

#RSABUDGET2024

A joint publication between National Treasury and South African Revenue Service

#RSA Budget | #RSABudget2024

ISSUED BY



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Tel: (012) 315 5100
Media@treasury.gov.za
www.treasury.gov.za

INFO

WHAT IS THE BUDGET?

In February each year, the Finance Minister tables the national budget, whereby he announces government's spending, tax and borrowing plans for the next three years. The national budget divides money between national departments, provinces and municipalities.

HOW IS THE BUDGET PUT TOGETHER?

1. Departmental guidelines indicating budget information requirements are issued
2. Departments prioritise their programmes and compile spending plans and service delivery commitments
3. Budget proposals are submitted to National Treasury and deliberated on
4. Allocation proposals are considered by interdepartmental committees of Directors-General
5. Budget recommendations are made to Ministers' Committee
6. Medium Term Budget Policy Statement signals the upcoming Budget
7. Final allocations are decided in Cabinet
8. Budget documents are prepared
9. Main Budget is tabled
10. Parliament deliberates and adopts a Budget
11. Sent to the President for signing into law



MR. ENOCH GODONGWANA
MINISTER OF FINANCE

BALANCING SUSTAINABLE PUBLIC FINANCES & SOCIAL NEEDS

South Africa's economic performance has been weak, and difficult decisions are needed to make sure the economy grows and creates jobs. Strong and responsible action is also needed to control government debt and deficits, which is the gap between what government spends and what it collects in taxes.

The economy is estimated to have grown by only 0.6 per cent in real terms in 2023, largely due to the negative impact of limited electricity supply, the poor state of our ports and freight rail lines and the high cost of living. The 2024 Budget shows government's commitment to raising economic growth through improved electricity supply and more reliable goods transportation, as well as building other important infrastructure,

such as water pipes, schools and roads. The good news is that the global economy should become more supportive due to slowing inflation and a likely reduction in interest rates worldwide. As such, the South African economy is expected to grow at an average of 1.6 per cent over the next three years.

A balanced fiscal stance will promote economic growth and support the most vulnerable members of society, while reducing debt and lowering fiscal and economic risks. Government is prioritising investment plans by increasing the use of partnerships with the private sector, including by drawing on the skills and financial resources of private companies and international finance institutions.

High and rising government debt compromises service delivery and business investment by redirecting ever-increasing portions

of taxpayer resources away from essential government services and towards debt servicing. Since 2008/09 the amount spent on debt-service costs has increased from R54.4 billion or 7.9 per cent of total revenue to R356.1 billion or 18.5 per cent of revenue in 2023/24. These debt-service costs are also increasing faster than economic growth, indicating that the economy is unable to grow quickly enough to continue paying the current interest on government debt. Fiscal policy will gradually bring the portion of the budget that is spent on debt-service costs under control.

For these reasons, over the next three years, government will spend more carefully and, in some cases, reduce costs on the public purse. Between 2024/25 and 2026/27, government will spend R7.4 trillion and this will go mainly

towards critical social services like health, education, crime fighting and national defence. About 60 per cent or R3.7 trillion of this will be spent on social services, which will pay the salaries of teachers, nurses and doctors, and will also pay for social grants. Spending will also address backlogs in education and healthcare as well as investing in capital projects that lay the foundation for strong economic growth. The *COVID-19 social relief of distress grant* is also included in the 2024 Budget.

At the same time, the tightening of the budget means that debt and debt-service costs will stop growing in 2025/26 and begin to decline, thus freeing more resources for public services in the future and making it easier for businesses and individuals to have access to financial resources for their own investments.



REVIVING THE ECONOMY THROUGH STRUCTURAL CHANGES

The biggest brakes on the economy have been load-shedding, the poor speed and quality of ports and rail, and the weakness of public services. Government has been addressing these challenges.

A partnership known as Operation Vulindlela has been operational for several years and is driving economic reforms to make the economy more competitive over the long term. The electricity supply industry is being transformed, making it easier and cheaper for private companies and households to generate their own electricity using different methods, including solar panels

and even privately owned generation stations. In the next three years, 6 000 MW of large-scale projects worth more than R100 billion are expected to be operational. In addition, government is now paying for a large portion of Eskom’s debt, allowing resources to be freed to fix its power stations and maintain power lines, and municipalities may apply for debt relief from Eskom in return for improvements in billing and collection from residents.

The challenge of poor ports and rail requires a multi-disciplinary approach. A National Logistics Crisis Committee chaired by the President was created to deal with the

challenges facing Transnet, which operates South Africa’s ports and rail network. During 2023/24, Transnet’s management team was changed and the company adopted a new plan to improve its financial situation and operations. This includes selling non-core assets, partnering with international and local companies to operate parts of the ports and fixing damage to rail lines and trains.

Finally, government will set up efforts to professionalise public administration and improve the governance of state-owned enterprises. This should foster a more stable and attractive environment for investment.

2024 BUDGET HIGHLIGHTS

1. The social wage accounts for 60.2 per cent of non-interest spending, covering community development, employment programmes, health, education and social protection.
2. Relative to the 2023 MTBPS, R57.6 billion is added over the next three years to pay the salaries of teachers, nurses, doctors, the police and employees in other critical services.
3. Government will accelerate the rollout of public infrastructure by bringing in skills and financing from the private sector.
4. Starting from 1 September 2024, new retirement reforms will allow access to a portion of one’s retirement savings before retirement.
5. The fiscal deficit will be reduced and government debt will stabilise at 75.3 per cent of GDP in 2025/26.
6. The economic growth outlook remains stable for the next three years. Expectations include reduced load-shedding, lower inflation and a gradual recovery in credit extension.

SEE NEXT PAGE



NAVIGATING CLIMATE CHALLENGES: SOUTH AFRICA'S ECONOMIC RESILIENCE

South Africa’s vulnerability to climate events like droughts, floods and wildfires has resulted in frequent and severe natural disasters, with recent years seeing a large increase in events and losses.

Recent disasters such as the Knysna wildfires, Durban storms, Cape Town drought and KwaZulu-Natal floods have severely affected agriculture and tourism, with significant consequences for govern-

ment spending and revenue. Since 1980, almost 22 million people have been affected, resulting in losses totalling R113 billion. These events worsen economic inequality, particularly affecting poorer communities, which are more vulnerable to climatic disasters and their consequences, such as rising food prices and vulnerability to damage.

The National Treasury is finalising a disaster risk financing strategy

in 2024, focusing on innovative financing and risk transfer to effectively mitigate climate risks. It is intended for government agencies and vulnerable communities to enhance economic resilience and ensure more effective disaster response and recovery. The strategy aims to bolster government’s capacity to fund disaster recovery efforts and expand insurance mechanisms to protect against the financial strain of natural disasters.

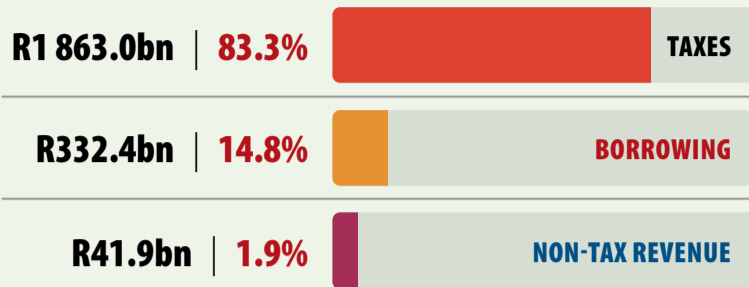
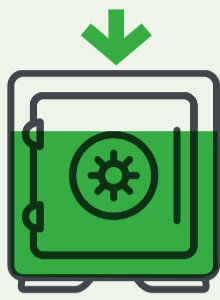
JOB CREATION

Notably, the unemployment rate fell to 31.9 per cent in the third quarter of 2023, marking its lowest level in three years.

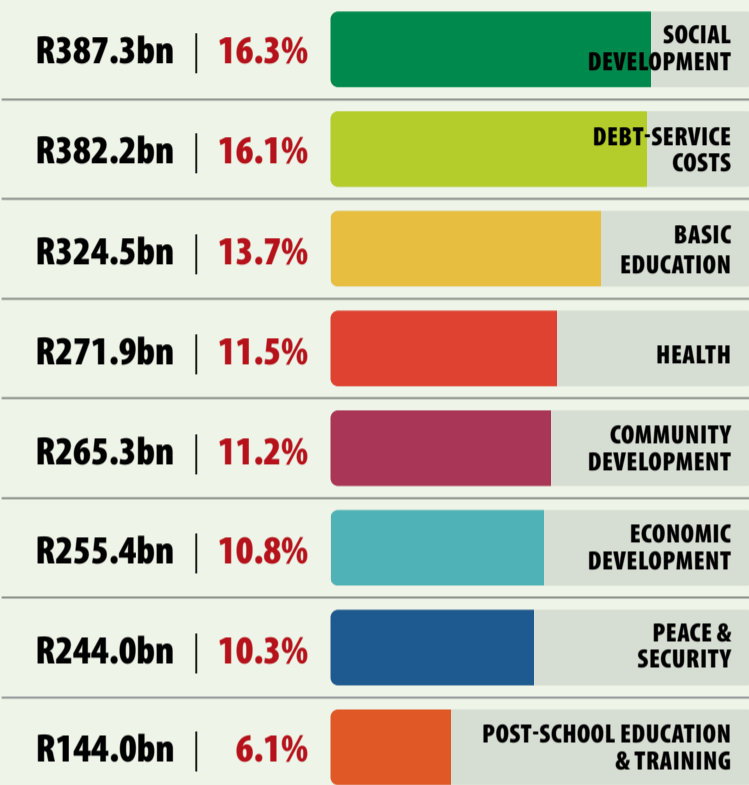
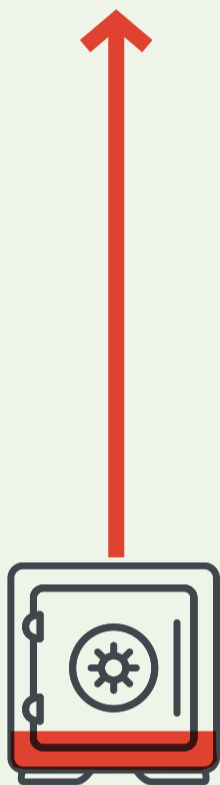
The presidential employment initiative is set to receive R7.4 billion in 2024/25. In line with this initiative, the Department of Trade, Industry and Competition has reprioritised R1.1 billion for the Social Employment Fund. Additionally, the Department of Agriculture, Land Reform and Rural Development has allocated R750 million to boost the food security and livelihoods programme for subsistence farmers.



1 SOURCES OF GOVERNMENT INCOME IN 2024/25

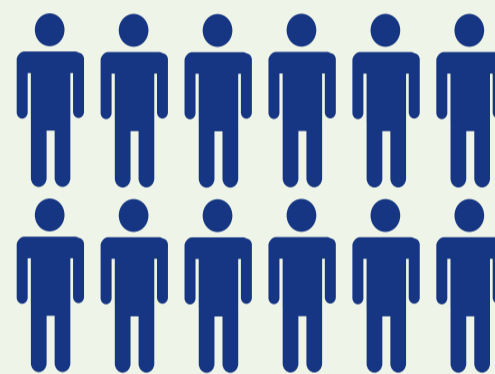


2 GOVERNMENT SPENDING IN 2024/25



3 SOCIAL GRANTS

	2023/24	2024/25
STATE OLD AGE GRANT	R2 085	R2 185
STATE OLD AGE GRANT, OVER 75	R2 105	R2 205
WAR VETERANS GRANT	R2 105	R2 205
DISABILITY GRANT	R2 085	R2 185
FOSTER CARE GRANT	R1 125	R1 180
CARE DEPENDENCY GRANT	R2 085	R2 185
CHILD SUPPORT GRANT	R505	R530



19.7 million people to receive social grants by March 2027

The Budget will increase the values of permanent grants in line with inflation.

4 THE BUDGET SUPPORTS ECONOMIC GROWTH, JOB CREATION AND SOCIAL DEVELOPMENT



1.3 per cent

real GDP growth is expected in 2024, before improving to 1.8 per cent growth in 2026



60.2 per cent

of government expenditure goes to community development, jobs, health, education and social protection over the next 3 years



R827.3 billion

is allocated for basic services, housing and public transport, and spatial transformation and urban development over the next 3 years



R818.7 billion

for manufacturing, small enterprises and governmental employment programmes over 3 years to stimulate economic growth and employment

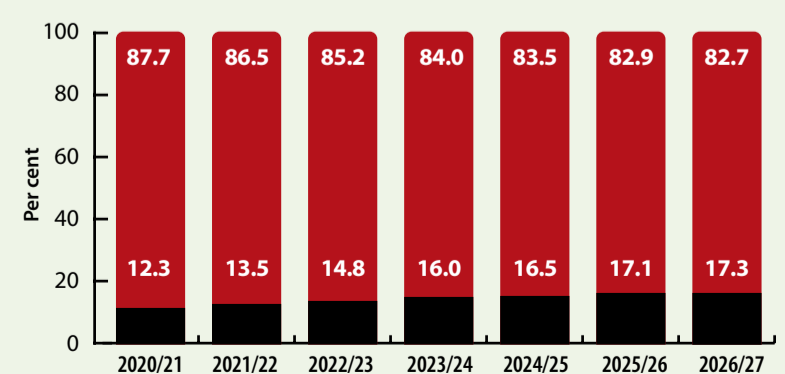
5 PRESIDENTIAL EMPLOYMENT INITIATIVE R7.4 billion



has been allocated for the presidential employment initiative in 2024/25, to support livelihoods, drive structural reforms and enable job creation.

6 GOVERNMENT NON-INTEREST & INTEREST PAYMENTS AS A SHARE OF TOTAL EXPENDITURE

■ Non-interest spending* ■ Interest payments



* Non-interest expenditure is total spending by government excluding interest paid on debt.

2024 TAX PROPOSALS



PERSONAL INCOME TAX

HOW DO THE PERSONAL INCOME TAX RATES AFFECT YOU?

The 2024 Budget does not change the tax rates that were applicable for the 2023/24 tax year. Therefore, the amount an individual can earn before being required to pay tax for the tax year from 1 March 2024 to 28 February 2025 is as follows:

TAX THRESHOLDS	TAX YEAR: 2023/24	TAX YEAR: 2024/25
Below age 65	R95 750	R95 750
Age 65 to 74	R148 217	R148 217
Age 75 and over	R165 689	R165 689

The tax rebates for individual taxpayers are as follows:

TAX REBATES	TAX YEAR: 2023/24	TAX YEAR: 2024/25
Primary (all individuals)	R17 235	R17 235
Secondary (age 65 and over)	R9 444	R9 444
Tertiary (age 75 and over)	R3 145	R3 145

SIN TAXES

INCREASES IN ALCOHOL AND TOBACCO DUTIES

Specific excise duties on alcoholic beverages will increase by between 6.7 and 7.2 per cent and tobacco products will increase by between 4.7 and 8.2 per cent

	INCREASES BY:
Malt beer	14c per 340ml can
Unfortified wine	28c per 750ml bottle
Fortified wine	47c per 750ml bottle
Sparkling wine	89c per 750ml bottle
Ciders and alcoholic fruit beverages	14c per 340ml can
Spirits	R5.53 per 750ml bottle
Cigarettes	97c per packet of 20
Heated tobacco product sticks	73c per packet of 20
Cigarette tobacco	R1.09 per 50g
Pipe tobacco	57c per 25g
Cigars	R9.51 per 23g
Nicotine and non-nicotine solution for electronic delivery systems	14c per ml

TAX RATES

INCOME TAX: INDIVIDUALS AND TRUSTS

Tax payable by individuals and trusts for the tax year ending between 1 March 2024 and 28 February 2025

Taxable Income (R)	Rate of Tax (R)
R0 to R237 100	18% of taxable income
R237 101 to R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 to R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 to R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 to R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 to R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

Trusts other than special trusts	45%
----------------------------------	-----

Source: National Treasury

INCOME TAX: COMPANIES

Years of assessment ending on any date between 1 April 2024 and 31 March 2025

Type	Rate of Tax (R)
Companies	27% of taxable income

Source: National Treasury

INCOME TAX: SMALL BUSINESS CORPORATIONS

Years of assessment ending on any date between 1 April 2024 and 31 March 2025

Taxable Income (R)	Rate of Tax (R)
R0 to R95 750	0% of taxable income
R95 751 to R365 000	7% of taxable income above R95 750
R365 001 to R550 000	R18 848 + 21% of taxable income above R365 000
R550 001 and above	R57 698 + 27% of the amount above R550 000

Source: National Treasury

TURNOVER TAX FOR MICRO BUSINESS

Financial years ending on any date between 1 March 2024 and 28 February 2025

Taxable Turnover (R)	Rate of Tax (R)
R0 to R335 000	0% of taxable turnover
R335 001 to R500 000	1% of taxable turnover above R335 000
R500 001 to R750 000	R1 650 + 2% of taxable turnover above R500 000
R750 001 and above	R6 650 + 3% of taxable turnover above R750 000

Source: National Treasury

Scan this QR code for the PDF version of this People's Guide to the Budget



YOUR OPINION MATTERS

DID YOU FIND THIS PEOPLE'S GUIDE TO THE BUDGET USEFUL?

We are constantly looking for new ways to improve this guide and would appreciate it if you could send your **feedback and suggestions** to Media@treasury.gov.za