



FOSTER

WEALTH MANAGEMENT

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THE DEMISE OF THE PARALLEL UNIVERSE AND THE BIRTH OF MUCH HOPE

And so we watched the not very credible Minister of Finance, Malusi Gigaba, deliver the 2018 Budget Speech on Wednesday 21st February.

He announced very little that was unexpected. Two very refreshing statements that were unexpected, however, did manage to impress:

I can see clearly now; the (Zuma) reign is gone

Firstly, a clear message that the government fully understands that Tax Morality works both ways and that the Commissioner of SARS will from now on report to the Minister of Finance was communicated.

You will recall that the commissioner, Tom Moyane, had refused to report to Pravin Gordhan. In fact, legislation will be introduced to ensure that the commissioner reports to the Minister of Finance. Furthermore, a working committee is to be established specifically to weed out corrupt officials at SARS; to employ properly qualified people in top positions and to oversee a return to tax morality – a situation where the taxpayer is treated correctly but fairly and in which a refund due is a refund promptly paid.

Secondly, a clear message was sent that corruption at State Owned Enterprises is to be addressed and a public admission that the only way to solve the problems at the SOEs is to probably partially privatise them. This was an important message as it shows that the government, under Cyril Ramaphosa, understands the problem and is committed to solving the problems.

The SOEs, together with several other corrupt practices in other areas, were the main contributors to the so-called “hole” in our budget. Putting the SOEs back on a sound footing with credible, ethical and properly qualified leaders will go a long way to plugging the hole.

What needs to be done?

To solve the immediate crisis, we all have to pay an additional 1% in Value Added Tax, slightly more income tax and those estates that exceed R30 million will have to pay higher estate duties of 25% on that part of the estate, which exceeds R30 million – this was previously 20%.

We anticipate immediate changes to the cabinet to weed out corrupt cabinet ministers as well as in key positions, such as the Commissioner of SARS, and we are confident that those appointed will be credible and ethical leaders.

For these reasons we are hopeful! In the immediate future, we have to pay for the sins of Zuma, but we are anticipating a brighter future with improved growth prospects and consistent investment returns under new leadership.

Our long walk to freedom

In the meantime, walk with Cyril – figuratively and literally – if you can manage 6 kilometres and can get to the starting point at 5 a.m.!

Image source: lol.co.za

