

Ref: #761466

**FEEDBACK SUMMARY  
BUDGET REVIEW 2020  
PARLIAMENTARY HEARINGS  
[4 March 2020]**

**GENERAL**

SAICA attends various discussions and meetings on behalf of members with National Treasury (“NT”), South African Revenue Service (“SARS”) and other stakeholders (internal and external). These meetings represent an opportunity for them to obtain further information on any tax matter from the public and discussions and views expressed do not represent policy or decisions. Furthermore, these discussions do not represent an undertaking by SARS, NT or other stakeholders, but merely statements of their understanding or how they perceive or anticipate a particular matter to be addressed.

SAICA made a [written submission](#) and [presentation](#) to Parliament on the Budget Review 2020.

The below Feedback Summary should be seen in the above context as merely attempts to inform SAICA members of the discussions and of any proposals that were made during such discussions.

**FEEDBACK SUMMARY**

The Joint meeting of the Standing and Select Committees on Finance held public hearings on the 2020 Fiscal Framework and Revenue Proposals (Budget). The following institutions presented oral hearings on this matter: COSATU, NUMSA, Rural Health Advocacy Project, National Council against smoking, Fiscal Cliff Study Group (FCSG), OUTA, SAICA and PwC.

## **A. AREAS WELCOMED BY THE PUBLIC**

1. The realisation that increasing taxes would not promote economic growth (although the FCSG did request VAT and income taxes for individuals to be raised).
2. Reducing the public sector wage bill (COSATU & NUMSA were however strongly opposed to this).
3. The strengthening of SARS.
4. Consideration of lower tax rates across a broad base.

## **B. AREAS OF CONCERN RAISED BY THE PUBLIC**

5. Fiscal deficit & rising debt - largely due to the increase in expenses, particularly the wage bill and the interest costs on debt. Expenses need to be curtailed yet they are increasing – no austerity!
6. The fiscal cliff will be reached by 2040.
7. Public sector wage bill – the increases (growth of approximately 40% in real terms over the past 12 years are unsustainable) are out of line with the rest of the economy. COSATU, however, feels that the wage bill has remained at 35% of total expenditure and other expenses should rather be cut.
8. Service delivery if wages were cut – this point was raised, but the real increase in the wage bill is not due to the number of employees but due to the increase in remuneration. The productivity and service delivery of the current public sector employees were also deliberated.
9. SOEs debts must be curtailed. If pension funds are to be used to fund Eskom, then all contracts etc should be open to the public – there must be transparency.
10. Governance & Accountability – still no solid traction on perpetrators & corruption needs to be urgently addressed.
11. Infrastructure spend – not sufficient.
12. Excise taxes on cigarettes – not high enough, lack of enforcement & corruption still evident.
13. SACU payments – PwC argued that continued subsidisation at the current rate is no longer justifiable & terms need to be renegotiated.

The chair of the committee closed off by stating that National Treasury would respond to the submissions on 6 March 2020 and they would need to provide solid evidence in response to the submissions made. He thanked the public for their submissions and use of research capacity. He said to avoid social unrest we need to work together to find solutions to these problems.