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MEMBER
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South Africa's 2019 Budget Speech

Finance Minister, Tito Mboweni's recent maiden Budget speech delivered a promising message to all South Africans, focused on **short-term pain for long-term gain and restoring business and consumer confidence** by putting South Africa's finances on a sustainable path again.



The Overview

The Budget contained few surprises, which was probably to be expected in an election year. Consumers will be required to fund most of the R15 billion increase in taxes due to the fact that tax brackets were not adjusted to allow for the impact of inflation on income. This so called "tax bracket creep", together with some increases in fuel taxes and sin taxes (alcohol and cigarettes) will place additional pressure on consumers.



The Sin Taxes

- Cigarettes R1.14 per packet of 20
- Cigarette tobacco R1.29 per 50g
- Spirits R4.54 per 750ml bottle
- Sparkling wine 84c per 750ml bottle
- Unfortified wine 22c per 750ml bottle
- Fortified wine 37c per 750ml bottle
- Malt beer 12c per 340ml can
- Ciders and alcoholic fruit beverages 12c per 340ml can
- Pipe tobacco 45c per 25g
- Cigars R7.41 per 23g



The Positive Effects

- White bread flour, cake flour and sanitary pads will be zero-rated for VAT purposes from 1 April 2019
- Sin taxes actually increased at a lower rate than last year which was a welcome surprise



The Negative Effects

- A new fuel carbon levy of 9c per litre on petrol and 10c per litre on diesel will take effect on 5 June 2019
- The general fuel levy increases to R3.52 per litre of petrol and to R3.37 per litre of diesel*
- The road accident fund levy increases to R1.98 per litre for both petrol and diesel*

*The increased levies take effect on 3 April 2019

One way to reduce your direct tax bill is to make sure that you take full advantage of the generous tax deductions SARS offers on contributions to approved retirement annuity (RA), pension or provident funds. Do you know that you can make tax-deductible retirement fund contributions of up to 27.5% of the greater of your remuneration and taxable income (subject to a R350 000 cap)?

As a member of the LA Retirement Fund, you can **increase your savings by making Additional Voluntary Contributions to the Fund**. Simply contact your Human Resource (HR) department.

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