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Dear Sir/Madam

**SUBJECT: ARTICLE ON THE DAVIS TAX COMMITTEE'S WEALTH TAX REPORT**

Your front page article and editorial of 12 April 2018 on the Davis Tax Committee's wealth tax report refer.

It is regrettable that Business Day's coverage of the Davis Tax Committee's report on The Feasibility of a Wealth Tax in South Africa did not reflect the key recommendations and justifications in the report.

The Davis Tax Committee's report did not propose a long or indefinite deferral of the implementation of a comprehensive wealth tax in South Africa as is intimated in your publication. In light of the vast historical and increasing wealth inequality in South Africa (highest in the world), which is a threat to social stability, the Committee is clearly in favour of the introduction of a comprehensive wealth tax as soon as possible subject to the following:

Firstly, a comprehensive wealth tax cannot be successfully introduced until a comprehensive picture of wealth is obtained hence the recommendation for SARS to collect better information on wealth, which can be done in the next fiscal year.

Secondly, a significant amount of wealth is held in retirement funds. It is hardly progressive to tax workers savings as part of a wealth tax hence the need to obtain better information on wealth and deal with the issue of retirement funds to enable the formulation of a definition of wealth that will form the basis of a workable comprehensive wealth tax.

Thirdly, precisely because the Davis Tax Committee shares the view that steps must be taken to deal with the disastrous patterns of inequality that the report recommended a significant expansion of estate duty to be implemented immediately given that estate duty is already an existing wealth tax.

Regrettably your front page article and editorial of 12 April 2018 do not clearly reflect the recommendations in the Davis Tax Committee's report on The Feasibility of a Wealth Tax in South Africa.

Regards

Judge Dennis Davis  
(Chairperson of the Davis Tax Committee)