



OLD MUTUAL SUPERFUND SPECIAL MEMBER NEWSFLASH



SOUTH AFRICA'S 2020 BUDGET IN A NUTSHELL

Finance Minister, Tito Mboweni's national budget proposed sharp cuts to the civil servant wage bill. The decision to not introduce any new tax increases in the Budget is a major win for cash-strapped South Africans who are battling the effects of poor economic growth and stagnant income levels.

Unfortunately, electricity shortages are expected to constrain growth in the next few years. Government is working towards resolving the electricity shortage challenge. Over the next three years, energy expenditure is expected to total R150 billion, accounting for a fifth of total infrastructure spending.

The 2020 Budget has again not spared smokers and alcohol drinkers. This year there was an added blow - targeting "vapers". From now on "vapers" will have to dig deeper into their pockets for a puff.

The annual contribution limit on tax-free savings accounts has been increased to R36 000 per tax year, an overall increase of **R3 000 per tax year.**

SIN TAX 2020

BEER R0.08 per 340ml can	CIDER R0.08 per 340ml bottle
WINE FORTIFIED R0.23 per 7*0ml bottle	WINE FORTIFIED R0.14 per 7*0ml bottle
SPIRITS R2.89 per 7*0ml bottle	CIGARETTES R0.74 per pack of 20
CIGARS R6.73 per 23g	CIGARETTE TOBACCO R0.82 per 50g

ELECTRONIC CIGARETTES WILL BE TAXED FROM 2021

SOCIAL GRANTS

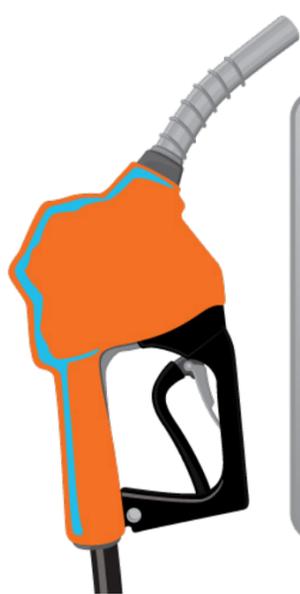
STATE OLD AGE GRANT 2019/2020: R1 780 2020/2021: R1 860
STATE OLD AGE GRANT, OVER 75 2019/2020: R1 800 2020/2021: R1 880
WAR VETERANS GRANT 2019/2020: R1 800 2020/2021: R1 880
DISABILITY GRANT 2019/2020: R1 780 2020/2021: R1 860
FOSTER CARE GRANT 2019/2020: R1 000 2020/2021: R1 040
CARE DEPENDENCY GRANT 2019/2020: R1 780 2020/2021: R1 860
CHILD SUPPORT GRANT 2019/2020: R425 2020/2021: R445

NO TRANSFER DUTY
For properties of R1m or less

VAT UNCHANGED

INCOME TAX
Above inflation adjustments to tax rebates and brackets means more take-home pay

EXCHANGE CONTROL
Removal of most exchange control regulations for individuals, but stricter tax treatment



INCREASE IN FUEL LEVIES

The general fuel levy will increase by 16 cents per litre and the Road Accident Fund levy will increase by 9 cents with effect from 1 April 2020.

This will increase:

- the general fuel levy to R3.70 per litre of petrol and to R3.55 per litre of diesel.
- the road accident fund levy to R2.07 per litre for both petrol and diesel.

INCREASE IN PLASTIC BAG LEVIES

The plastic bag will increase from 12c to 25c per bag on 1 April 2020.

CHANGES IMPACTING RETIREMENT FUNDS

Government and the National Economic Development and Labour Council (NEDLAC) have agreed to proceed with retirement reform related to the harmonisation of all retirement benefits, including provident funds. It is assumed that this is a reference to the provident and provident preservation fund annuitisation regimes that will come into effect on 1 March 2021. This change will mean that members retiring from provident funds, like those retiring from pension funds, will need to convert at least two thirds of their capital at retirement into a regular monthly pension. However, **this change will only apply in respect of FUTURE contributions made from 2021 onwards.**

If this does proceed, then it will have the benefit of simplifying the retirement landscape. All retirement fund vehicles (pension, provident and retirement annuity funds) will provide the same tax-deductibility on contributions (up to 27.5% of income with a cap of R350 000 per year is tax-deductible), the same tax-free investment returns and the same benefits during retirement.

REMEMBER:

A way to reduce your direct tax bill is to take full advantage of the generous tax deductions SARS offers on contributions to approved pension or provident funds (like Old Mutual SuperFund) or retirement annuity (RA) funds.

As a member of the Old Mutual SuperFund, you can increase your savings by making Additional Voluntary Contributions. Simply contact your Human Resource (HR) department to find out how.