

TOUGH CALLS & TRICKY CHOICES

THE 2023 NATIONAL BUDGET



"This is ... a budget that makes tough trade-offs in the interests of the country's short and long-term prosperity."

Enoch Godongwana



On 22 February our Minister of Finance delivered the National Budget Speech. As always, there were difficult decisions that had to be made. The main themes this year were to do with electricity supply, which is hardly surprising.

Eskom, SAA, SAPO



- Government plans to take over a large portion of Eskom's massive R422 billion in debt: in total, relief of **R254 billion** will be provided over the next 3 years. The amount for this year is **R78 billion**.
 - However**, there are several conditions that Eskom needs to meet to receive this financial aid.
 - Treasury will appoint an international, independent team to review all Eskom's coal-fired power plants. Eskom will need to comply with their recommendations.
 - Eskom must allow a larger portion of the private sector to supply power to the people.
- Hopefully, these measures will help Eskom to get back on its feet and carry out the maintenance that has been lacking for so long.
- South African Airways is also receiving a bailout to the tune of **R1 billion**, and the South African Post Office is getting **R2.4 billion**.

Solar energy tax rebates

To encourage South African individuals and businesses to make use of alternative, renewable energy sources, major tax incentives were announced. **For the coming financial year, you as a private individual can claim a 25% tax deduction on the purchase of solar PV panels to install on the roof of your home.** The cap for this deduction is R15 000.

Inflationary tax adjustments

In terms of your income tax, these rates were adjusted for inflation, which means you will pay less tax on the same amount than you did last year. **You can calculate your tax at [this link](#).**

Taxation of retirement benefits has also been adjusted upwards by 10%. **This means that the tax-free portion of your withdrawal or retirement benefit is now 10% more than it was before.**

Increases in tax on consumables

R0.10	BEER & CIDER per 340ml Can	R0.24	WINE per 750ml bottle
R3.90	SPIRITS per 750ml bottle	R5.47	CIGARS per 750ml bottle
R0.41	FORTIFIED WINE per 750ml bottle	R0.09	SPARKLING WINE per 750ml bottle
R0.98	CIGARETTES per pack of 20	R1.10	PIPE TOBACCO per 30g

General

- The 'two-pot' change to retirement fund access to withdrawal benefits is still planned for **2024**.
- Medical tax credits will increase from R347 to **R364** per month for the first two members, and from R234 to **R246** per month thereafter.
- All social grants will increase by roughly **5%**, with the exception of the Covid-19 relief grant, which is unchanged at **R350** a month. This grant has been **extended** for a further **12 months**.
- Government spending for the next year will increase by only **2.9%**.
- Government has allocated an increase of **3.3%** for public sector wages.

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