



Issue 1 - 22 February 2024

Budget Snapshots

Budget 2024

Audit / Tax / Advisory / Human Capital

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The South African Budget was delivered by the Minister of Finance, Mr Enoch Godongwana on 21 February 2024.

We will be sending to you snapshot comments on all the significant issues which we believe will be of particular practical interest to you.

The overall picture of the economy was not a happy one. Growth for 2023 is estimated at 0.6% (with only a small increase in the following few years). The pie is not growing fast enough. The budget deficit is worsening with the cost of financing the economy increasing. Debt is expected to increase to 75.3% of GDP in 2025/2026.

It is proposed to eat into the State reserves in the Gold and Foreign Exchange Contingency Reserve Account. This is extremely concerning as these foreign currency reserves have been an important buffer for our struggling national currency.

The obvious challenges and risks remain the electricity supply, freight rail and ports inefficiencies and the sovereign credit risk (which increases the cost of borrowing).

There are proposed incentives for renewal energy projects and projects to encourage carbon offsets as well as investment in the manufacture of electric and hydrogen powered vehicles.

No adjustment in personal tax rates is proposed although the effect of bracket creep does increase the impact of income tax payable on taxable incomes.

The rate of tax on companies remains unchanged. The usual increases in the excise duties have been proposed on alcohol and tobacco. There is no increase in the general fuel levy. There is an increase in the plastic bag levy and the incandescent light bulb levy.

The two-pot retirement system is going ahead and funds have been allocated for a National Health Insurance despite large opposition to NHI proposals.

South Africa is following the OECD recommendations to ensure a minimum effective tax rate of 15% for multi national companies with annual turnover exceeding €750 million.

There will be welcome increases in all the permanent social grants.

No changes in our Exchange Control system has been announced.

South African trusts with non-resident beneficiaries will be hard hit by changes in their tax system with effect from 1 March 2024. We refer you to our recent advice relating to this development - [click here](#).



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