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**2018 BUDGET HIGHLIGHTS**

- Value-Added Tax rate increases from 14% to 15% on 1 April 2018.
- Estate Duty rate increases from 20% to 25% on dutiable amount of estates of more than R30 million.
- An increase in the ad-valorem (percentage based adjustment) excise duty rate on luxury goods from 7 per cent to 9 per cent.
- Increased Environmental taxes on plastic bags, incandescent light bulbs and vehicle emissions tax, and the new health promotion levy on sugary beverages are effective from 1 April 2018.
- Donations Tax rate increases from 20% to 25% on donations of more than R30 million.
- General Fuel Levy increases by 22 cents per litre and Road Accident Fund levy increases by 30 cents per litre on 4 April 2018.
- Limited relief for the effect of inflation in adjusting Personal Income Tax rates resulting in additional tax of R6.8 billion.
- Increased Excise Duties on tobacco and alcohol between 6 and 10 per cent with immediate effect.
- Minister of Finance to approve six special economic zones for tax relief.
- Government has taken deliberate steps to adjust social grant values above inflation to alleviate the burden from the 1% VAT increase
- The old age, disability and care dependency grants will increase on 1 April 2018 from R1600 by R90 to R1690 and by a further R10 to R1700 on 1st October 2018.
- The Child Support grant will increase from R380 to R400 on 1 April and to R410 on 1 October. This is a 6.6% annual increase.
- An additional R2.6 billion has been added since the Medium Term Budget Policy Statement (MTBPS) to social grants to enable
- these changes.
- GDP growth of 1% is expected for 2017, up from 0.7% projected in October. Growth of 1.5% is forecast for 2018 and according to Treasury will reach 2.1% by 2020.
- The economy has benefited from strong growth in agriculture, higher commodity prices and, in recent months, an upturn in investor sentiment.
- The global economic recovery provides a supportive environment for South Africa to expand trade and investment and the Government will implement structural reforms to promote investment by reducing policy uncertainty, promote good governance and sound financial practices at state-owned companies, the Review states.
- Export growth is expected to grow by 3.8.% in 2018, 3.4% in 2019 and 3.5% in 2020, after estimated negative growth in 2016 and an estimated 1.5% last year.
- Consumer Inflation, after reaching 6.3% in 2016, is expected to decline to between 5.3% and 5.5% in the years 2017 to 2020.
- The current account deficit, after reaching 4.4% in 2015, will come down to an estimated 2.3% in 2018, 2.7% in 2019 and 3.2% in 2020.
- Gross fixed-capital formation continued to decline in 2017 and unemployment reached the highest level recorded since 2003.
- The budget deficit (consolidated) crept up to 4.3% of GDP in 2017/18 (3.1% budgeted last February). This was due to less revenue collected than expected

(R48.2bn against R50.8bn still estimated in Octobers MTBPS). The deficit is expected to narrow to 3.5% in 2020/21.

- Net state debt is still creeping up, but expected to stabilise at 53.2% of GDP in 2023/24. It is the first time that it this estimate exceeds 50%.
- The main budget non debt servicing expenditure is projected to remain stable at 26.6% of GDP between 2017/18 and 2020/21.
- An additional R36bn (R28bn last year) of tax revenue will be raised by proposed measures in 2018/19.
- The fiscal framework reflects two major changes that followed Octobers MTBPS: medium-term expenditure cuts identified by a Cabinet subcommittee amounting to R85 billion, and an additional allocation of R57bn for fee-free higher education and training.
- Contingency reserves have been revised upwards to R26bn over the next three years.
- Real growth in non-debt servicing spending will average 1.8% over the next three years. Post-school education and training is the fastest-growing category.