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MEDIA STATEMENT:

**PUBLICATION OF DAVIS TAX COMMITTEE FINAL REPORTS ON MACRO ANALYSIS, SME'S
AND ESTATE DUTY**

24 August 2016

The Davis Tax Committee (DTC) has the pleasure to publish its final reports on macro analysis, small and medium enterprises (SME's) and estate duty with the permission of the Minister of Finance. The reports are based on the mandate of the DTC as per its specific Terms of Reference that are on the DTC website www.taxcom.org.za along with other published documents of the DTC.

As part of the consultation process, the DTC extended invitations by way of media statements for submissions for reports and comments on its reports from the public. Meetings were also held with tax practitioners, academics, business organisations, professional bodies, trade unions, government agencies, NEDLAC, international experts and civil society.

All Members of the DTC have approved the final reports and standardised, signed-off cover pages will be inserted at a later stage.

Macro Analysis Report

The final macro analysis report aims to articulate a set of overarching principles of a good tax system to guide an assessment of the current South African tax system so as to identify

the needs/priorities for reforms and to make relevant recommendations for tax reforms. It serves as a useful precursor of other, more specialised reports of the DTC.

The first interim report took ten submissions from the public into account. It was released for public comment on 5 June 2015. The first part of an associated World Bank report for the DTC entitled *Sector Study of Effective Tax Burden and Effectiveness of Investment Incentives in South Africa* was published on the DTC's website on 22 June 2015. Seven sets of public comments were received, which were taken into account in the second and final report on macro analysis. The final report was submitted to the Minister of Finance on 21 April 2016. It consists of an executive summary and a full version, which have been published on the DTC's website along with the second part of the World Bank report for the DTC.

Small and medium enterprises (SME's) Report

The first interim report on SME's was an important priority for the DTC and took twenty eight submissions from the public into account. After a wide consultation process, it was submitted to the Minister of Finance six months after the inception of the DTC. The Minister made announcements in his 2014 and 2015 Budget Speeches based on the SME recommendations of the DTC. The first report was released for public comment on 14 July 2014. Sixteen sets of public comments were received, which were taken into account in the second and final report. The final report was submitted to the Minister of Finance on 14 April 2016.

Estate Duty Report

The first interim report on estate duty took seven submissions from the public into account. The Minister made far reaching announcements on trusts in his 2016 Budget Speech based on the estate duty recommendations of the DTC. The first report was released for public comment on 13 July 2015. Forty sets of public comments were received, which were taken into account in the second and final report. The final report was submitted to the Minister of Finance on 28 April 2016. As agreed with the Minister, the DTC will submit a further report on a possible wealth tax for South Africa in conjunction with the estate duty report.

It is important to note that, as mentioned in the Terms of Reference of the DTC, “the Committee is advisory in nature, and will make recommendations to the Minister of Finance. The Minister will take into account the report and recommendations and will make any appropriate announcements as part of the normal budget and legislative processes. As with all tax policy proposals, these will be subject to the normal consultative processes and Parliamentary oversight once announced by the Minister.”

Questions relating to this media statement can be directed to the Secretariat for the Davis Tax Committee on the telephone number 012 432 9390.

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