



# SOUTH AFRICA'S 2020 BUDGET IN A NUTSHELL

Finance Minister Tito Mboweni's national budget proposed sharp cuts to the civil servant wage bill, while cash-strapped South Africans who are already battling the effects of poor economic growth and stagnant income levels were relieved to hear that there were no new tax increases.

The decision to not introduce any new tax increases in the Budget is a major win for cash-strapped South Africans. Unfortunately, electricity shortages are expected to constrain growth in the next few years. Government is working towards resolving the electricity shortage challenge. Over the next three years, energy expenditure is expected to total R150 billion, accounting for a fifth of total infrastructure spending.

**R3 000**  
increase in tax-free savings  
account annual contribution  
limit to R36 000 p.a.

WHETHER CELEBRATING OR DROWNING OUR SORROWS, WE WILL ALL BE FORKING OUT MORE FOR OUR "SINS". The 2020 Budget has again not spared smokers and alcohol drinkers. This year there was an added blow - targeting vapers. From now on vapers will have to dig deeper into their pockets for a puff.

| SOCIAL GRANTS                |  |
|------------------------------|--|
| STATE OLD AGE GRANT          |  |
| 2019/2020: R1 780            |  |
| 2020/2021: R1 860            |  |
| STATE OLD AGE GRANT, OVER 75 |  |
| 2019/2020: R1 800            |  |
| 2020/2021: R1 880            |  |
| WAR VETERANS GRANT           |  |
| 2019/2020: R1 800            |  |
| 2020/2021: R1 880            |  |
| DISABILITY GRANT             |  |
| 2019/2020: R1 780            |  |
| 2020/2021: R1 860            |  |
| FOSTER CARE GRANT            |  |
| 2019/2020: R1 000            |  |
| 2020/2021: R1 040            |  |
| CARE DEPENDENCY GRANT        |  |
| 2019/2020: R1 780            |  |
| 2020/2021: R1 860            |  |
| CHILD SUPPORT GRANT          |  |
| 2019/2020: R425              |  |
| 2020/2021: R445              |  |

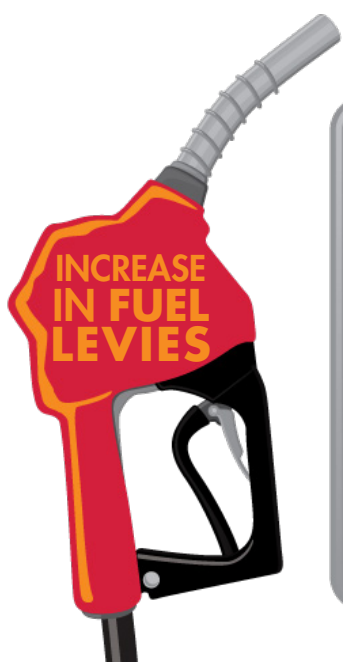
**NO TRANSFER DUTY**  
For properties less than R1m

**VAT UNCHANGED**

**Tax:**  
Above-inflation adjustments to tax rebates and brackets

**Exchange control**  
Removal of most exchange control regulations for individuals, but stricter tax treatment

| SIN TAX 2020                                  |                                  |                    |                                  |
|---|----------------------------------|--------------------|----------------------------------|
| BEER  |                                  | CIDER              |                                  |
|   | <b>R0.08</b><br>per 340ml can    |                    | <b>R0.08</b><br>per 340ml bottle |
| WINE (fortified)                              |                                  | WINE (unfortified) |                                  |
|   | <b>R0.23</b><br>per 740ml bottle |                    | <b>R0.14</b><br>per 740ml bottle |
| SPIRITS                                       |                                  | CIGARETTES         |                                  |
|   | <b>R2.89</b><br>per 740ml bottle |                    | <b>R0.74</b><br>per pack of 20   |
| CIGARS  |                                  | CIGARETTE TOBACCO  |                                  |
|   | <b>R6.73</b><br>per 23g          |                    | <b>R0.82</b><br>per 50g          |
| ELECTRONIC CIGARETTES WILL BE TAXED FROM 2021 |                                  |                    |                                  |



**PETROL** **DIESEL**

The general fuel levy will increase by 16 cents per litre and the Road Accident Fund levy will increase by 9 cents with effect from 1 April 2020.  
**This will increase:**

- the general fuel levy to R3.70 per litre of petrol and to R3.55 per litre of diesel.
- the road accident fund levy to R2.07 per litre for both petrol and diesel.

**INCREASE IN PLASTIC BAG LEVIES** The plastic bag will increase from 12c to 25c per bag on 1 April 2020.

## REMEMBER:

A way to reduce your direct tax bill is to take full advantage of the generous tax deductions SARS offers on contributions to approved retirement annuity (RA), pension or provident funds.