

The Tax Base in South Africa

The purpose of this series of policy briefs on National Health Insurance (NHI) and the related IMSA web-site is to put in the public domain material and evidence that will progress the technical work of developing a National Health Insurance system in South Africa. This includes tools for costing NHI and evidence on where savings could be achieved in moving to a future mandatory system with universal coverage.

This policy brief deals with the tax base in South Africa. The National Treasury and the South African Revenue Service (SARS) have jointly published tax statistics annually for the last three years^a. These figures are compiled from the SARS registers of taxpayers and from tax returns. They provide authoritative information on the taxes collected and the patterns by income level which can help with understanding how social security contributions for NHI might be structured.

1. Total Tax Revenue in South Africa

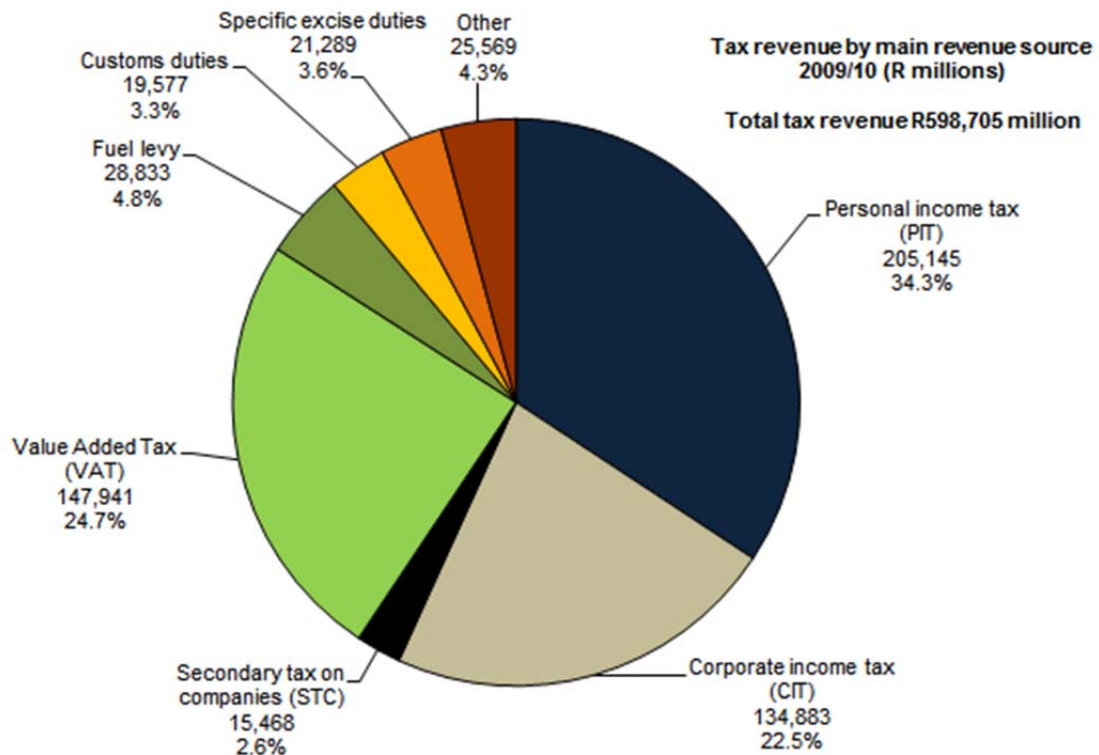


Figure 1: Tax Revenue by Main Revenue Source in 2009/10

^a The publication "2010 Tax Statistics" and accompanying spreadsheets were released on Budget Day, 23 February 2011. Two earlier sets, for 2008 and 2009, are also available.

<http://www.sars.gov.za/home.asp?pid=64671>

<http://www.treasury.gov.za/publications/tax%20statistics/default.aspx>

The Tax Statistics 2010 publication¹ describes revenue collection in South Africa as follows: “The three spheres of government, namely national, provincial and local government, collect both tax and non-tax revenue. Provincial government collects tax revenue from gambling taxes and motor vehicle licences whilst local government collects property rates. However, the bulk of tax revenue (around 98%) is collected nationally by SARS. Nationally budget revenue is the amount of revenue available to the state to finance expenditure after taking into account tax revenue, other revenue sources and transfers to other members of the Southern African Customs Union (SACU).”

In tax year 2009/10:

- “SARS has on register close to 5.9 million individual taxpayers, almost 1.9 million companies and 685,523 VAT vendors.”
- “Tax revenue collected amounted to R598.7 billion, the first year-on-year decrease and directly attributable to the global financial crisis;
- As a result budget revenue decreased to 23.6% of GDP from 26.2% the previous year;
- Personal income tax (PIT), company income tax (CIT) and value-added tax (VAT) remained the largest sources of tax revenue, collectively comprising around 80% of total tax revenue.

The history of the proportions of PIT, CIT and VAT is illustrated in the graph below. “PIT, as a percentage of total tax revenue, decreased from 31.3% in 2004/05 to 28.4% in 2006/07 and then increased to 34.3% in 2009/10” with “the global financial crisis leading to a significant decline in corporate profits.” Note the general increase in the proportion raised from corporate tax (CIT) from around 10% in 1994/5 to roughly 25% in recent years.

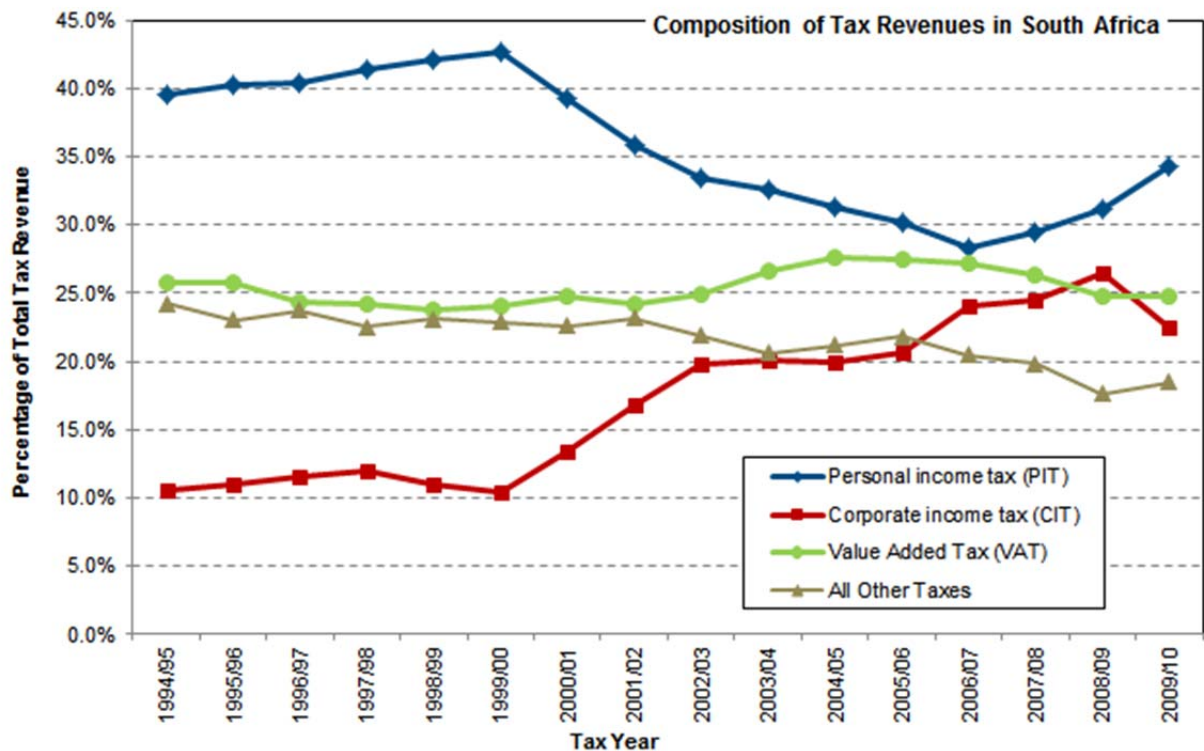


Figure 2: History of the Composition of Tax Revenues in South Africa

2. Categories of Tax and Tax Instruments

SARS also describes revenue collected in six categories according to the nature of what is being taxed¹, as shown in the graph below.

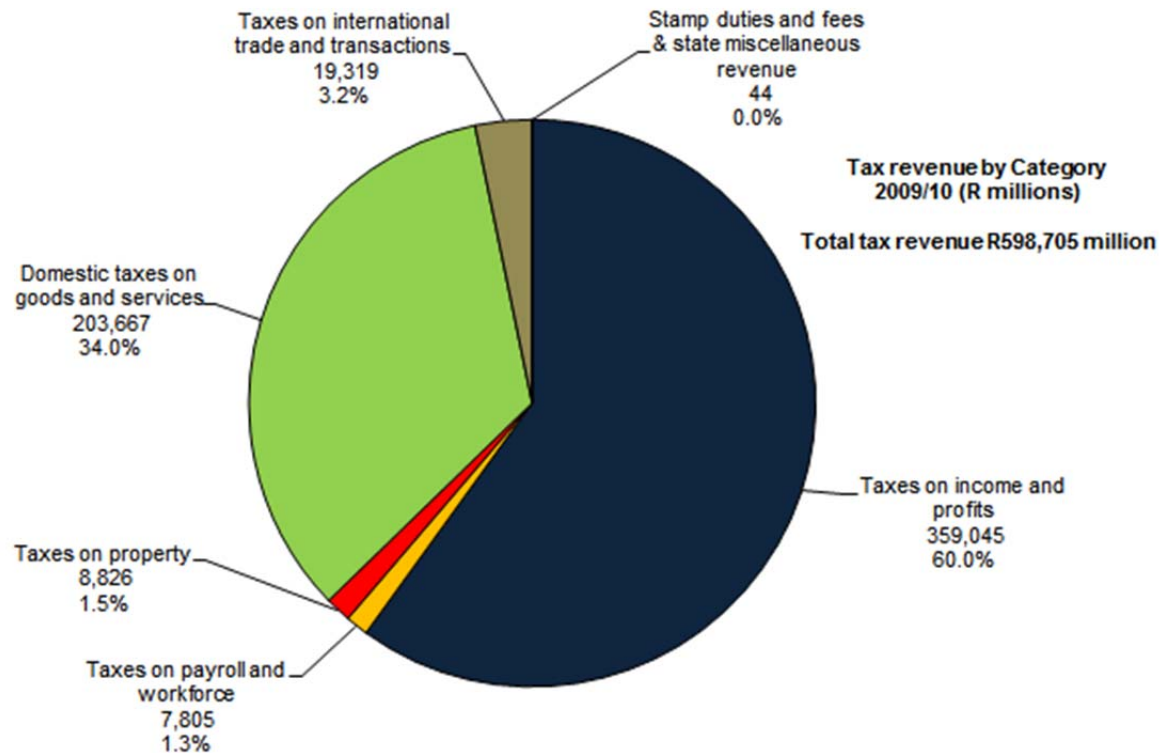


Figure 3: Tax Revenue by Category of Revenue in 2009/10

The instruments in each category are briefly described below. This detail is of interest as it gives an insight into the varied sources of general tax revenue. Certain of the instruments also give an idea of how a social security contribution for NHI might be structured.

1) Taxes on income and profits

- **Persons and individuals:** levied in terms of the Income Tax Act (1962); levied on residents' worldwide income with relief to avoid double taxation; non-residents are taxed on their income from a South African source. Tax is levied on taxable income which is gross income less exemptions and allowable deductions. Over 95% of the taxes on individuals is collected via the Pay-as-you-earn (PAYE) system.
- **Companies:** different sectors of the economy have different effective tax rates due to specific tax dispensations, such as gold-mining, farming and small businesses. In 2008, 34.2% of the 473,034 companies assessed had positive taxable income; 56.5% of income tax assessed was paid by 222 large companies with taxable income in excess of R200 million.
- **Capital gains tax (CGT):** payable by persons, individuals and companies based on capital gains made on the disposal of assets; introduced in 2001.
- **Secondary tax on companies (STC):** levied at a rate of 10% on profits of companies distributed by way of dividends.
- **Tax on retirement funds (TRF):** was levied on the interest, rental and dividend income of retirement funds (pension, provident and retirement annuity funds); abolished in 2007.

2) Taxes on payroll and workforce

- **Skills development levy:** a compulsory levy of 1% of an employer's total payroll to fund training costs incurred by employers; payable by employers with an annual payroll of more than R500,000. SARS administers the collection of this levy for the Department of Labour.

3) Taxes on property

- **Donations tax:** levied at 20% on the value of the donation. The first R100,000 donated each year by a natural person is exempt; other exemptions between spouses and for certain public benefit organisations.
- **Estate duty:** 20% on the dutiable amount of the estate (all property of the deceased including life insurance policies); certain admissible deductions.
- **Securities transfer tax (STT):** levied at a rate of 0.25% on every transfer of a security (share in a company, member's interest in a close corporation, or distribution from a company or close corporation; applies to the transfer of listed and unlisted securities.
- **Transfer duties:** for natural persons payable at a progressive rate but at a flat rate of 8% for a company, close corporation or trust. Property transactions that are subject to VAT are exempt from transfer duty.

4) Domestic taxes on goods and services

- **Value-added tax (VAT):** VAT is levied at a rate of 14% on goods and services, with certain exemptions and zero-ratings, provided for in the Value-Added Tax Act (1991). VAT is levied on the supply of all goods and services by registered vendors as well as on the importation of goods and services into the country.
- **Turnover tax:** for small businesses with a turnover not exceeding R1 million per annum; introduced in 2009 to simplify and reduce the number of returns that have to be filed.
- **Excise duties:** levied on some locally manufactured goods and imported equivalents; a specific duty on tobacco and liquor; ad valorem duty on cosmetics, televisions, audio equipment and motor cars.
- **Fuel levy:** included in the price of fuel; relief is available through a diesel refund system for farming, forestry, mining, some vessels and locomotives; and electricity generation plants.
- **International air passenger departure tax:** passengers departing on international flights pay R150 per passenger; those flying to Botswana, Lesotho, Namibia and Swaziland pay R80.
- **Plastic bags levy:** a levy of 4 cents a bag on plastic shopping bags.
- **Electricity levy:** 2 cents per kilowatt hour on the sale of electricity generated from non-renewable sources and is collected by the generators of electricity.
- **Incandescent light bulb levy:** about R3 per bulb (between 1 cent and 3 cents per watt) is levied on incandescent light bulbs in order to promote the use of energy-saving globes.

5) Taxes on international trade and transactions

- **Customs duties:** imposed on goods imported into South Africa as a means to protect certain local producers; also includes anti-dumping and countervailing duties.
- **Diamond export levy:** in terms of the Diamond Export Levy Act (2007) to stimulate the local diamond polishing industry, thereby creating job opportunities; exemptions are possible.

6) State miscellaneous revenue

- **State miscellaneous revenue:** This is revenue received by SARS in respect of taxation that cannot be allocated to specific revenue types.

3. Personal Taxation by Income Band

The SARS data¹ is particularly useful in that it gives, for the first time, reliable information on the relationship between income, taxable income and tax assessed by income band. The data reported is extracted from the SARS systems at the end of March 2010.

One word of warning though is that time delays in the submission of tax returns by some taxpayers and the time taken to assess returns impacts the data reported for a particular year. The table below from the publication in February 2010¹ shows the number of taxpayers registered for personal tax in recent years, the number liable to submit returns and the proportion assessed by March of 2009.

Table 1: Number of Individual Taxpayers, 2006-2009¹

Tax year	Taxpayers Registered ¹	Liable to submit returns ²	Percentage liable to submit	Assessed	Percentage assessed
2006	4,764,105	4,439,363	93.2%	4,006,466	90.2%
2007	5,204,805	4,610,092	88.6%	3,916,143	84.9%
2008	5,540,646	4,667,050	84.2%	3,512,577	75.3%
2009	5,920,612	5,194,804	87.7%	3,584,543	69.0%

1. Number of individuals registered as at 31 March of each year.

2. Liable taxpayers are those who are liable to submit a return for a specific tax year. Cases can be on register and active for other years, but may not be active for the specific tax year.

Actuaries and accountants to medical schemes are familiar with this idea of a “run-off” from the patterns of claims paid over time. We thus need to be careful about the data used: the most recent year is of greatest interest in terms of the pattern by income level but it is also the year with the lowest percentage assessed to date.

The table below shows how rapidly taxpayers have moved through the income brackets in recent years.

Table 2: Distribution of Individual Taxpayers by Income Bands, 2006-2009¹

Distribution of assessed individual taxpayers over selected taxable income groups,					
Percentage	Taxable income group	2006	2007	2008	2009
Taxpayers	0 – R150 000	75.4%	70.4%	61.1%	55.1%
	R150 001 – R400 000	20.4%	24.0%	30.9%	35.5%
	R400 001 +	4.2%	5.6%	8.0%	9.4%
Total		100.0%	100.0%	100.0%	100.0%
Taxable income	0 – R150 000	38.6%	32.7%	24.1%	20.0%
	R150 001 – R400 000	36.3%	37.3%	39.4%	41.9%
	R400 001 +	25.1%	30.0%	36.4%	38.1%
Total		100.0%	100.0%	100.0%	100.0%
Tax assessed	0 – R150 000	22.5%	17.3%	12.1%	9.6%
	R150 001 – R400 000	38.4%	36.4%	34.9%	35.8%
	R400 001 +	39.1%	46.3%	53.0%	54.6%
Total		100.0%	100.0%	100.0%	100.0%

The table above shows that in 2009 only 9.4% of taxpayers had a taxable income above R400,000 per annum. Yet these taxpayers accounted for 38.1% of total taxable income and 54.6% of tax assessed by SARS.

While 55.1% of taxpayers had taxable income below R150,000 per annum in 2009, they accounted for only 9.6% of tax assessed.

In the section of the table on “Tax assessed”, note over the years how the tax assessed has declined for the lowest income category and how it has increased from 39.1% in 2006 to 54.5% in 2009 for those earning over R400,000 per annum.

The graph below shows the number of taxpayers, the average taxable income and the average tax assessed in tax-year 2009. This data is provided in an Excel spreadsheet on the IMSA NHI web-site^b.

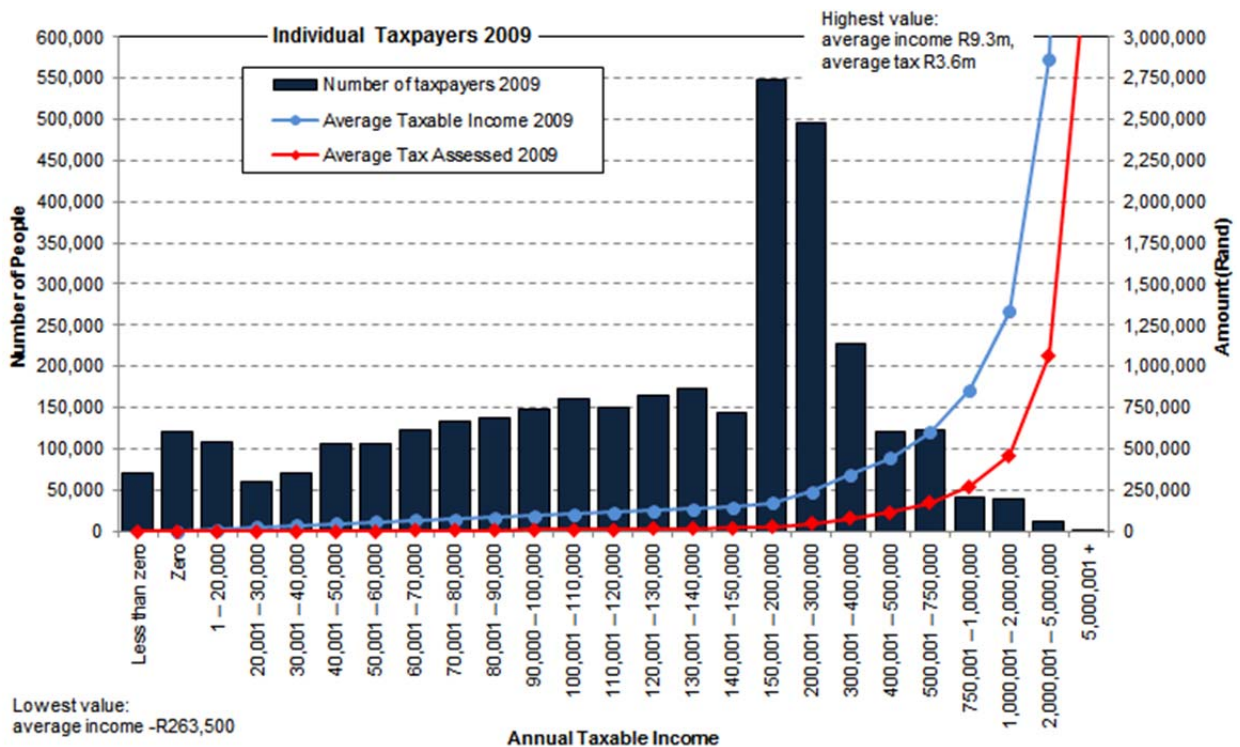


Figure 4: Personal Income Tax for Tax Year 2009

The graph shows that there is a concentration of taxpayers in the bands “R150,001 to R200,000” and “R200,001 to R300,000” per annum. Unfortunately SARS do not break down these categories into more detail. The graph shows how rapidly taxable income and tax assessed increases in the higher income bands. A notable feature is that average tax assessed remains very low for many of the income bands. This reinforces the material in Table 2 that more than half of all tax assessed is paid by those with taxable income of over R400,000.

To summarise again:

The 10% of taxpayers with taxable income over R400,000 a year^c pay 55% of personal income tax.

The 55% of taxpayers taxable income under R150,000 a year^d pay 10% of personal income tax.

^b http://www.imsa.org.za/national_health_insurance_library.html

^c This equates to taxable income of R33,333 per month

^d This equates to taxable income of R12,500 per month

The graph below shows the tax assessed as a proportion of taxable income for each income band. The graph illustrates the steepness of the tax structure. The large group of people earning in the band “R150,001 to R200,000” pay 15.1% of taxable income while those in the band “R200,001 to R300,000” per annum pay 18.9% of taxable income in personal income tax.

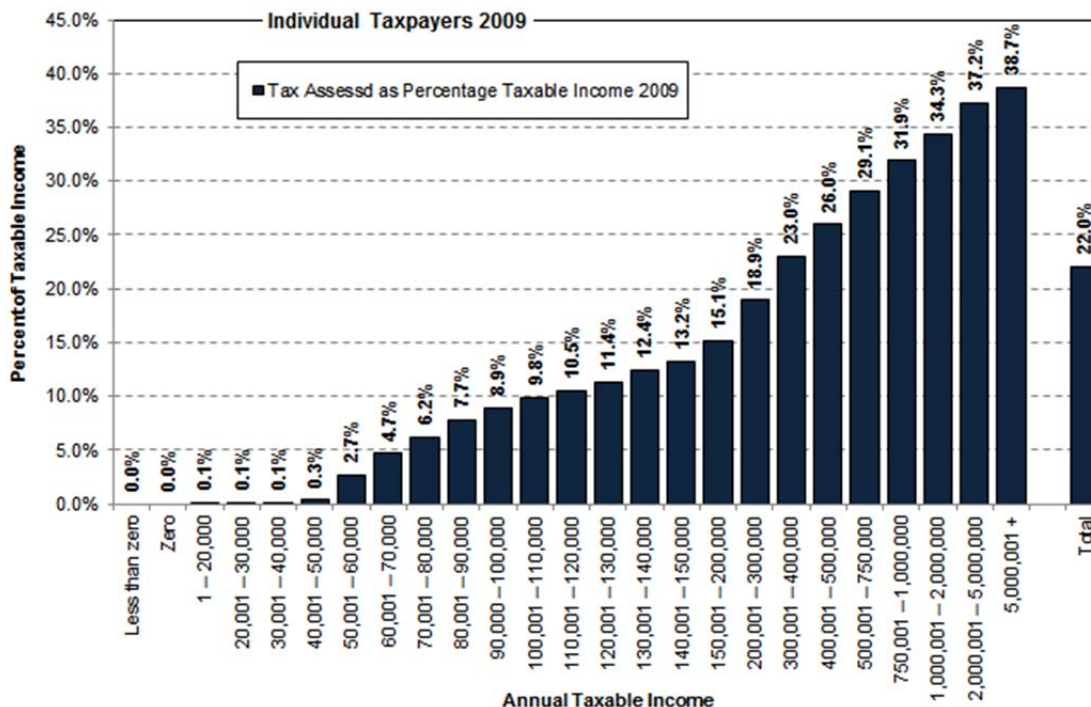


Figure 5: Tax Assessed as Percentage of Taxable Income for Tax Year 2009

Overall, all individual taxpayers were found to collectively contribute 22.0% of taxable income by way of personal income tax.

The ANC document on National Health Insurance released in 2010² suggested a sliding contribution scale for NHI contributions³. In the costing estimates a proposed scale for contribution is given (paragraph 111, page 32 of the proposal): “a mandatory NHI contribution that is progressively structured from less than 1% for the lowest income earners to a maximum of about 7-8% for the highest income earners”. The mandatory contribution (paragraph 84 of the proposal) will be payable by “Everyone earning above the income tax threshold will be required to make this contribution”. This will include the self-employed.

An additional 1% of taxable income would have raised R7.005 billion, according to the tax statistics¹ for tax year 2009. A sliding scale from 1% for the first band “R1 to R20,000” to 8% for the band “R5,000,001+” would have raised R41.846 billion or 6.0% of total taxable income. A scale more geared to where the taxpayers are concentrated, with 8% being reached by R150,000, would have raised R53.629 billion or 7.7% of total taxable income^e.

The ANC proposals in 2010 do not specify precisely how the NHI contribution scale might be structured or defined. Two possibilities are explored in this policy brief: a definition related to taxable income and a definition related to payroll.

^e Note this calculation works with the tax assessed by the time of publication in 2010 and does not take into account the total that might eventually be reached once all the tax for tax year 2009 has been collected. See Table 1 in this policy brief for the “run-off” effect of tax assessments.

4. The Definition of Taxable Income

The discussions about NHI contributions to date have been in general terms. Attention needs to be given to the exact definition of income to be used: employment income or taxable income for example. The excellent data from SARS enables an understanding of the components of the taxable income calculation and the Rand amount that might be generated from each 1% of contribution.

Personal income tax is levied on taxable income which is essentially gross income less exemptions and allowable deductions. The graph below shows the composition of taxable income from the 2010 Tax Statistics¹. The graph shows that income, in the form of salaries, wages and remuneration, makes up only 66.7% of total taxable income.

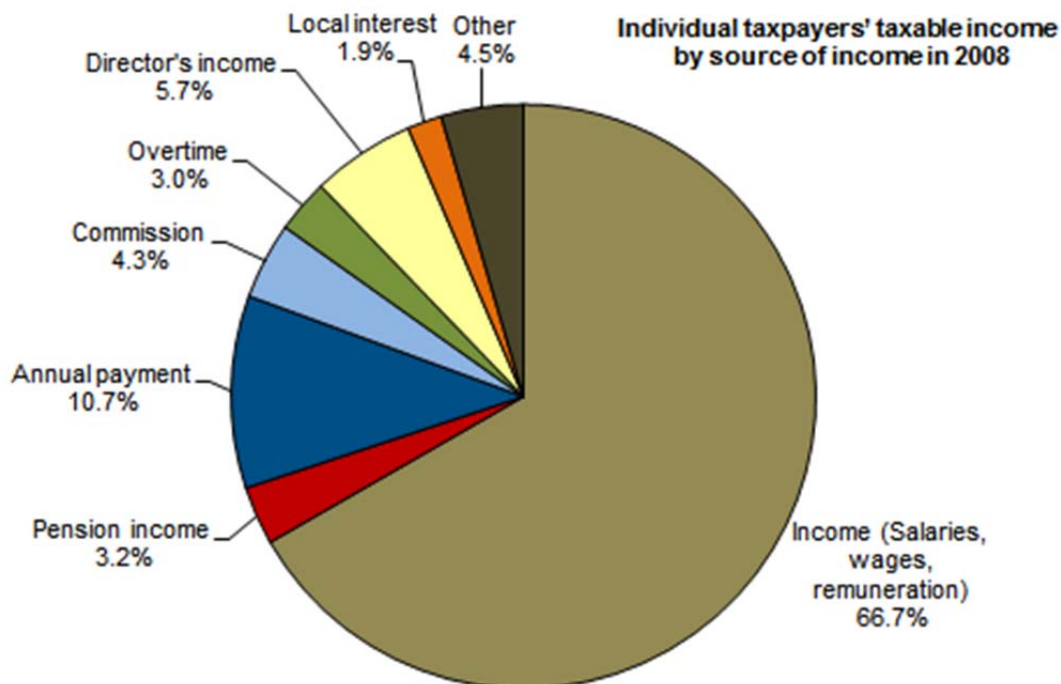


Figure 6: Taxable Income by Source of Income for Tax Year 2008¹

Fringe benefits arise where an employer grants a benefit to an employee as a reward for services rendered. This benefit is considered by SARS to be a taxable benefit^f and the cash value of the benefit needs to be included in taxable income. The first graph overleaf shows that the largest fringe benefit in 2008 was medical scheme contributions paid on behalf of the employee. In that tax year¹, "55.2% of taxpayers who qualified for any form of fringe benefit received a medical fringe benefit. During 2008, the monetary value of this benefit was R6.2 billion (47.1% of total fringe benefit payments)."

The second graph below illustrates individual taxpayers' deductions which amounted to R67.7 billion in tax year 2008. Deductions in respect of any form of retirement benefits were R24.174 billion (35.7% of the total). Deductions for medical expenses (including those associated with disability) were R19.043 billion (28.1% of total deductions). Medical scheme contributions up to certain limits form part of allowable medical expenses.

^f <http://www.sars.gov.za/home.asp?pid=3785>

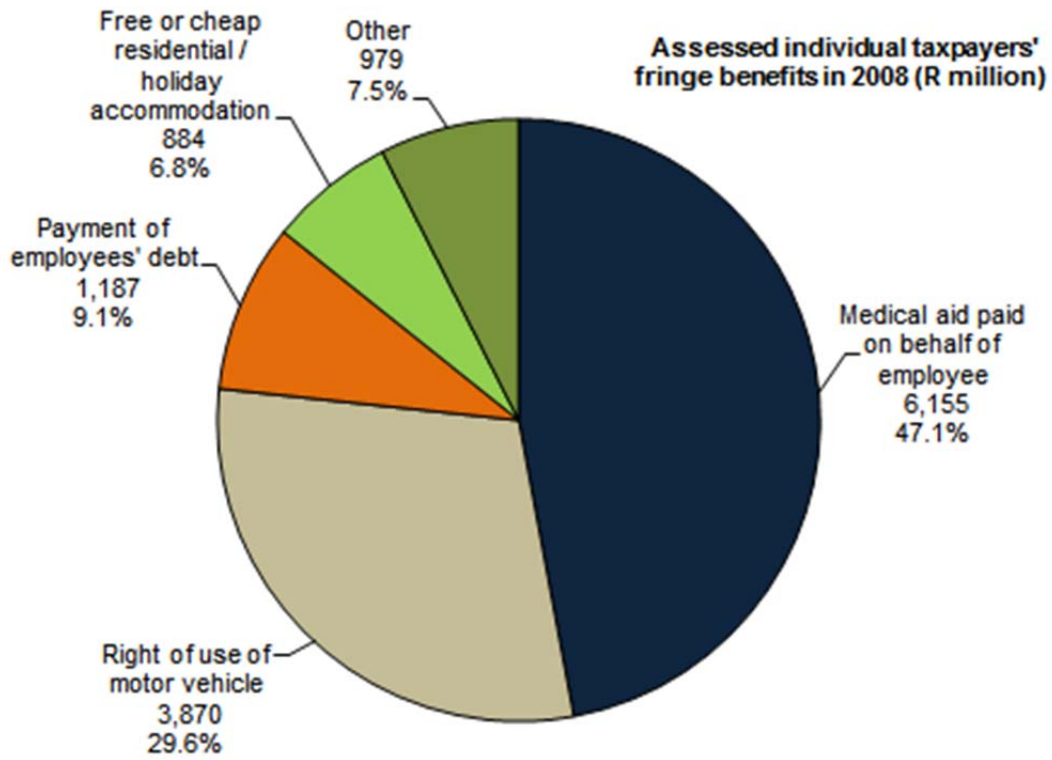


Figure 7: Individual Taxpayer's Fringe Benefits in 2008¹

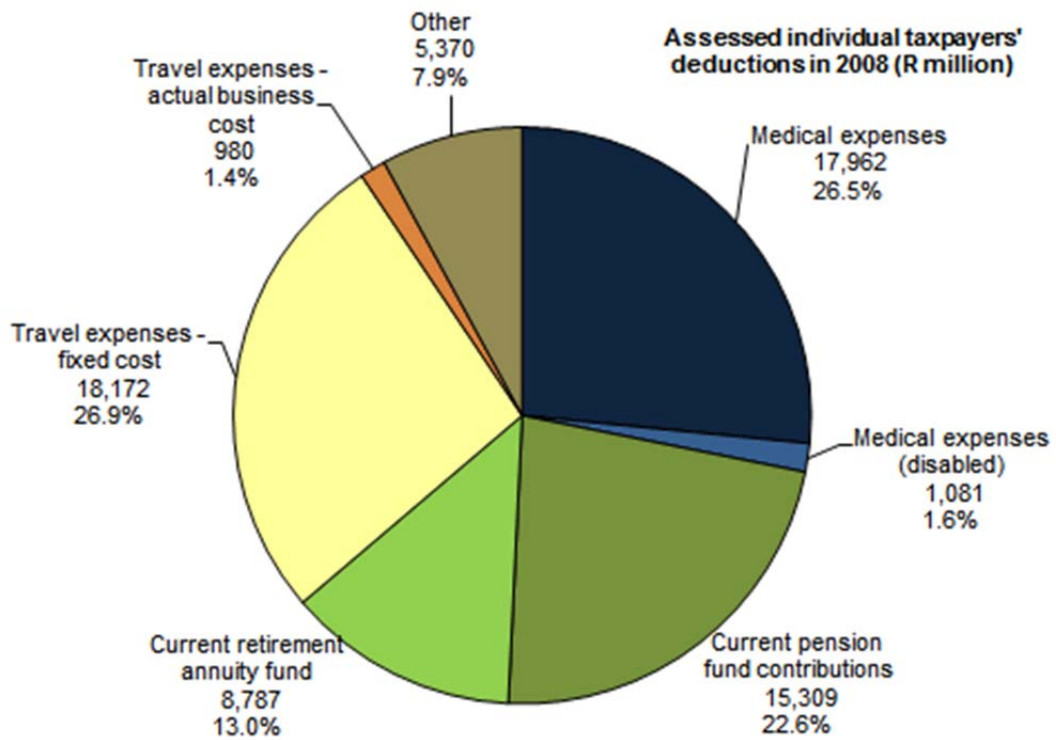


Figure 8: Individual Taxpayer's Deductions in 2008¹

The graph below shows the proportion of taxpayers in each income band that use the medical expenses deductions and that have a fringe benefit as a result of medical scheme contributions being paid by the employer.

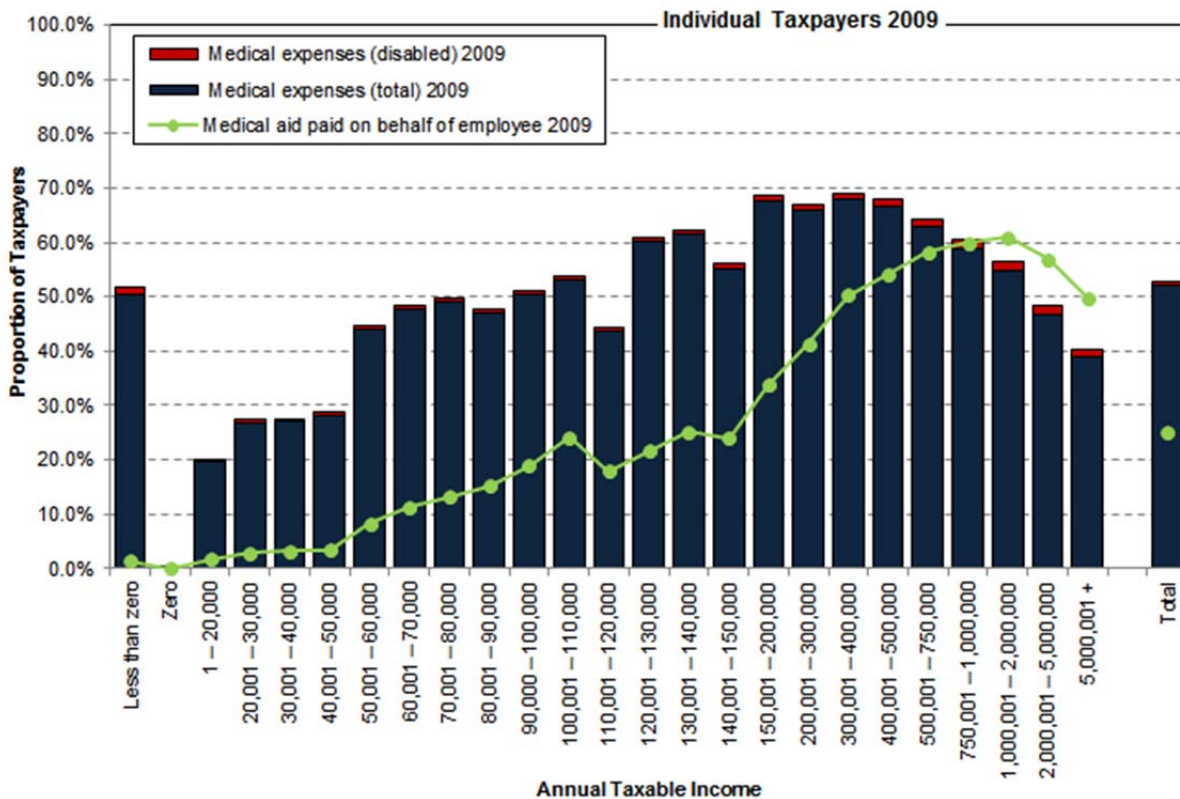


Figure 9: Taxpayers using Deductions and Fringe Benefits related to Medical Schemes in Tax Year 2009

The graph shows that the nearly 70% of the income groups from R150,000 to R500,000 per annum make use of the medical expenses deductions which include expenditure on medical schemes contributions. At higher income levels the medical expenses usage declines but usage of the fringe benefit provisions related to medical scheme contributions increases. At lower income levels there is much lower usage of medical scheme expenses deductions which is likely to be due to the lack of affordability of schemes. Very few lower income workers have their medical scheme contributions paid in full by the employer.

In June 2011 National Treasury released a discussion document on reforming the deduction for medical expenses and replacing it with a tax credit system⁴. The proposed reforms would be implemented from 2012 and would have a substantial benefit for lower income workers.

It is the author’s overall assessment that the tax credit system is a highly favourable development for low income taxpayers. However as the tax credits would only available to taxpayers, they would not benefit anyone earning below the tax threshold⁹. A means needs to be found to extend the tax credit system to all medical scheme members earning below the tax threshold. IMSA NHI Policy Brief 9⁵ on the affordability of health insurance deals with this issue and the reasons why the current medical scheme tax deduction needs to be reformed.

⁹ The tax threshold for tax year 2010/11 is R4,750 per month (R57,000 per annum) for those under age 65. For those over age 65 the tax threshold is set higher at R7,377 per month (R88,528 per annum). Those with taxable income below this amount do not pay income tax.

Returning to the definition of income that might be used for an NHI contribution, there are likely to be calls for certain groups to be exempt from paying any mandatory contribution.

The Black Sash report on community consultations on health reform⁶ says: "There was broad agreement on categories of people who should not be asked to contribute to a health system. These categories included:

- people who are unemployed
- those who access social grants or who are included in indigent policies
- children
- the elderly
- the poorest proportion of the population (at least the poorest 10% according to income distribution in South Africa), and
- those who earned an income which fell under the tax bracket."

The analysis above on personal income tax includes taxation paid by those over age 65. If taxpayers older than age 65 were to be excluded then this would exclude 5.1% of taxable income and 4.4% of tax assessed in tax year 2009. Any exclusion will of course raise the amount that will thus need to be paid by the remaining contributors.

5. Contributions Related to Payroll

The SARS material gives insight into a tax instrument based on payroll: the Skills Development Levy described briefly in section 2. Further information on this tax instrument and its usage is provided in reports from the Department of Labour (DoL)^{7,8}.

Sector Education and Training Authorities (SETAs)⁸ "obtain their operational funds from the skills development levy introduced by the Skills Development Levies Act, 1999. Private companies contribute 1% of their total payroll to SARS. SETAs receive 80 % of this contribution and are legally required to use a minimum of 90% on skills development activities. The remainder of this income, 10% or less, is for organisational costs."

"The National Skills Fund is constituted from the remaining 20% of the skills development levy, funds bestowed by Parliament, donations, and interest earned on investments. The Fund is used to support projects identified as national priorities in the context of the National Skills Development Strategy." The Fund was also able to be used for other projects as determined by the Director-General of the Department of Labour^h.

The quantum of funds raised through the Skills Development Levy is shown for the period 1 April 2009 to 31 March 2010⁷. The 1% of payroll levy raised R7.828 billion of which R6.262 billion was paid to the SETAs and R1.566 billion was paid to the National Skills Fund.

It is important to note that the Skills Development Levy is paid only by employers with an annual payroll of more than R500,000. SARS reports that¹ in 2009 there were 1,878,856 companies registered for tax purposes and of these, 1,771,075 were liable to submit returns. In contrast, the "number of employers registered for the Skills Development Levy (SDL) amounts to 174,165 for the year ending 31 March 2010 which represents a growth rate of 3.1% from the previous year."

^h The National Skills Authority, 23 SETAs and the National Skills Fund were transferred to the Department of Higher Education and Training (DHET) from 1 November 2009, through a Presidential Proclamation. An agreement was subsequently signed by the DoL and the DHET Directors-General during February 2010 for the DoL to maintain financial and performance management responsibilities until 31 March 2010 as Treasury could not transfer the budget after the Medium Term Budget Adjustment process.

6. The Cost of Collection and Administration of Taxes

The 2010 Tax Statistics report¹ gives an interesting insight into the cost of collection of taxes, as reflected in the table below.

Table 3: Cost of Revenue Collection, 2005-2010¹

R million	Tax revenue collected	Operating cost ¹	Operating cost as a % of tax revenue
2004/05	354,979	4,312	1.2%
2005/06	417,196	5,135	1.2%
2006/07	495,549	5,156	1.0%
2007/08	572,815	5,615	1.0%
2008/09	625,100	6,511	1.0%
2009/10	598,705	7,033	1.2%

1. SARS's operating costs includes budget transferred from National Treasury as well as other operating revenue.

Considering the latest year, SARS administration cost was R7.033 billion or 1.2% of tax revenue collected. "The reason why the rate increased to 1.2% in 2009/10 was due to the global economic crisis which depressed revenue collections with no downward adjustment in cost structures possible. SARS also collects Unemployment Insurance Fund (UIF) contributions and Road Accident Fund (RAF) levies which are not factored into this ratio."

These administration costs are for the collection of revenue only and thus the estimate in the ANC NHI proposals that a complex healthcare revenue collection and reimbursement system could be administered at 3% of total revenue is implausible. Note that the Skills development Levy is collected by SARS but disbursed by the SETAs. As described in section 5, SETAs are legally required to use a minimum of 90% (of the money received) on skills development activities. "The remainder of this income, 10% or less, is for organisational costs."⁸

7. Issues and Implications for a Future NHI

The ANC NHI proposals in September 2010² did not provide any clarity on how NHI might be funded³. The ANC document describes all the possible sources of funding: " a surcharge on taxable income; payroll taxes (for employees and/or employers) and an increase in Value Added Tax which is earmarked to the NHI." The mandatory payroll-related contribution "will be progressively structured". The work on evaluating the alternatives has not been completed, saying "These alternative funding mechanisms will be evaluated in terms of their revenue generation potential, and their potential on economic growth, employment, savings and income distribution".

The Finance Minister, Dr. Pravin Gordhan, in presenting his 2011/12 Budget to Parliament in February 2011⁹ said: "Proposals are under review for a national health insurance system, as part of the broader restructuring and enhancement of health services. There will be substantial cost implications. We will consider and consult on options for meeting the funding requirements, including a payroll tax (payable by employers), an increase in the VAT rate and a surcharge on individuals' taxable income. The fiscal and financial implications of health system reform, and alternative revenue sources, will be examined in the year ahead."

This policy brief has used the very useful information on the tax base made available by National Treasury and SARS to consider the structure of the tax base in South Africa. The document provides greater insights than have been possible using only data from StatsSA on incomes.

Overall, all individual taxpayers were found to collectively contribute 22.0% of taxable income by way of personal income tax. SARS reports that 5,920,612 individuals were registered for tax in 2009/10. "Over 2.6 million individual taxpayers in 2008 received income from salaries and wages or remuneration whilst 2.2 million of these taxpayers also received an annual payment (bonus, leave pay, etc.). Over 900 000 individual taxpayers received overtime income ... in 2008."

These numbers are much smaller number than the number of people said to be active in the workforce. The Department of Labour reports⁷ that the working age population in March 2009 was 30.987 million and the number of people that were economically active (in or seeking employment) was 17.822 million. "Numbers in the economically inactive category of the working age population (full time homemakers, full time students, the retired, and those unable or unwilling to work) ... steadily increased ... and reached a peak of 13.166 million economically inactive by March 2009."

The most difficult issue to be addressed in the funding of NHI by any sort of mandatory contribution is that the tax base in South Africa is so small. This policy brief has illustrated that the largest number of taxpayers are in two groups: those with annual taxable income in the band "R150,001 to R200,000"ⁱ who pay 15.1% and those in the band "R200,001 to R300,000"^j who pay 18.9% of taxable income in personal income tax. It would be a substantial burden to these families if an additional 8% of taxable income were to be imposed to fund NHI, as suggested by the ANC proposals². It would effectively increase the tax burden of these groups by some 50%.

Income taxes are already heavily skewed to the highest income groups. The SARS data shows that the 10% of taxpayers with taxable income over R400,000 per annum pay 55% of personal income tax collected.

The SARS data¹ showed that an additional 1% of taxable income would have raised R7.005 billion, for tax year 2009. The Skills Development Levy of 1% of payroll raised R7.828 billion in tax year 2010⁷. While the quantum of these two approaches is roughly similar, there is a substantial difference in who would be impacted by a decision to charge as a percent of taxable income compared to a percent of payroll. Charging on payroll would exclude other forms of earnings like commission, rental income, interest and investment earnings.

It is not straightforward to convert the SARS figures on taxable income and tax deductions to get salary levels. The analysis of who is affected by a particular NHI payment structure needs to be modelled in a different way: taking sample families at defined salary levels and working out what they are typically paying in taxes, then comparing the results to any proposed new taxes and social security contributions. Different family structures will also be impacted differently and at least the following families will need to be separately modelled:

- single workers;
- single mothers with children;
- single and double income households with no children;
- single and double income households with some children;
- single and double income households with many children;
- married pensioners; and
- single pensioners.

There are other consequences to the decision about the nature of the additional tax. ECONEX points out¹⁰ that during recessions tax revenue tends to decrease whereas the demand for healthcare tends to increase. "Tax revenues are heavily dependent on the overall performance of the economy and tend to fluctuate with the business cycle. Since revenues rise and fall over the economic cycle, the

ⁱ This equates to taxable income of R12,500 to R16,667 per month

^j This equates to taxable income of R16,667 to R25,000 per month

constraint on government discretion [of an earmarked tax] would lead to pro-cyclical budgets and spending. Funding levels would not be determined by the requirements of the population, but by unrelated macroeconomic circumstances. In this case, any specific earmarked tax to fund the NHI could become hostage to economic cycles with the threat of under-funding during economic downturns. Moreover, tax revenue and spending requirements may coincide at the beginning of a programme, but over time they may drift apart.”

There remains much work to be done to determine how best to fund the national health system and National Health Insurance in the future. The total amount needed for the health system into the future needs to be determined first, based on the package of healthcare services to be provided. Reimbursement methods and levels for private providers need to be determined and negotiated in advance and the administration costs of the system need to be more accurately determined. Only once the total quantum of funds is known can the issue of how to spread those payments be properly considered.

The question of how to pay for the envisaged health system and how to spread the payments across different income groups is likely to be contentious. Unions, employers and other stakeholders should be building models now in order to be able to provide informed feedback once the funding proposals are made public.

The National Budget Review dated February 2011¹¹ says: “Announcements about specific funding instruments will be made in the 2012 Budget.”

Produced for IMSA by
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8 August 2011

Resources on the IMSA Web-site

The following is available on the NHI section of the IMSA web-site: www.imsa.org.za

- The slides and tables used in this policy brief [PowerPoint slides].
- A spreadsheet on personal income tax assessed in 2009, giving an extract from the SARS data by income band.

As the purpose of this series is to put in the public domain material and evidence that will progress the technical work of developing a National Health Insurance system, we would be delighted if you make use of it in other research and publications. All material produced for the IMSA NHI Policy Brief series and made available on the web-site may be freely used, provided the source is acknowledged. The material is produced under a Creative Commons Attribution-Noncommercial-Share Alike licence.



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