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Research on the tax burden of individual taxpayers a worldwide first

By Department of Taxation

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Theuns Steyn of the Department of Taxation presented a paper at the Tax Research Network 2012 Conference in London during September 2012 with the title Developing a conceptual framework for evaluating the tax burden of individual taxpayers in South Africa.

The paper deals with the findings of research on the tax burden of individual taxpayers, which is a highly controversial issue that frequently arises as a topic of discussion not only in South Africa, but also in a number of other countries around the world. Studies and debates around the tax burden are often contradictory. To a large extent, this can be attributed to the lack of a comprehensive basis from which the tax burden of individual taxpayers in South Africa can be evaluated, especially from individual taxpayers' point of view. Hence, there is a need in South Africa for a conceptual framework for evaluating the tax burden of individual taxpayers. This should be done not only objectively, in terms of the taxes imposed by government on individual taxpayers, but also subjectively, in terms of how these taxpayers perceive the tax burden. The main objective of the research was to develop a conceptual framework for evaluating the tax burden of individual taxpayers in South Africa.

In South Africa, it is very important for policy-makers to base their formulation of fiscal policies on scientifically researched information that includes important aspects such as how the tax burden is perceived by the individual as a taxpayer. They have to be sensitive to the fact that any changes to the fiscal policy may have a considerable impact on individuals as taxpayers in this country. Conversely, resistance from such taxpayers could have a critical effect on the South African economy, especially because at present only a very small proportion of the total population in South Africa contributes to the revenue pool: any reduction of this pool has a significant impact on the economy as a whole.

The framework developed from this study is not only a first for South Africa, but also internationally. Such a detailed framework is not available to policymakers in other countries. It will also have economic and social development impacts, as the framework developed from the study does not only provide a consistent basis from which the tax burden of individual taxpayers can be objectively evaluated, but also provides a consistent basis for evaluating the tax burden as it is subjectively perceived by the households of individual taxpayers in South Africa. Households experience their tax burden in a real-life context.

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