











THE 2020 NATIONAL BUDGET: Silver Linings

At the start of last year's National Budget Speech, Finance Minister Tito Mboweni drew out his Aloe Ferox plant. This year, it made another appearance during the speech, as he reminded the millions of citizens watching and listening that some organisms thrive when times are tough.

This hope remains for the country's struggling economy – to use adversity as a turning point to growth and success. After weeks of speculation over tax and VAT increases and concerns over struggling SOEs, the budget surprised us with glimmers of hope and hints at future progress.

SIN TAX 2020

 Beer R0.08 per 340ml can	 Spirits R2.89 per 750ml bottle	 Cider R0.08 per 340ml bottle	 Cigarettes R0.74 per pack of 20
 Wine (Fortified) R0.23 per 750ml bottle	 Cigars R6.73 per 23g	 Wine (unfortified) R0.14 per 750ml bottle	 Tobacco R0.82 per 50g

THE BIGGER PICTURE

Low economic growth has been the motivating factor in the type of relief-based economic interventions being pursued by the treasury.

Minister Tito Mboweni pointed to cutting expenditure rather than boosting revenue as the key shift for the budget.

GOOD NEWS

- **NO** tax increases in the coming fiscal year
- **NO** VAT increase
- Annual tax-free savings **INCREASED** to R36 000 per annum
- **NO** transfer costs for houses bought for less than R1 million
- Fuel levy up by moderate 25c per litre

GOVERNMENT WAGE BILL

The government wage bill is still the biggest expense in the budget.

The treasury has made measures to save **R37.8 billion** in the next financial year, and cut **R160 billion** over the next 3 years.

"Once we get wage growth, corruption and wasteful expenditure under control, we will focus our attention on hiring in important areas such as education, police, and health care."

Minister Tito Mboweni

It hasn't been an easy decade for the country, but there is some relief in the **2020** budget.

There is ground yet to be covered, and it seems we may be inching towards it as a country.