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Call for wealth tax and levy to help victims

Proposal for listed companies to donate 1% of their capital

By CHRIS BATEMAN AND SAPA
Cape Town

A wealth tax and a once-off levy on corporate and private income are among the TRC's recommendations.

It recommended that ways should be sought to compensate those who suffered under apartheid. Besides a wealth tax and a once-off levy, the TRC proposed that companies listed on the Johannesburg Stock Exchange make a 1% donation of their market capitalisation.

Other suggestions were a retrospective surcharge on corporate profits extending back to a specific date, a surcharge on golden handshakes given to senior public servants since 1990, and suspension of tax on all land occupied by previously disadvantaged communities.

The TRC referred to South Africa's massive foreign debt, which it said was the responsibility of the previous government. It called for reconsideration of repayment of capital and interest, which was a crippling burden on the fiscus.

The report called on the minister of finance to investigate whether the Sasria fund, contributed to by business during the apartheid years, could be used for reparations.

A suggested retrospective

surcharge on corporate profits would "entirely undermine" trust in the income tax system and be an "unqualified disaster", Anglo American's tax chief Marius van Blerck said yesterday.

He said a retrospective surcharge would be the first step on a "very slippery path downwards", adding: "I cannot think of a perspective from which it would be fine."

Expressing doubt as to how the recommendations fitted the TRC's mandate, Van Blerck said the Government "collected quite a few bob" with its Transition Levy in 1995 and 1996.

However, Christo Wiese, chairperson of Pepkor and the Industrial Development Corporation, believes the recommendations are "very much part of the TRC's mandate to further reconciliation".

"In principle, I have no difficulty with attempting in some way to perfect reconciliation by a one-off donation or contribution. But here's my qualification: all South Africans must agree that once such an action is taken, that's it - we close the book on the past."

Wiese said those who continually blamed the past for current shortcomings or failings were condemned to forfeit opportunities of the future.

Business had already shown

its willingness to go the extra mile, both through the National Business Initiative and unequalled black economic empowerment.

"Four years ago, blacks controlled 4% of the JSE and now they control 7-10% - something unrivalled anywhere in the world," he said.

Van Blerck said the 1995/6 levy for individuals was spread over two years and amounted to 5% of taxable income in excess of R50 000 in each year, with 3,33% in 1995 and the balance the following year. A corporate levy was charged in 1995 and was a flat 5% of taxable income in excess of R50 000.

Van Blerck said ad hoc wealth tax measures attacked the health of tax and economic systems and were always best done in a growing economy.

"Economic growth is the very best way to beat poverty. In the end, the tax system is and should be used for general services and to support the poor," Van Blerck added.

He said the negative effects of an ill-considered wealth tax could far outweigh the benefit of additional revenues.

■ The TRC did not propose a date on which the retrospective surcharge would be levied, nor give details of rates at which levies should be imposed.

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