

VAT panel will not review fuel price hikes: Treasury

National Treasury has clarified that the mandate of the Independent Panel of Experts appointed to review the current list of zero-rated items has not been expanded to look at the impact of fuel hikes.



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“National Treasury has noted media reports that Cabinet has expanded the mandate of the Independent Panel of Experts appointed to review the current list of zero-rated items to include the impact of fuel hikes. This is not true,” said Treasury on Thursday.

Treasury said the statement on the Cabinet meeting held this week, did not make such a reference.

“It merely assures South Africans that government is making an effort to alleviate the challenges faced by poor communities. In that context, it quotes the appointment by National Treasury of the independent panel of experts to review the list of zero-rated items as an example of the measures aimed at alleviating the challenges faced by poor communities.”

Treasury said the mandate of the panel has not been expanded to include the impact of fuel hikes.

In its statement Cabinet said it had noted the recent fuel increase which saw the fuel price rocket to R16.02 a litre of 95

ULP inland. The July increase follows from another price increase in the past month.

Cabinet said the cyclical currency changes, which result in price fluctuations, have impacted negatively on the consumers, particularly the poor.

“The rise in petrol prices directly affects transport costs, food prices particularly the cost of staple food and medicine. Cabinet assures South Africans that government is making an effort to alleviate the challenges faced by poor communities. National Treasury has appointed a nine-member panel of experts to review the current list of Value-Added Tax (VAT) zero-rated items currently consisting of 19 basic food items,” said Cabinet in its statement.

In April, Treasury announced the appointment of the team that will review the current list of VAT zero-rated products.

This follows on Minister Nene’s 29 March announcement to appoint an independent panel of experts - under the Davis Tax Committee - to review Value Added Tax (VAT) zero-rated items following the 1% VAT increase to 15%.

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