SARS ANNOUNCES R1 216.6 BILLION PRELIMINARY REVENUE OUTCOME

Pretoria, 03 April 2018 – The South African Revenue Service (SARS) is pleased to announce that it has collected an amount of R1216.6 billion in the financial year 2017/18. It should be noted that these are preliminary results, which will be subject to final audit. SARS collected a gross amount of R1451.0 billion which was offset by refunds of R234.3 billion, resulting in net collections of R1216.6 billion

The revenue outcome is R0.7 billion (0.06%) short of the forecasted Revised Estimate announced by the Minister of Finance in February 2018 Budget speech. It represents a growth of R72.4 billion (6.3%) compared to the 2016/17 financial year.

Revenue collection is driven by the state of the economy, the fiscal policy choices, administrative efficiency and taxpayer compliance or tax morality. As much as the performance of any tax administration is premised on the economy, other key determinants are business and consumer confidence, tax morality and the credibility of the tax administration.

The 2017/18 financial year was characterised by distinct and clearly delineated growth patterns. Until December 2017, revenue in aggregate grew by 6.2% year on year. For the period December to February 2018, revenue growth, on a month-on-month basis accelerated to between 9.5% and 15.5%, strengthening aggregated year-on-year growth to about 7.3%. This strengthening of revenue growth during this 3-month period can be attributed to:

- An improvement in business confidence to levels last seen in 2015, resulting in improved profit outlook and hence provisional payments;
- Strengthening of commodity prices, which buoyed company income tax from especially the

SARS KONDIG R1 216.6 MILJARD VOORLOPIGE INKOMSTE-UITSLAG AAN

Pretoria, 3 April 2018 - Die Suid-Afrikaanse Inkomstediens (SAID) kondig graag aan dat dit 'n bedrag van R1 216.6 miljard in die 2017/18 finansiële jaar ingevorder het. Daar moet kennis geneem word dat hierdie voorlopige uitslae is wat aan 'n finale oudit onderhewig is. SARS het 'n bruto bedrag van R1 451.0 miljard ingevorder wat teen terugbetalings van R234.3 miljard verreken is en netto invorderings van R1216.6 miljard as resultaat het.

Die inkomste uitslag is R0.7 miljard (0.06%) minder as die voorbeskoude aangepaste skatting wat deur die minister van finansies aangekondig is gedurende die Februarie 2018 begrotingsrede. Dit verteenwoordig 'n groei van R72.4 miljard (6.3%) vergeleke met die 2016/17 finansiële jaar.

Inkomste-invordering word deur die toestand van die ekonomie, die fiskale beleidskeuses, administratiewe doeltreffendheid en belastingpligtige-nakoming of belastingmoraliteit gedryf. Hoewel die prestasie van enige belastingadministrasie deur die ekonomie vooropgestel is, is ander sleutelbepalings sake- en verbruikersvertroue, belastingmoraliteit en die geloofwaardigheid van die belastingadministrasie.

Die 2017/18 finansiële jaar was gekenmerk deur uitdruklike en duidelik afgebeelde groeipatrone. Tot en met Desember 2017, het algehele inkomste met 6.2% jaar-op-jaar gegroei. Vir die tydperk van Desember tot Februarie 2018, het inkomste-groei, op 'n maand-tot-maand basis versnel tot tussen 9.5% en 15.5%, wat algehele jaar-op-jaar groei versterk het tot omtrent 7.3%. Hierdie versterking in inkomste-groei gedurende hierdie drie maandetydperk kan toegeskryf word aan:

- 'n Verbetering in sakevertroue tot vlakke wat laas in 2015 opgemerk was, het verbeterde winsvooruitsigte en gevolglik voorlopige betalings gelei;
- Styging in kommoditeitspryse, wat maatskappye inkomstebelasting gedryf het, veral in die mynsektor in Desember 2017;
- Die aankoopbestuursindeks (PMI) wat 'n herstel in die vervaardigingsektor getoon

- mining sector in December 2017;
- Purchasing Manager's Index (PMI) which indicated a recovery in the manufacturing sector, which translated in improved company income tax (CIT) from this sector.
- The stronger currency towards the latter part of 2017 assisted companies with imports, which benefitted our trade taxes.

The slower recovery of consumer confidence resulted in lower domestic VAT. As a result, domestic VAT grew at a muted level of 4.5%, well below the 8.1% growth seen in the previous year. Business confidence is yet to translate into higher employment numbers and significant growth in the wage bill. As a result, Pay-As-You-Earn (PAYE), the largest contributor to the SARS tax portfolio, came in at 8.6% significantly below the 9.2% levels experienced in prior two years.

Revenue collections, on a month-on-month basis, contracted in March 2018, driving down the aggregated yearly growth to 6.3%. Dividend taxes contracted by R3.9 billion in relation to prior year. In the prior year, companies anticipated an increase in the Dividend Tax rate, which changed from 15% to 20% effective 22 February 2017 declared extra ordinarily high dividends. Due to the shorter business month in March, Customs had to close their statements two days earlier than normal shifting about R1.8 billion to the next financial year. Domestic VAT from large business came in flat in March 2018, deviating from the growth trajectory established during the course of the year.

The main sources of revenue that contributed to the R1216.6bn were Personal Income Tax (PIT), Value-Added Tax (VAT) and Company Income Tax (CIT).

- PIT contributed R462.5 billion (38.0%)

- het, wat tot verbeterde maatskappye inkomstebelasting (MIB) vanuit hierdie sektor gelei het.
- Die sterker geldeenheid gedurende die laaste deel van 2017 het maatskappye met invoere gehelp, wat tot die voordeel van ons handelsbelastings was.

Die stadiger herstel in verbruikersvertroue het laer binnelandse BTW tot gevolg gehad. Gevolglik het binnelandse BTW teen 'n gedempte koers van 4.5% gegroei, ver onder die 8.1% groei in die vorige jaar gemeld. Sakevertroue sal nog oorsit na hoër werksyfers en noemenswaardige groei in die loonrekening. Gevolglik het werknemersbelasting (LBS), die grootste bydraer tot die SARS-belastingportfolio, ingekom teen 8.6%, wat merkwaardig onder die 9.2% vlakke in die vorige twee jare is.

Inkomste-invorderings, op 'n maand-tot-maand basis, het in Maart 2018 saamgetrek, wat die algehele jaarlikse groei tot 6.3% afgedryf het. Dividende belastings het met R3.9miljard saamgekrimp vergeleke die vorige jaar. In die vorige jaar, het maatskappye 'n verhoging in dividende belasting vooruitgesien, wat verander het van 15% tot 20% met intreding 22 Februarie 2017, en het besonderse hoë dividende verklaar. As gevolg van die verkorte sakemaand in Maart, moes Doeane hul state twee dae vroeër sluit, wat nagenoeg R1.8 miljard na die volgende finansiële jaar geskuif het. Binnelandse BTW vanuit groot ondernemings het traag ingekom in Maart 2018, wat 'n afwyking was van die groeibaan wat deur die loop van die jaar gestel is.

Die hoofbronne van inkomste wat tot die R1 216.6 miljard gelei het, was Persoonlike Inkomstebelasting (PIB), Belasting op Toegevoegde Waarde (BTW) en Maatskappye Inkomstebelasting (MIB).

- PIB het R462.5 miljard (38.0%) bygedra
- BTW het R297.8 miljard (24.5%) bygedra
- MIB het R220.2 miljard (18.1%) bygedra
- Doeane het R49.4 miljard (4.1%) bygedra

Elke jaar stel SARS omvattende inisiatiewe in werking om inkomste-invordering te

• VAT contributed R297.8 billion (24.5%) • CIT contributed R220.2 billion (18.1%) • Customs contributed R49.4 billion (4.1%) Every year SARS implements comprehensive initiatives to optimise revenue collections. The short-term Special Voluntary Disclosure Program, initiated to offer taxpayers the opportunity to declare off shore wealth raised R2,9 billion in taxes in the financial year from 827 processed SVDP applications from the 2024 applications received. The ongoing Voluntary Disclosure Program continues to perform well and has realised R10.8 billion since 2012 when the VDP was launched. SARS collected more than R0.8 billion from the national Prominent Business Individuals project. This initiative was developed to ensure an end-to-end view of a taxpayer's business profile and hence tax liability. Invoking paragraph 19(3) of the Fourth Schedule of the Income Tax Act, SARS may request additional payments from provisional taxpayers based on the latest estimates of financial performance. This year SARS collected R10.7 billion from Paragraph 19(3) interventions. For any tax authority, tax compliance is one of the key determinants of its revenue performance. SARS has seen a deterioration in compliance as indicated by the overall growth in outstanding returns across all taxes. More concerning though is the increasing tendency of business to withhold taxes such as VAT and PAYE collected on behalf of SARS. We have stepped up our outreach and enforcement programs and our call	optimaliseer. Die korttermyn Spesiale Vrywillige Blootleggingsprogram, wat ingestel is om belastingpligtiges die geleentheid te bied om oorsese rykdom te verklaar, het R2,9 miljard in belastings in die finansiële jaar ingebring uit 827 geprosesseerde SVBP-aansoeke van die 2024 aansoeke wat ontvang is. Die voortgaande Vrywillige Blootleggingsprogram presteer voortdurend goed en het sedert 2012, toe die VBP in werking gestel is, R10.8 miljard ingebring. SARS het meer as R0.8 miljard ingevorder uit die nasionale Prominente Individue in die Sakebedryf-projek. Hierdie inisiatief was ontwikkel om 'n eind-tot-eind oorsig van 'n belastingpligtige se sakeprofiel te verseker en gevolglik sy/haar belastingnakoming. Met die aanroep van paragraaf 19(3) van die Vierde Bylaag van die Wet op Inkomstebelasting, kan SARS bykomende betalings van voorlopige belastingpligtiges versoek gebaseer op die onlangste skattings van finansiële prestasie. Hierdie jaar het SARS R10.7 miljard ingevolge paragraaf 19(3) ingevorder. Vir enige belastingowerheid, is belastingnakoming een van die sleutelbepalings van sy inkomsteprestasie. SARS het 'n afneem in nakoming waargeneem, aangedui uit die algehele groei in uitstaande opgawes oor alle belastings heen. Meer kommerwekkend, is egter die toenemende neiging van besighede om belastings, soos BTW en werknemersbelasting wat namens SARS ingevorder word, terug te hou. Ons het ons uitreiking en toepassingsprogramme verskerp en ons kontaksentrums en kantore het meer as 'n miljoen uitgaande oproepe aan belastingpligtiges gemaak. Ons uitstaande opgawes-veldtog sal hierdie jaar verskerp word om hierdie kwessie onder beheer te bring. SARS werk met die Department van Justisie saam om die vervolging van belastingoortredings te bespoedig.

centres and offices made over one million outbound calls to taxpayers. Our outstanding returns campaign will be boosted this year to bring this matter under control. SARS is collaborating with the Department of Justice to expedite the prosecution of tax offences.

Despite this decline in compliance, most taxpayers continue to perform their tax obligations diligently. Today SARS wants to say a huge thank you to all South Africans for this massive contribution to our future growth and development.

We also want to acknowledge the dedication and professionalism of our 13 500 staff members who have weathered severe reputational challenges to SARS, keeping the administration on course.

Attached to this statement are tables detailing the performance of the various taxes and sectors.

This media statement will be available on the SARS website www.sars.gov.za in the following languages: Afrikaans, IsiZulu, Sepedi, Sesotho and Xitsonga.

Ten spyte van hierdie afneem in nakoming, kom meeste belastingpligtiges steeds hul verpligtinge getrou na. SARS wil vandag graag alle Suid-Afrikaners hartlik bedank vir hierdie reuse bydra tot die groei van ons toekoms en ontwikkeling.

Ons wil ook die toewyding en professionaliteit van ons 13 500 personneellede erken, wat erge uitdagings ten opsigte van SARS se reputasie moes trotseer en steeds die administrasie op dreef moes hou.

By hierdie verklaring aangeheg is tabelle wat die prestasie van die verskeie belastings en sektors uiteensit.

Hierdie mediaverklaring sal op die SARS-webtuiste www.sars.gov.za beskikbaar wees in die volgende tale: Afrikaans, Sepedi, Sesotho and Xitsonga.