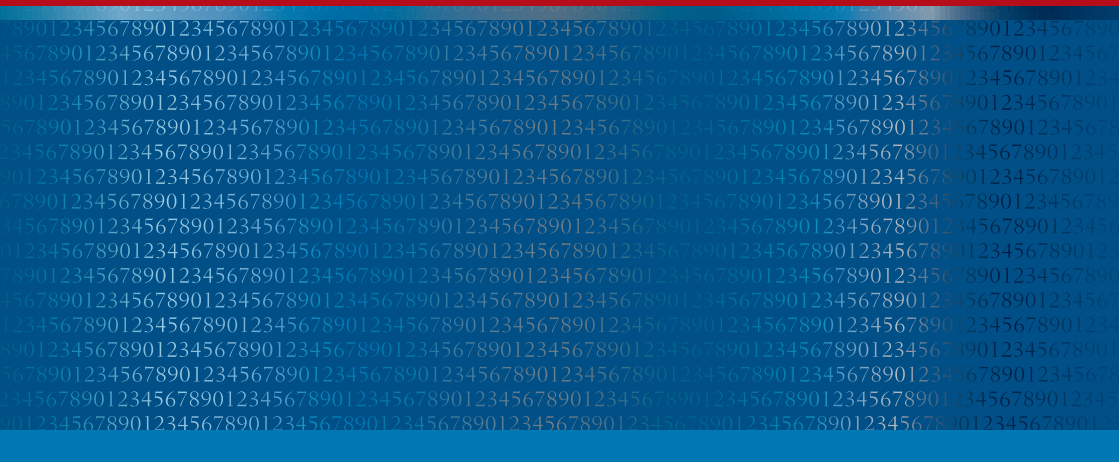


2012 Tax Statistics – Highlights

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



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National Treasury
REPUBLIC OF SOUTH AFRICA



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ABOUT THE PUBLICATION

The *2012 Tax Statistics* is the 5th edition and provides an overview of tax revenue collections and tax return information for the period 2007/08 to 2011/12 and the 2008 to 2011 tax years respectively.

This publication provides tax revenue data at a more disaggregated level than statistics contained in other publications such as the National Treasury's Budget Reviews and SARS's Annual Reports.

The publication contains comprehensive data on tax revenue to aid policy makers and also inform the general public of policy choices that may be available to government in pursuit of financial stability and sustainability of our country. Editions of this document have been extensively referenced and used by the media, businesses, academia, various government and non-governmental organisations.

What's new since the last edition of tax statistics:

- An analysis of payment channels of SARS collections is provided in Chapter 1;
- Revenue collection tables on Mineral and Petroleum Resource Royalties (MPRR) per commodity per fiscal year have been included;
- The methodology to determine the number of liable taxpayers has been amended. This significantly changed the CIT assessed percentages in Chapter 3 and slightly altered the PIT assessed percentages in Chapter 2;
- A table by income grouping, effectively a table by taxable income to which deductions are added back, has been included in Chapter 2; and
- A table that shows the effective CIT rate for various taxable income

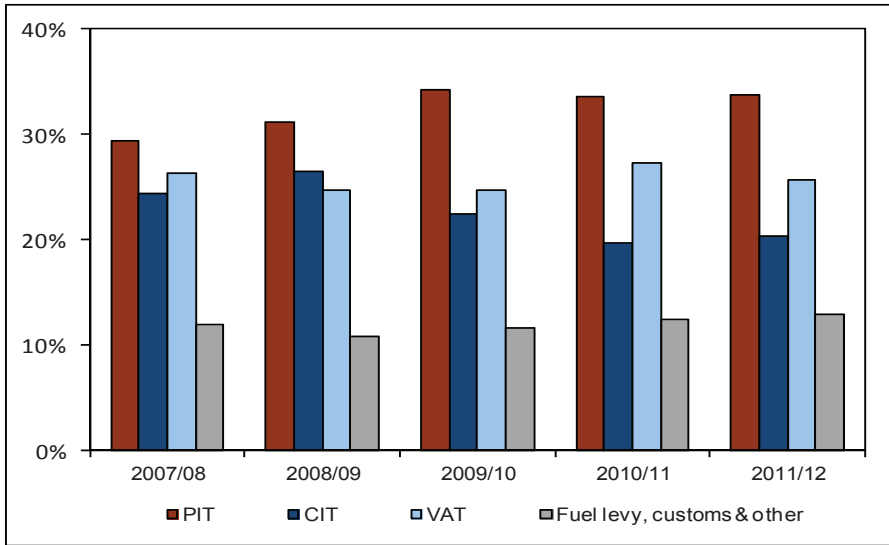
CHAPTER 1: REVENUE COLLECTIONS

This chapter provides a summary of aggregate revenue collection trends for the period 2007/08 to 2011/12.

For the 2011/12 fiscal year:

- Revenue collection statistics provide compelling evidence of the extent to which the South African economy recovered from the Great Recession. The R742.6 billion tax revenue collected was R3.9 billion higher than the revised estimate set in the February 2012 budget and R68.5 billion (10.2%) higher than that collected in 2010/11;
- The tax-to-GDP ratio increased marginally from 24.5% in 2010/11 to 24.6% in 2011/12, still well below the pre-crisis peaks of 27.6% and 27.1%;
- The cost of revenue collection (an important indicator of the efficiency of a revenue administration) has remained almost constant, increasing marginally from 1.10% in 2010/11 to 1.11% in 2011/12;
- The individual tax register continues to grow strongly with the number of individuals registered for income tax increasing significantly from 10.3 million in 2010/11 to 13.7 million in 2011/12 (growth of 32.5%). This significant growth is attributable to the new policy which requires that all employers register all their employees regardless of income;
- As at 31 March 2012, there were just over 2 million companies and 652 349 VAT vendors registered; and
- Capital gains tax of R6.8 billion was raised in 2011/12, down from the R9.1 billion raised in 2010/11. This decline is directly attributable to the slowing in the disposal of assets and decline in asset values post-recession.

Composition of tax revenue



In addition to tax revenue SARS also collects other revenue as set out in the table below:

Illustration of budget revenue and consolidated revenue

REVENUE	COLLECTED BY SARS
Tax revenue	All tax revenue
+ Non-tax revenue	- Mineral and Petroleum Resource Royalties (MPRR) - Mining leases and ownership
- SACU payments	
= Budget revenue	
+ Other revenue (provinces, social security, selected public entities)	Revenue collected on behalf of: - Unemployment Insurance Fund (UIF) - Road Accident Fund (RAF)
= Consolidated revenue	

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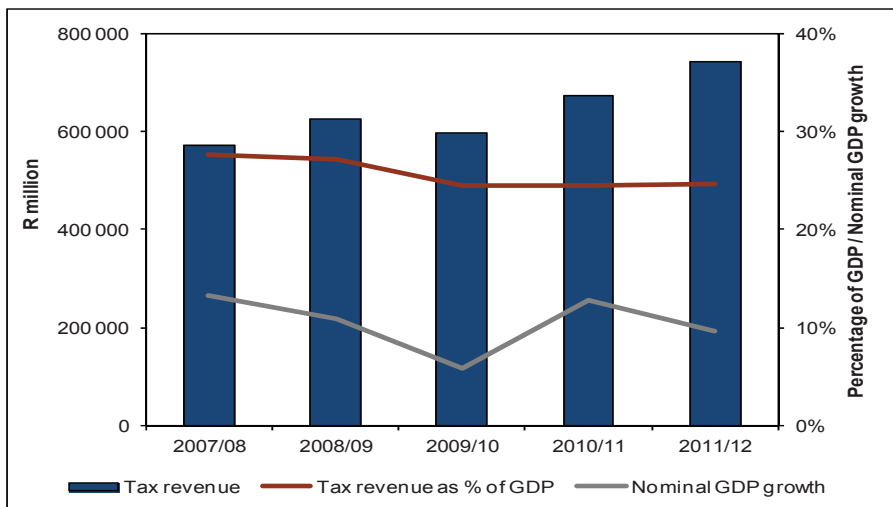
About 99% of budget revenue and 89% of consolidated revenue is accounted for by tax revenue which is collected by SARS.

Tax revenue, Budget revenue and Consolidated revenue

R million	Tax revenue	Non-tax revenue	Total tax and non-tax revenue	Less: SACU payments	Budget revenue	Other	Consolidated revenue
2007/08	572 815	12 693	585 507	-24 713	560 795	65 911	626 705
2008/09	625 100	12 616	637 716	-28 921	608 796	74 673	683 469
2009/10	598 705	8 889	607 594	-27 915	579 679	84 058	663 737
2010/11	674 183	13 460	687 643	-17 906	669 738	87 775	757 513
2011/12	742 650	18 913	761 562	-21 760	739 802	95 659	835 461

The tax-to-GDP ratio decreased from a 27.6% high in 2007/08, a position it had maintained in the preceding three years, to 24.5% in 2009/10 as a result of revenue contracting during the global financial crisis. CIT as a percentage of GDP showed a significant decline from 7.3% in 2008/09 to 5.6% in 2009/10 and further to 4.9% in 2010/11. In 2011/12 the tax-to-GDP ratio increased marginally to 24.6%. The increase of the tax-to-GDP ratio for 2011/12 can be attributed to a slight increase in the contribution of CIT, to 5.1%.

Tax revenue collections, tax revenue as a percentage of GDP and nominal GDP growth

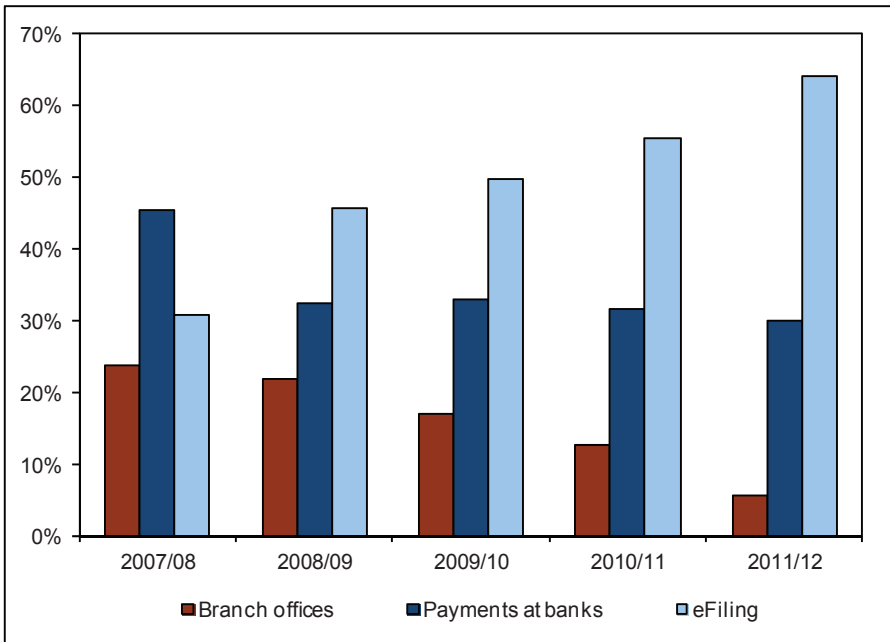


Through its Modernisation programme, SARS migrated the majority of taxpayers onto an electronic platform thereby reducing the risk associated with cash collections at branch offices. A further two alternative payment channels to payments at branch offices were made available to taxpayers, namely:

- an *eFiling* payment channel where the taxpayer has to register as an eFiling client to enable electronic payments via this channel; or
- a *payment at bank* channel where the taxpayer can make either an internet banking transfer or an over-the-counter deposit.

The eFiling channel accounted for 64.6% of the value of all payments in 2011/12, significantly increasing from the 30.8% of the value of payments that were processed in 2007/08.

Composition of main channels of payment (value), 2007/08 to 2011/12



CHAPTER 2: PERSONAL INCOME TAX (PIT)

This chapter gives an overview of assessed personal income tax revenues of registered individual taxpayers. It also provides information on taxable income by income categories, age, gender and source of income, as well as on fringe benefits, allowances and deductions.

For the 2011/12 tax year budget announcements included:

- The threshold for the top PIT bracket increasing to R552 000;
- Primary and secondary rebates increasing to R10 260 and R5 675 respectively; and
- Corresponding tax thresholds increasing to R57 000 (below age 65) and R88 528 (age 65 and above).

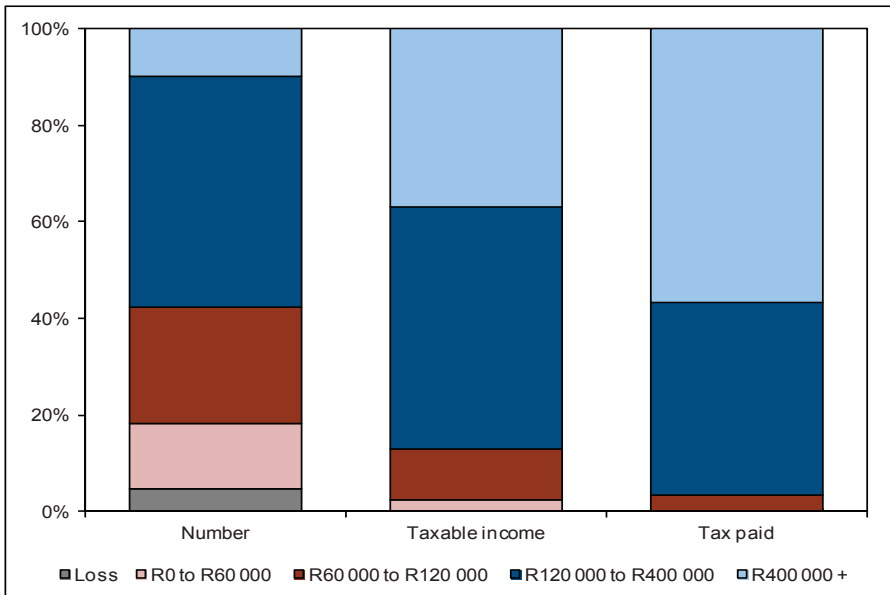
Individual taxpayers' assessed data for the 2011 tax year show:

- Of the 4 726 730 taxpayers liable to submit returns, 4 522 692 (95.7%) have been assessed as at the end of July 2012;
- Some interesting facts about assessed taxpayers:
 - 40.2% were registered in Gauteng;
 - 27.5% were in the 35-44 age group;
 - 55.7% were male;
 - 27.0% were employed in the Financing, insurance, real estate & business services sector; and
 - 287 834 (6.4%) declared business income.
- Taxpayers submitted their returns through the various SARS channels:
 - 63% via eFiling;
 - 36% via Branch Front End Capturing (SARS staff capture taxpayer returns at branch offices directly into SARS systems); and
 - 1% submitted manual returns that were scanned.
- Of those assessed, 67.9% received refunds, 17.8% owed SARS some tax and 14.3% had a zero assessment;

- The assessed taxpayers had aggregated taxable income of R885.2 billion and a tax liability of R182.2 billion translating into an average tax rate of 20.6%;
- 78.2% of taxable income for individuals was derived from salaries, wages and remuneration, pension, overtime and annuities;
- The largest allowance received was the travel allowance (R26.7 billion – 37.8% of total allowances assessed);
- Medical aid paid on behalf of employees was the largest fringe benefit (R33.0 billion – 78.8% of total fringe benefits assessed);
- Medical expenses amounting to R54.2 billion and contributions to retirement funding (pension and retirement annuity funds) amounting to R36.3 billion constituted the largest deductions (47.1% and 31.6% respectively of total deductions granted).

The PIT register as at 31 March 2011 grew by 74.7% to over 10.3 million individual taxpayers.

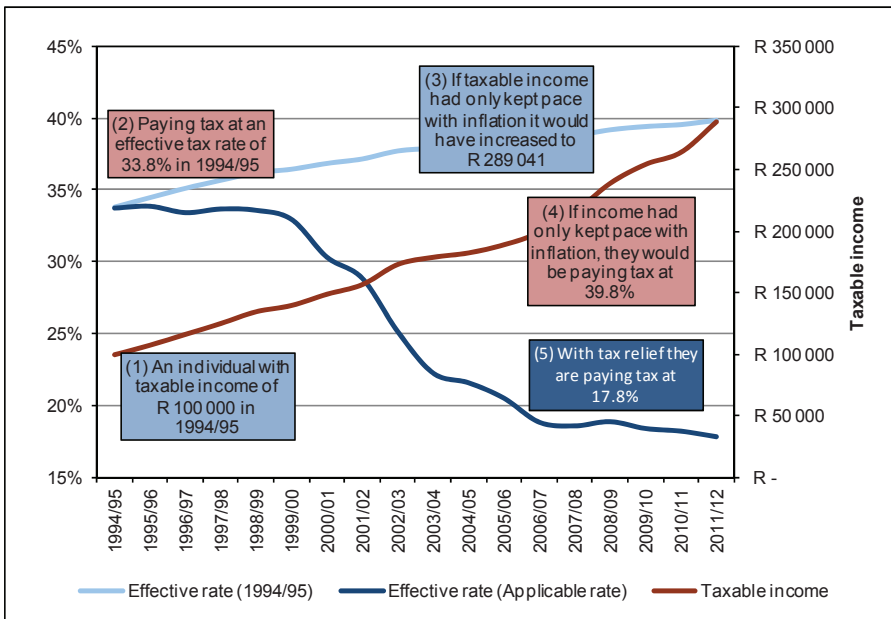
Distribution of taxpayers in taxable income groups, 2011



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The tax burden as an aggregate over all taxpayers (as indicated by the tax assessed as percentage of taxable income) over the period of review has remained relatively stable around 21%. This is indicative of the effectiveness of combating fiscal drag through tax relief. The extent of fiscal drag relief that has been granted over the years is better illustrated by means of the following example of an individual with taxable income of R100 000 in 1994/95.

Example of tax relief granted to an individual with taxable income of R100 000 in 1994/95



The table on the next page illustrates the distribution of income and the granting of deductions in income groups (as opposed to taxable income groups). The largest portion of the R115 billion allowed as deductions in 2011 was in the main granted to taxpayers in the R120 000 to R400 000 income bracket, with 14.2% of their income granted as a deduction.

Taxpayers in income groups, deductions granted and taxable income, 2011

Tax year	2011				
	Income group	Number of taxpayers	Income before deductions (R million)	Deductions allowed (R million)	Taxable income (R million)
<= 0		189 316	-21 238	898	-22 136
1 – 60 000		542 167	18 140	1 780	16 359
60 001 – 120 000		928 224	84 211	9 557	74 654
120 001 – 400 000		2 309 846	502 994	62 454	440 540
400 000 +		553 139	416 102	40 278	375 823
Total		4 522 692	1 000 209	114 968	885 241
Income group	Average income per assessed taxpayer (R)	Average deduction allowed (R)	Average taxable income per assessed taxpayer (R)	Percentage of income granted as deduction	
<= 0	-116 927	4 745	-121 672	4.1%	
1 – 60 000	30 174	3 283	26 891	10.9%	
60 001 – 120 000	80 427	10 296	70 131	12.8%	
120 001 – 400 000	190 723	27 038	163 684	14.2%	
400 000 +	679 437	72 818	606 619	10.7%	
Total	195 733	25 420	170 313	13.0%	

Liabile cases per tax year are now defined as all those taxpayers that have been assessed for a tax year plus those that have submitted returns that have not been assessed plus the following taxpayers that have not submitted returns as yet:

- taxpayers who received interest in excess of the tax thresholds;
- taxpayers who previously had business income; and
- taxpayers who had taxable income greater than R120 000.

Number of individual taxpayers, 2008 – 2011

Date	Registered	Percentage growth in register	Tax year	Liable to submit returns	Assessed	Percentage assessed
31-Mar-08	5 204 805	9.3%	2008	4 298 718	4 123 231	95.9%
31-Mar-09	5 540 646	6.5%	2009	4 561 541	4 420 407	96.9%
31-Mar-10	5 920 612	6.9%	2010	4 766 975	4 584 519	96.2%
31-Mar-11	10 346 175	74.7%	2011	4 805 206	4 522 692	94.1%

CHAPTER 3: COMPANY INCOME TAX (CIT)

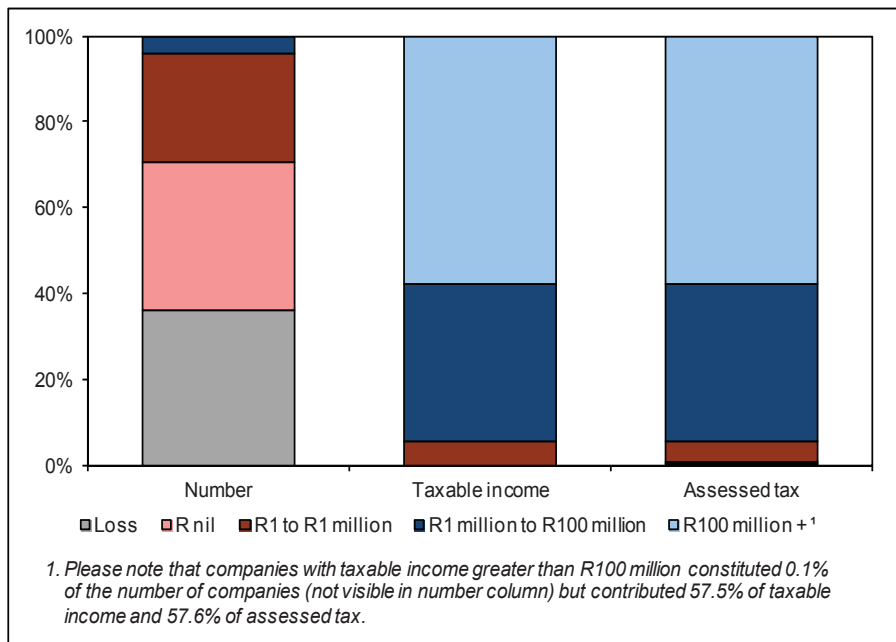
This chapter is an overview of company income tax revenues. Information on taxable income by income category, sector and type of business entity is provided.

Companies' assessed data for the 2010 tax year shows:

- Roughly a third of the 559 954 companies assessed had positive taxable income, a third had taxable income equal to zero and the remaining third was in a loss position; and
- 221 large companies with taxable income in excess of R200 million were liable for 50% of the tax assessed.

The figure below provides the distribution of the number of companies assessed, their taxable income and the tax assessed for the 2010 tax year.

Number of assessed companies and tax assessed, 2010



The number of companies liable to submit returns grew from 719 326 to 791 573 between the 2008 and 2011 tax years. For 2008, 85.6% of the liable companies had been assessed whilst only 51.5% had been assessed for 2011.

Number of companies, 2008 – 2011

Fiscal year	Registered	Percentage growth in register	Number	Liable to submit returns	Assessed	Percentage assessed
			Tax year			
31-Mar-09	1 834 009	15.80%	2008	719 326	615 686	85.60%
31-Mar-10	1 878 856	2.40%	2009	747 042	607 471	81.30%
31-Mar-11	2 078 301	10.60%	2010	817 645	559 954	68.50%
31-Mar-12	2 034 719	-2.10%	2011	791 573	407 286	51.50%

Liable cases per tax year are now defined as all those taxpayers that have been assessed for a tax year plus those that have submitted returns that have not been assessed plus companies that have been assessed in the past that have not submitted a return as yet.

As a result of more considered application of Paragraph 19(3) and due to improved compliance with the provisional tax rule (80% rule for second provisional tax payments), third provisional payments declined from 22.1% of provisional tax paid in 2008/09 to only 4.0% in 2011/12.

Provisional tax payments by provisional period

Period	1st	2nd	3rd	Total
R million	Provisional	Provisional	Provisional	
Fiscal year	period	period	period	
2007/08	49 132	63 441	30 499	143 072
2008/09	56 399	73 066	36 749	166 214
2009/10	45 819	72 380	17 497	135 696
2010/11	53 993	73 554	9 455	137 002
2011/12	64 188	87 577	6 253	158 017
Percentage of total				
2007/08	34.3%	44.3%	21.3%	100.0%
2008/09	33.9%	44.0%	22.1%	100.0%
2009/10	33.8%	53.3%	12.9%	100.0%
2010/11	39.4%	53.7%	6.9%	100.0%
2011/12	40.6%	55.4%	4.0%	100.0%

CHAPTER 4: VALUE-ADDED TAX (VAT)

This chapter gives an overview of value-added tax and provides a breakdown of VAT 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.

For the 2011/12 fiscal year:

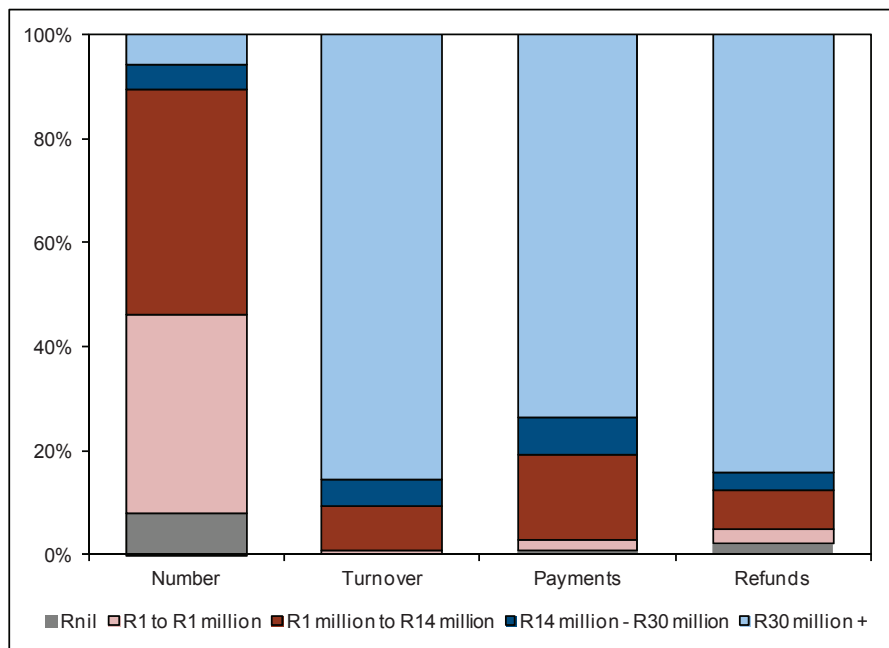
- VAT revenue collections improved moderately supported by growing real domestic household consumption;
- Domestic VAT payments increased by 7.4%, Import VAT increased by 23.9% while VAT refunds increased by 26.4%, the combined effect of the three resulting in year on year growth of 4.1%;
- Growth in domestic VAT payments came mainly from the Financing, insurance, real estate & business services sector, Agriculture, forestry & fishing and Coal & petroleum products sectors, offset by declines in the Vehicle, parts & accessories and construction sectors;
- VAT refunds grew in the Mining & quarrying, Coal & petroleum products and Agriculture, forestry & fishing sectors due to increased capital expenditure. Improved and faster processing of refunds resulted from modernised risk management algorithms;
- There were 652 349 registered VAT vendors of which 438 740 (67.3%) were active in making payments and receiving refunds:
 - 32.3% of VAT vendors were in the Financing, insurance, real estate and business services sector;
 - 87.1% of VAT vendors submitted returns on a bi-monthly basis;
 - Companies and close corporations made up 69.8% of VAT vendors; and
 - 46.3% of VAT vendors had a turnover of R1 million or less.
- Although only 8.9% of VAT vendors submitted returns on a monthly basis (others submit bi-monthly or bi-annually) they contributed 76.0% of VAT payments and received 88.2% of VAT refunds.

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Number of registered VAT vendors

Number Fiscal year	Registered	Active vendors	Percentage registered
2008/09	737 885	530 349	71.9%
2009/10	685 523	493 092	71.9%
2010/11	664 267	466 070	70.2%
2011/12	652 349	438 740	67.3%

Distribution of vendors by turnover groupings, 2011/12



Vendors per annualised turnover (payments and refunds)

	2008/09	2009/10	2010/11	2011/12
Number of vendors	530 349	493 092	466 070	438 740
Turnover (R million)	7 841 901	7 093 057	7 567 209	8 641 657
Payments (R million)	188 012	195 584	205 498	218 023
Refunds (R million)	-127 822	-115 184	-103 147	-129 892
Nett VAT	60 190	80 400	102 352	88 132
Nett VAT as % of turnover	0.8%	1.1%	1.4%	1.0%

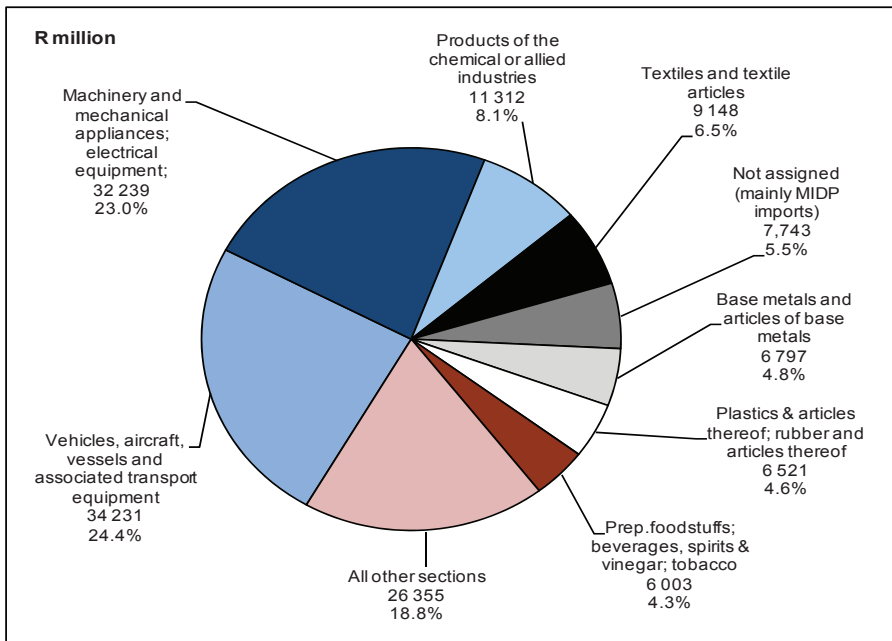
CHAPTER 5: IMPORT VAT AND CUSTOMS DUTIES

This chapter provides information on the customs value of imported goods by product type as well as Import VAT, customs/import duty and *ad valorem* excise duty revenues on imported goods.

For the 2011/12 fiscal year:

- Mainly as a result of strong imports in capital equipment and vehicles, Import VAT grew by 32.5% compared to the previous year;
- Machinery, mechanical appliances & electrical equipment contributed the most to VAT on goods imported (27.2%);
- Vehicles, aircrafts, vessels and associated transport equipment accounted for 31% of customs duties;
- The importation of associated transport equipment was the main contributor to *ad valorem* excise duties at 66.1%;

Import VAT, customs and ad valorem duties by section, 2011/12



The 2012 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.

The tables in Excel format are available for download on the websites of SARS and the National Treasury

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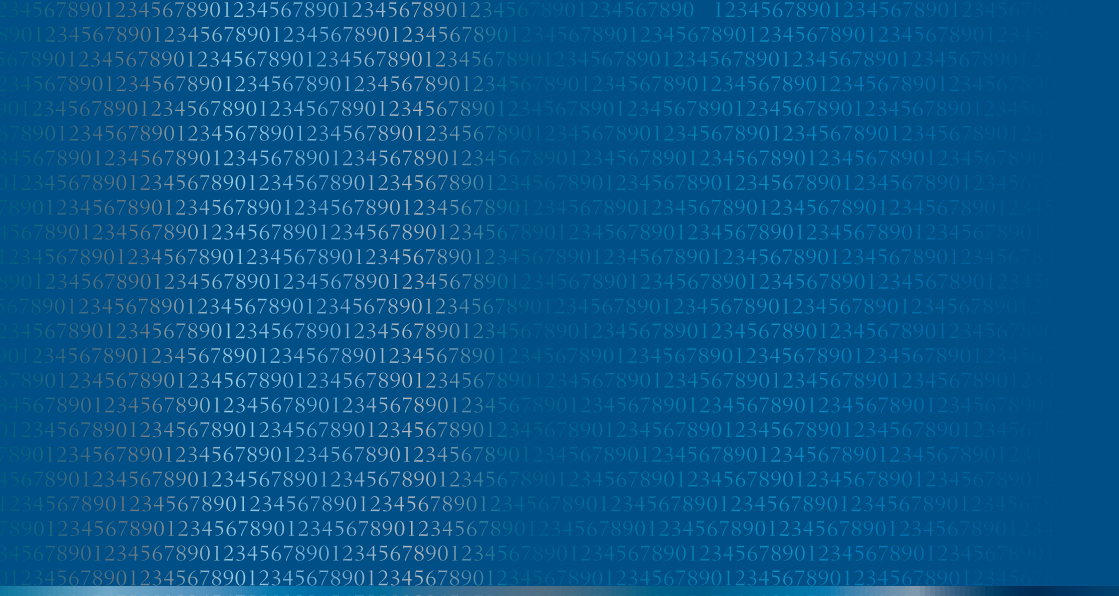
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