



# THE NATIONAL BUDGET

## HOW DOES IT AFFECT YOURS?



### LET'S START WITH SOME GOOD NEWS.

For the third year in a row, there were no increases to Value-Added Tax (VAT) and no increases in the fuel levy and Road Accident Fund levy.



### BUT THERE IS SOME BAD NEWS TOO.

Income tax tables have not been adjusted for inflation. That means, if you get a salary increase this year, you might end up in a higher tax bracket.

### In other news



A massive **60%** of the Budget – **R3.7-trillion** – will be spent on the salaries for teachers, doctors and nurses, and social grants for the least fortunate.









**No** money was allocated to bail out Transnet, Eskom, or any other struggling State-Owned Enterprises.



Finance Minister Enoch Godongwana and National Treasury have decided to take **money out of SA's Gold and Foreign Exchange Contingency Reserve Account** for the first time in twenty years, in order to keep the country's debt under some kind of control.

### Taxes on alcohol and nicotine:

	Increase in duty
 Can of beer (340ml)	<b>14c</b>
 Bottle of fortified wine (750ml)	<b>47c</b>
 Spirits (whiskey, brandy -750ml)	<b>R5.53</b>
 Pack of 20 cigarettes	<b>97c</b>
 Cigars (23g)	<b>R9.51</b>
 Nicotine and non-nicotine solution electronic cigarettes/vaping	<b>14c per ml</b>

## And now... what about Two Pots?

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*The two-pot system ensures that we strike a balance between preserving contributions to safeguard a better retirement for members, while addressing the plight of the people to access some of their retirement funds to help ease their financial burdens in times of distress.*

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**Enoch Godongwana**  
SA Minister of Finance

On 20 February 2024, the National Assembly passed the Revenue Laws Amendment Bill (RLAB). The RLAB makes provision for the introduction of the two-pot system with effect from 1 September 2024.

The two-pot system means South Africans will be able to access one-third of their retirement savings throughout their career, while two-thirds will only become accessible on retirement. Members who were 55 or older on 1 March 2021 can choose whether they want to participate in this system.

The new proposal will mean that you will be able to make one withdrawal from your Fund savings in any 12-month period.

### **BUT:**

- That withdrawal may not be less than R2 000.
- You will be taxed on any amount you withdraw in cash.
- It will apply to your new savings, from the date of implementation.
- You must preserve your old savings, and two thirds of all your new savings.
- You will not have immediate access to your new savings! You will have to wait until you have R2000 in your new savings pot (i.e. R6000 in total saved from implementation date).

## Important to note: What still needs to happen?

- The two-pot system cannot be implemented before finalisation of the Pension Funds Amendment Bill, which was published on 30 January 2024.
- This bill provides for amendments to the Pension Funds Act that are necessary to enable retirement funds to appropriately implement the amendments that are required for the new system, specifically with regard to taxation.
- The Public hearings on the bill are set to take place on 12 March 2024.

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*A budget is telling your money where to go instead of wondering where it went.*

**John Maxwell**

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