



SOUTH AFRICA'S 2022 BUDGET IN A NUTSHELL

Finance Minister, Enoch Godongwana delivered his 2022 budget speech on the 23rd of February 2022. The focus was largely on fiscal sustainability, igniting growth and social protection for the poor, who are the hardest hit by the effects of the pandemic. Except for the usual rise in sin taxes, the budget has given stressed South Africans much-needed breathing space.

2021/2022

2022/2023

SOCIAL GRANTS



SIN TAX 2022



OLD MUTUAL EMPLOYEE GROUP IN SUPERFUND



LEGISLATIVE UPDATES

Two-pot retirement system

The Minister has given the green light to the proposed restructuring of the retirement system for individuals to allow for greater preservation and partial access to funds via the two-pot system. This will enable pre-retirement access to a portion of one's retirement assets, while ensuring that the remainder is preserved for retirement. Old Mutual SuperFund Pension Fund welcomes that the focus has changed to include improving retirement fund outcomes. More detail will need to be provided in the draft legislation that will be published for comment towards the middle of the year.

Provident fund annuitisation Additional proposals to protect vested rights and harmonise the regulatory regime

Government proposed that contributions to a pension fund before 1 March 2021 also receive tax-neutral transfer status. A further technical correction will be implemented to ensure that all public sector funds that operate as provident funds are subject to the same provident fund annuitisation regime as private provident funds.

REGULATION 28

The limit in respect of offshore investment for retirement funds has been lifted to 45% of total assets

STAY THE COURSE

The best time to focus on your financial planning is right now. While the budget speech may have brought some relief to SA, international events like Russia vs Ukraine and the impact of Covid-19 are still unsettling. It is important now more than ever not to make any sudden or drastic changes to your portfolio. Speak to your financial adviser to ensure you are making the right choices.

HOW DO THE PERSONAL INCOME TAX CHANGES AFFECT YOU?

The 2022 Budget provides tax relief by announcing an adjustment of personal income tax brackets and rebates in line with the expected inflation rate of 4.5 per cent. The amount an individual can earn before being required to pay tax for the tax year from 1 March 2022 to 28 February 2023 is adjusted as follows:



TAX THRESHOLDS	TAX YEAR: 2021/22	TAX YEAR: 2022/23
Below age 65	R87 300	R91 250
Age 65 to 74	R135 150	R141 250
Age 75 and over	R151 100	R157 900

The new tax rebates for individuals taxpayers are as follows:

TAX REBATES	TAX YEAR: 2021/22	TAX YEAR: 2022/23
Primary (all individuals)	R15 714	R16 425
Secondary (age 65 and over)	R8 613	R9 000
Age 75 and over	R2 871	R2 997