South Africa needs an urgent response to its widening tax collection gap. How do some of EY’s tax leaders foresee this happening?

"I expect that they are going to look at broadening the tax base and focus their efforts on audits because there is a lot that is being left on the table due to a shortage of skills."

Lucia Hlongwane
Africa Tax Leader

"In an election year, I don’t see how any increase in Personal Income Tax will be considered, especially as the burden of taxation is already a heavy load for any South African. The only alternative is to focus on the enforcement of the current regulatory environment and effective collection processes."

Elizabete da Silva
Executive Director, People Advisory Services

"Economic growth is the only way to achieve this and this would inherently take care of the rest."

Emile Du Toit
Executive Director, Tax Services

"In a political year, such as an election year, I think that it is unlikely that there will be any major increases in taxes. I do, however, foresee that funds will be set aside by the minister to assist SARS in policing taxpayers to ensure that they pay the tax that is due."

Mohammed Jada
Africa Leader, Business Tax Services

"It is estimated that South Africa is losing R7 billion annually, due to the erosion of tax base, profit-shifting and illicit financial outflows (for which transfer mispricing forms the biggest part). In this regard, Judge Dennis Davis (of the Davis Tax Committee) has called inter alia for the reconstitution of the transfer pricing unit at SARS in order to increase enforcement. If South Africa can reduce this loss, it will certainly contribute in decreasing the deficit."

Michiel Els
Transfer Pricing Leader, South Africa

"The budget deficit needs to be addressed from both a revenue and an expense point of view. Regarding expenses, South Africa needs to address the current spending inefficiencies, South Africa cannot afford to collect taxes which then go to waste. On the revenue side, what is required is economic growth (higher than 1 or 2%). In order to achieve this, South Africa needs job creation and the business environment requires certainty around policy."

Leon Oosthuizen
Indirect Tax Services Leader

"Winston. S. Churchill once said, “I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle”. I don’t believe that South Africa can simply look to taxes to bridge the current deficit. What is required is practical solutions that will initiate and create sustainable growth in South Africa."

Brigitte Keirby-Smith
Director, Business Tax Advisory

"The South African taxpayer is stretched, and I do not foresee an increase in tax rates. I do, however, expect increased focus on collections and litigation activity specifically around the reporting of illicit financial flows. Domestic tax legislation may also be amended to address source base taxation on BEPS related matters such as the digital economy (BEPS Action 1)."

Ida Louw
Director, International Tax Services

"The better the question. The better the answer. The better the world works."

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