

Positive budget welcome news for homeowners and consumers

By  Samuel Seeff

24 Feb 2021

Finance minister Tito Mboweni presented a "positive budget" under challenging circumstances, perhaps the most challenging over the last 27 years. We welcome the focus on economic recovery, relief for households, vaccinations and the various reforms proposed, including in corporate tax, the public sector wage bill and state-owned enterprises.



Samuel Seeff, chairman of the Seeff Property Group

We are delighted that instead of facing tax hikes, Treasury is providing tax relief in the form of a 5% adjustment in the personal income tax brackets which should bring relief for low- to middle-income earners especially.

A missed opportunity is perhaps that transfer duty, including the R1m exemption threshold remains unchanged. Some relief here, especially at the higher end where transfer duty was increased three years ago could have gone a long way in driving higher sales in the property market and in turn higher transfer duty revenue and economic contribution.

While capital gains tax and VAT remain unchanged, consumers and household budgets will need to absorb increases such as the 15.63% electricity hike from 1 April along with a 26c per litre increase in the fuel levy which will affect their cost of living and eat into household budgets and will offset some of the personal tax savings provided.

Job creation

Other positive aspects of the budget include the significant focus on job creation with an overall allocation of nearly R100bn which includes an infrastructure budget as well as short-term job creation initiatives across various departments. The increases in the pensions and social grants are also welcome news for the economy.

The minister further noted that South Africa's economy is expected to rebound by 3.3% following a 7.2% contraction in 2020. Global growth is expected at 5.5%, spurred by vaccine roll-outs, China at 8.1%, India at 11.5% and SADC at 3.2%.

Given that the latest inflation rate of 3.2% as at January is still well within the Reserve Bank's target range, the outlook for the interest rate remains positive and property buyers can still take advantage of the five-decade low borrowing costs.

It remains one of the best times ever to buy property and we expect the market outlook to remain positive based on current conditions. As we have seen over the last year, the bulk of the activity will be below R1.5m and up to R3m in the high-end areas.

The bank lending climate remains favourable for qualifying homebuyers but sellers on the other hand will need to continue pricing competitively.

ABOUT SAMUEL SEEFF

Samuel Seeff is chairman of the Seeff Group.

- #BudgetSpeech2024: Finance Minister urged to keep personal and property taxes unchanged - 20 Feb 2024
- Property market now favours buyers in most areas - 3 Jul 2023
- Is it still a good time to sell your property? - 18 Apr 2023

- How the latest interest rate hike will affect your bond repayment - 27 Jan 2023
- Property outlook positive into 2023 despite rate hikes - 6 Dec 2022

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>