BUDGET 2019
RETIREMENT AND RELATED EMPLOYEE BENEFITS

"People who complain about paying their income tax can be divided into two types: men and women" (Anonymous)

Minister of Finance Tito Mboweni tabled the National Budget in parliament on 20 February 2019. It's full of good intentions which, if they come to fruition, should lead us on the (maybe unpaved) path to better economic times ahead – the Minister spoke of being able to hand out succulent plums in parliament to symbolise times of plenty.

THE BUDGET OVERALL

This year all things relating to retirement funds remain the same:

- *Tax deductibility of contributions*
- *Tax-free investment returns*
- *Tax rates on benefit payments*
- *Offshore investment limits*

And lots of other things didn't change either:

- *Contribution limit to tax-free savings accounts*
- *Medical scheme tax credits*
- *Securities transfers tax*
- *Corporate tax and dividend tax*
- *Capital gains tax*
- *Exempt interest income*
- *Estate duty*
- *Income tax brackets ("bracket creep" thus bolsters government coffers)*
- *… and pretty much everything else*

So perhaps it would have been easier to list what ***has*** changed:

- Income tax rebates increased (very slightly)
- The State old age grant increases in March 2019 from R1,695 to R1,775 per month for pensioners over age 60, and from R1,715 to R1,795 for those over 75 (4.7% increase)

- Fuel and road accident levies increased and a new carbon tax introduced
- Health Promotion Levy increased (known to ordinary people as the "sugar tax")
- … and having driven us all to drink, there's no comfort to be had: duties on alcohol are increased by close to 7%

RETIREMENT REFORM

The key reforms relating to the harmonisation of pension and provident funds have been pushed out to 1 March 2021.

The ongoing social security reform discussions are intended to be concluded by the end of this year, following which a revised paper will be released for public consultation. This is a key component of the overall process that includes retirement reform.

PRESCRIBED ASSETS

There was no talk of making it compulsory for a portion of your retirement savings to be invested in government assets.

VALUE ADDED FACTS

There was no mention of land expropriation without compensation.

On a positive note, steps are envisaged to reduce the cost of digital data.

And to end in a lighter vein:

"It is a popular delusion that the government wastes vast amounts of money through inefficiency and sloth. Enormous effort and elaborate planning are required to waste this much money."
(P.J. O'Rourke)

WHAT DOES THIS MEAN FOR YOU?

> *Robson Savage clients are already well-placed to make use of the prevailing tax opportunities, and have been well-advised regarding the available structures.*
>
> *Members should be encouraged to take full advantage of what remains simply the best way to save money in South Africa.*

Your Robson Savage consultant or financial planner will be glad to provide any further input you might require.

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