

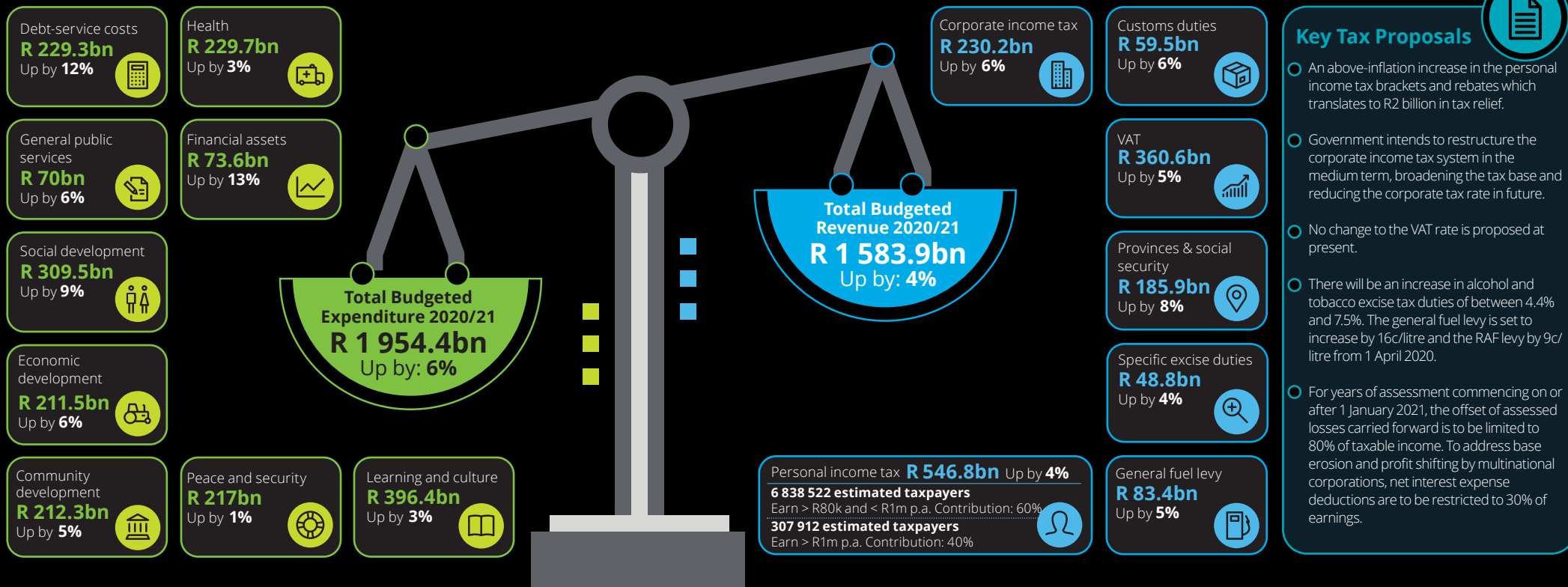


### Making an impact that matters

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Measured as a percentage of GDP, the consolidated budget deficit is expected to be 6.3% in 2019/20, widening to 6.8% in 2020/21. With a revenue shortfall of R63.3 billion arising in the current year, government borrowing will increase, reflected in the gross debt-to-GDP ratio climbing from 61.6% in 2019/20 to 65.6% in 2020/21.



### Key Tax Proposals

- An above-inflation increase in the personal income tax brackets and rebates which translates to R2 billion in tax relief.
- Government intends to restructure the corporate income tax system in the medium term, broadening the tax base and reducing the corporate tax rate in future.
- No change to the VAT rate is proposed at present.
- There will be an increase in alcohol and tobacco excise tax duties of between 4.4% and 7.5%. The general fuel levy is set to increase by 16c/litre and the RAF levy by 9c/litre from 1 April 2020.
- For years of assessment commencing on or after 1 January 2021, the offset of assessed losses carried forward is to be limited to 80% of taxable income. To address base erosion and profit shifting by multinational corporations, net interest expense deductions are to be restricted to 30% of earnings.

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