

## **Budget 2009 - The Good and The Bad**

This year's budget came with good news and bad news.

Perhaps the best of the lot was R13.6 billion in tax relief - one of the measures to help soften the blow of the economic crunch.

Under 65s who earn less than R54 200 per year will pay no taxes, as will those over 65 who earn less than R84 200.

Tax brackets have also been adjusted to keep pace with inflation.

Those with an annual taxable income below R150 000 will receive the bulk of the relief. The tax reductions for those under 65 range between 100% for those who earn R54 200 per year to 1.6% for those who earn R1mn.

For example, someone who earns R55 000 a year will this year pay 91% less tax. A person who earns R100 000 15.2% less and R500 000 per annum 3.6% less.

Finance Minister Trevor Manuel also doled out extra money to those who depend on social grants - a total of R13.2 billion over the next three years. He said the government would consider extending the child support grant to 18-year-olds.

From January this year, the grant was extended to 15-year-olds.

From April the old age, disability and care dependency grants will rise by R50 a month, the foster care grant to R680 and child support to R240 a month.

Other anti-poverty efforts include a further R4bn for the school nutrition programme, R4.1bn towards school and clinic infrastructure, R600 bn to help municipalities roll out free basic services and R1.8bn towards small-scale agriculture.

Over the next three years an additional R932mn will be allocated for the treatment and prevention of HIV and Aids and R3.7bn for building more houses.

Crime-fighting gets R5.4bn to hire more police officers, build more prisons, create an integrated fingerprint and DNA data base and improve detective capacity.

The bad news is that smokers and drinkers will once more pay for their sins after increases in the taxes that have become known by that same label.

A packet of cigarettes will cost 88c more, a 340ml can of beer 7c more and a 750ml bottle of spirits R3.21 more.

Motorists will also have to cough up more, with taxes on petrol and diesel set to rise by 40.5c and 41.5c a litre respectively. The road accident fund levy will also rise by 17.5c.

Manuel also proposed an environmental levy of R3 on incandescent lights to promote energy savings.