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The Star

Jg. Nr. P. 18 Dat. 13 NOV 1997

How to tax the wealthy

The question of reparations for the victims of apartheid is a vexed one. A suggestion by Professor Sampie Terreblanche of a wealth tax is controversial and, we believe, not the right answer to achieve social justice. Nor do we have the administrative capability to gather it, as the 1987 Commission of Inquiry into the Tax Structure discovered. Canada's Carter Commission, Australia's Asprey Commission and the 1982 Irish Commission rejected a wealth tax. We should learn from them. A wealth tax could destroy confidence in South Africa as a place in which to invest without fear of unforeseen excessive taxation. Already the wealthy give 70% of the rands they earn to the government, for it to distribute as it wishes.

The idea of using the Sasria fund as proposed by the Afrikaanse Handelsinstituut (AHI) is the best so far. But this is not to redress wider socio-economic disparities, it is just to compensate individuals. This fund now totals R9-billion and was initially established to assuage mainly white fears of riots. It was paid by property owners and it is fitting that these privileged people's insurance fund now coughs up. They must have realised absurd privileges under an apartheid regime could not last.

Half the income generated by that fund currently would pay for reparations envisaged by the TRC. It would have no negative connotations for overseas investors; it would have sufficient reserves to pay even double the suggested levels of reparation; and, once the exercise was over, the fund would still be there, intact, for whatever use, whether to pay foreign debt or build houses.

To redress wider inequalities, companies should set targets for reducing the gap between highest and lowest paid. That would be a real start. Already the government is forced by the constitution to redress imbalances by directing resources to traditionally disadvantaged areas. It is time for business to come to the party by setting real goals for a preferred wage gap.

TREFWOORDE

- 1 *Redaksie*
- 2 *Vereniging*
- 3 *Terreblanche S.P.*
- 4 *versteek*
- 5 *klastering*
- 6 *Ryldom*
- 7 *AHI*
- 8 *Sasria*
- 9 *Skagoppers*
- 10 *Republiek*
Centraal