

THE BURDEN OF TAX

by Peter Brown

It is a perennial complaint of most white South Africans that they pay for everything — that it is their taxes that pay not only for the white schools and the white hospitals, but for the black schools and the black hospitals, to say nothing of the roads and the railways and everything else that benefits black as much as white.

And of course it's true, white people do pay much more tax than black people. It would be surprising if they didn't. For has not the whole economic system, for generations, from the subtle legislative definitions of who is a "worker" entitled to trade union rights, to the crudities of job reservation, been designed to ensure that they earn more money than their black competitors? White taxpayers pay most of the taxes because they earn more. There is no other reason. But, proportionate to the amount of money they earn, most black taxpayers pay more tax than white taxpayers do. This is a state of affairs most white people don't ever talk about.

The extent to which the taxation system in South Africa is weighted in favour of its white voters is dramatically illustrated in a recent report compiled by the Research Assistant of the Natal Region of the S.A. Institute of Race Relations (Information Sheet 4/78).

The report states:—

TAX LEGISLATION

Whites, Indians and Coloureds are covered by the Income Tax Act No. 58 of 1962, while Africans fall under the Bantu Taxation Act No. 92 of 1969. The salient features of the Bantu Taxation Act are:

1. African taxpayers are not eligible for abatements as afforded to other population groups in respect of children, marriage, medical aid, insurance, old age or dependents. The only deductions allowed are for contributions towards the Unemployment Insurance Fund and compulsory pension or provident funds.
2. An African is taxed on his full income above R360 per annum, whilst the starting point for other groups varies according to eligibility for abatements.
3. Spouses are assessed separately. This separation is envied by non-African taxpayers and although it is one of the few advantages of the African tax structure, up to R750 of the white taxpayers wife's earnings are tax free.
4. Africans are obliged to pay more than one kind of tax, viz. a general tax, a fixed general tax (until recently), a tribal levy and a homeland government tax. During the 1976/77 financial year, 3 259 066 Africans paid R66,7 million in terms of the Bantu Taxation Act¹ (1975/76 — R49,7 million)².

(a) General Tax: is collected on a monthly basis, the

procedure being basically the same as the PAYE system for non-Africans. However, the percentage rates of tax are lower for blacks and the moneys deducted are remitted to the Bantu Affairs Commissioner.

- (b) Fixed General Tax: (Commonly known as Poll Tax/ Head Tax). Prior to April 1978, a fixed general tax of R2,50 per annum was payable by all African males of 18 years and older. Of the R49,7 million collected during 1975/6, R10 million came from this fixed tax.³
- (c) Tribal Levy: any tribe or community may apply to have this tax imposed. It is intended for the benefit of the community and is subject to approval by the Minister of Plural Relations and Development. Money collected from this tax is kept in trust by Bantu Affairs Commissioners, and is not forwarded to special revenue accounts like the general taxes. Tribal levy is not a permanent arrangement; it usually involves the payment of R1 — R5 for a period of 1—5 years, depending on the nature of the project for which the money is intended.
- (c) Homeland Government Tax: In terms of Proclamations of the Bantu Homelands Constitution Act of 1971, citizens are required to make annual payments towards homelands revenue. The KwaZulu tax is R3,00 p.a., which is paid directly to the homeland government by males and females over 18 years of age.

A COMPARISON OF THE TAXATION BURDEN OF TWO SIMILAR SOUTH AFRICAN FAMILIES — ONE BLACK AND ONE WHITE.

The circumstances relating to the two families for the tax year to 28th February 1979 are as follows:

INCOME:

Salary R6,000 p.a.

MARRIED:

Yes — wife occupied full time in the care and feeding of the children.

CHILDREN:

4 — one born during the year, the other three attending school.

1 Dr. Connie Mulder, Hansard 14, 1978 col. 764.

2 SAIRR: A Survey of Race Relations in South Africa, 1977, p. 309.

3 Ibid

DEPENDANTS:

An aged mother, incapacitated by old age, on whose maintenance at least R250 has been expended during the year.

MEDICAL AND INSURANCE:

Medical aid fund contributions and/or medical expenses R200 for the year.

Life cover on each man – premium R200 p.a.

RESIDENCE:

Black family – Chesterville, Natal.

White family – Glenwood, Durban, Natal.

TAX YEAR ENDING 28th FEBRUARY, 1979**CASE 1.**

	Black Family	White Family
Taxable Income – Salary	R6 000	R6 000
Less Abatements:	NIL ⁴	4 050
Primary		1 200
Children		
2 x R500		1 000
2 x R600		1 200
Additional – for child born during the year		200
Dependant		400
Less: R2,00 for every R10 by which taxable income exceeds R5 000 (6 000 – 5 000 = 1 000 ÷ 10 x 2)		(200)
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Taxable amount	R6 000	R1 950
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Tax Payable	R397	R185 ⁵

In this particular case, it is clear that the non-availability of abatements for the black taxpayer has given rise to a tax burden which is more than double that of the equivalent white taxpayer.

Using the same families as examples, it is now intended to draw a comparison of the taxation burden at successively lower levels of income.

CASE 2.

	Black Family	White Family
Taxable income	4 500	4 500
Less: abatements (as per case 1.)	NIL	4 250 ⁶
Taxable amount	4 500	250
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Tax payable	R219	R23 ⁷

4 In terms of the Bantu Taxation Act (1969) no abatements are available to Africans.

5 The 10% surcharge has been abolished for the 1979 tax year, and is therefore not included in this amount. The 10% loan levy has been ignored as this amount is refundable.

CASE 3.

	Black Family	White Family
Taxable income	2 500	2 500
Less: abatements	NIL	4 250
Taxable amount	2 500	NIL
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Tax payable	R55	NIL

CASE 4.

	Black Family	White Family
Taxable income	1 500	1 500
Less: abatements	NIL	4 250
Taxable amount	1 500	NIL
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Tax payable	R20	NIL

CASE 5.

Same details as for Case 1, except that with each family the wife has earned R2 000 of the R6 000 income during the year. The essential differences that arise in this case are that, to the African family's advantage, the spouses are assessed separately and to the white family's advantage the wife's earnings are reduced by (up to) R750.

	Black Family		White Family
	Husband	Wife	
Salary – husband	4 000		4 000
wife		2 000	2 000
			6 000
Less wife's earnings allowance (up to R750 of wife's earnings)...			(750)
Taxable income	4 000	2 000	5 250
Less abatements	NIL	NIL	4 200
Total (as per case 1.)			4 250
Less R2 for every R10 by which taxable income exceeds R5 000 (5 250 – 5 000 = 250 ÷ 10 x 2)			(50)
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Taxable amount	4 000	2 000	1 050
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	169	+ 35	
Tax payable	R204		R95

6 Abatements increase by R200 as the taxable income does not exceed R5,000. (Refer workings in Case 1.)

7 Excluding 10% surcharge, and 10% loan levy. (Refer footnote No. 5).

Apart from the different tax payments shown in the preceding case studies, one further consideration would be the amounts of taxpayers' money that is spent on education. The African families in these particular examples are not only paying more tax than the equivalent white families, but less is being spent on the education of their children.

To illustrate: both families have three schoolgoing children. Average expenditure for 1975-76 was R644,00 p.a. for white school children, and R41,80 for African school children.

Estimated per capita expenditure on school pupils:

3 White school children	3 x R644,00 =	R1 932,00
3 African school children	3 x R 41,80 =	R 125,40
		R1 806,60

Excess expenditure on education of 3 white school children over 3 African school children therefore amounts to R1 806,60.

The example of expenditure on school pupils does not purport to represent the entire spectrum of "who gets what" for their taxes. It is used simply to illustrate a further instance of discriminatory practice over and above the tax burden.

INCOME TAX: COMPARISON BETWEEN TAX PAYABLE BY AFRICANS AND NON-AFRICANS IN SOUTH AFRICA FOR THE TAX YEAR ENDING FEBRUARY 1979

Male	Income per Annum	Unmarried	Married No Children	One Child	Two Children	Three Children	Four Children
Non-African	1500	96	27	Nil	Nil	Nil	Nil
African		20	20	20	20	20	20
Non-African	1750	126	49	4	Nil	Nil	Nil
African		25	25	25	25	25	25
Non-African	2000	171	72	27	Nil	Nil	Nil
African		34	34	34	34	34	34
Non-African	2250	204	95	49	4	Nil	Nil
African		45	45	45	45	45	45
Non-African	2500	237	120	72	27	Nil	Nil
African		55	55	55	55	55	55
Non-African	2750	270	145	95	49	Nil	Nil
African		64	64	64	64	64	64
Non-African	3000	306	187	120	72	18	Nil
African		85	85	85	85	85	85
Non-African	4000	453	297	242	187	110	54
African		168	168	168	168	168	168
Non-African	5000	617	415	355	297	231	165
African		271	271	271	271	271	271
Non-African	6000	858	572	506	440	367	297
African		397	397	397	397	397	397
Non-African	7000	1145	761	679	602	519	440
African		538	538	538	538	538	538
Non-African	8000	1478	981	884	796	695	602
African		699	699	699	699	699	699
Non-African	9000	1815	1232	1122	1020	902	796
African		888	888	888	888	888	888
Non-African	10000	2145	1513	1392	1276	1144	1020
African		1107	1107	1107	1107	1107	1107
Non-African	11000	2497	1826	1694	1562	1416	1276
African		1346	1346	1346	1346	1346	1346

On this Income Tax table the blocks to the right of the heavy line indicate where black taxpayers pay more income tax than white taxpayers. As will be seen it is the poorest people with the largest families - in fact most black taxpayers. But the position is worse than that. The table shows that a black family with three or four children, with an income of R6000,00 per annum, pays more income tax than its white counterpart. But the example of such a family given earlier shows that the difference is much greater even than this table indicates.

What greater indictment of the abuse of the white monopoly of political power could one have than the one the figures in this report present?

It is something, I suppose, that now, nearly 70 years after the establishment of the Union of South Africa, the Department of Finance has at last indicated that it is investigating the introduction of a single integrated income tax system for all South Africans. But even if Africans are integrated into a non-discriminatory income tax system they will still be liable to pay other taxes which other groups don't pay. Nor is there any prospect of the gross discrepancy between what is paid on their social facilities and what is paid on white social facilities being eliminated soon. That will only happen when black people have an effective political voice at the centre of power. □