

## 2014 National Budget Review

It is that time of year again – The minister of finance Mr Pravin Gordhan tabled the 2014 national budget speech in parliament today, 26 February 2014. Besides “inflationary” adjustments, there was almost nothing of mention in the budget speech but like all politicians he managed to inflate “not much” into a 36 page speech. We will endeavour to bring you the important points in a one page summary.

### WHAT IS IN IT FOR ME?



**Grants:** The Old Age grant increases by R80 to R1350 per month, Foster care grant increased by R30 to R830 per month. Child support grants increase by R10 in April to R310 and then by a further R10 to R320 in October 2014. The increases can hardly be considered to keep pace with real inflation.

**Sin taxes:** Excise duties will be increased as follows:

Type	Increase	Total duty you pay per unit
Beer (per 340ml)	9c	R2.66
Wine (per 750ml)	13c	R2.15
Whiskey (per 750ml)	476c	R59.14
Cigarettes (per 20)	68c	R11.60

**Fuel levies:** The general fuel levy increases by 12c/l and the Road Accident fund levy increases by 8c/l, so without any other influences there will be an increase in the fuel price in April of at least 20c/l – something to really look forward to.

**Thresholds and rebates** (Last year’s amount in Brackets):

	Under 65’s	Between 65 and 74	Over 75’s
Tax threshold	<b>R70 700</b> (R67 111)	<b>R110 200</b> (R104 611)	<b>R123 350</b> (R117 111))
Rebates - Combined	<b>R12 726</b> (R12 080)	<b>R19 836</b> (R18 830)	<b>R22 203</b> (R21 080)
Local Interest Exemption	<b>R23 800</b> (R23 800)	<b>R34 500</b> (R34 500)	<b>R34 500</b> (R34 500)

**Income Tax adjustments – Annual Reduction:**

Annual Income	Under 65’s	Between 65 and 74	Over 75’s
R80 000	<b>R 646</b>	<b>R NIL</b>	<b>R NIL</b>
R120 000	<b>R 646</b>	<b>R 1 006</b>	<b>R 520</b>
R150 000	<b>R 646</b>	<b>R 1 006</b>	<b>R 1 123</b>
R200 000	<b>R 1 273</b>	<b>R 1 633</b>	<b>R 1 750</b>
R400 000	<b>R 2 937</b>	<b>R 3 297</b>	<b>R 3 414</b>
R750 000 +	<b>R 4 439</b>	<b>R 4 799</b>	<b>R 4 916</b>

**Medical Scheme Tax credits:**

The monthly tax credit has been adjusted to R 257 for the member and the first dependant, thereafter R172 per dependant. Thus a family of 4 will have a monthly tax credit of R858.

**Lump-sums from Retirement funds:**

On retirement: The first R500 000 is now tax free previously R315 000. On withdrawal only the first R25 000 is tax free.

### WHAT IS IN IT FOR MY BUSINESS?

Apart from the bracket adjustment for the Small Business corporation tax rates – there is nothing worthwhile for businesses, in fact have a look at the next section for the items that have not been adjusted for inflation.

### WHAT HAS NOT CHANGED BUT MAY INCREASE MY TAX BILL?

**Estate Duty:** The exemption on the first R3.5 million has not been increased since 2008. Thus treasury has gained capital appreciation increases in the effective rate of this tax.

**Capital Gains Tax:** The exemption for natural persons is unchanged: Annual R30 000 on Death R300 000

**Transfer Duty:** The thresholds and rates have not been adjusted this year.

**Donations Tax:** The exempt amount of R100 000 was last adjusted from R50 000 on 1 March 2007.

**VAT Registration threshold:** The mandatory registration threshold was last adjusted in 2010 from R300 000 to R1 Million.

**SDL Exemption threshold:** The R500 000 payroll exemption threshold has not been adjusted since 2008.

Should you require further information please contact us on [info@atomconsulting.co.za](mailto:info@atomconsulting.co.za).