

# VAT

**is a public issue.  
Take a public stand.**

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**The government has bungled  
the introduction of VAT —  
this is acknowledged by all.**

**But is it just another  
national disaster, or can we  
do something about it?**

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# Take VAT into your own hands!

## ■ THERE'S PLENTY THAT CAN BE DONE NOW

Although VAT is now part of daily life, it can be changed. Tax laws are changed all the time in the normal course of events. Public opinion and public action can change VAT.

But the public must act. The government's record of disastrous financial management is costing us all — remember Mossgas? remember Inkathagate? It cannot go on. It is our democratic right and duty to press for changes that will make VAT serve the country. VAT enters every home in the country — it should be debated and managed as a public issue.

We have already seen the value of action. There is overwhelming support for our demands to change VAT. That's why the government was forced to amend the VAT system twice in the few weeks before implementation.

## ■ WHAT IS VAT?

VAT replaces GST. Businesses who sell products and services collect the tax as part of the price and pay the tax to the government.

But VAT is being charged on a great number of things which were free of GST — VAT is the first tax ever to be imposed on the necessities of life like basic foodstuffs, water, electricity and most medical services. This is different from most countries which use the VAT system.

## ■ HOW WILL VAT AFFECT YOU?

The cost of living will increase by a minimum of 3%-5%. Because basic essentials are being taxed, this increase will hit the poor much harder.

VAT will be abused by some shops and businesses to increase prices. On just the first day of VAT, 180 complaints were made to Vatwatch about price abuses.

Small businesses — most of which are black-owned — are discriminated against by VAT. The cost and complications of administering VAT will be too much of a burden for some; in other cases, small businesses will not be able to claim the benefits of VAT which are available to big businesses.



## ■ WHERE DID THE GOVERNMENT GO WRONG?

VAT might have been a better tax than GST. But the government has bungled it.

- The government's priority was to push VAT through before other parties in the negotiating process could have a hand in it.
- The government failed to consider VAT's devastating impact on the poor, and has provided nothing in the way of poverty relief.
- The government assumed that because VAT has worked in other countries it would automatically work here. But our economy is vastly different from Western countries, and the government failed to adapt VAT accordingly.
- The government has no evidence to support their arguments on VAT. For example, they could not tell the Co-ordinating Committee on VAT how they calculated the petrol price increase, or give concrete examples of how the cost benefits of VAT will reach the consumer.
- The government is relying on the goodwill of businesses to pass on the cost-savings in VAT to the consumer. It has failed to create the system or the laws to ensure this.

The whole messy introduction of VAT is just another example of the government getting it wrong again. They did not foresee the impact on the poor because they don't really care. They are allowing the rich to benefit by taking money away from the poor. It is estimated that business will gain an extra R6-billion on their capital goods. Ordinary people will subsidise this by paying VAT to the tune of R4-billion.

The government is resisting all attempts at an open public debate on this very public issue.

And it is completely insensitive to the fact that the VAT controversy is a threat to the entire negotiation process.

## ■ A DEMOCRATIC OPPORTUNITY

People across the spectrum in SA are united in their opposition to VAT — workers, the poor, pensioners, doctors, small business people, etc.



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Over 100 trade unions, civics, welfare organisations, consumer and political organisations are united on this matter, and have formed the Co-ordinating Committee on VAT. This unity, and the success so far, proves two things:

- The public as a whole reject VAT. It is not a 'party' political issue. It is the stubbornness of the government versus the public at large.
- Co-ordinated, peaceful public resistance can make an impact on government policy.

### ■ OUR VIEW OF THE CRISIS

The people and organisations involved in the VAT Co-ordinating Committee have made every effort to resolve the VAT issue by negotiation.

However, negotiations have deadlocked. The time has now come for much greater public pressure from South Africans from all walks of life.

Organisations in the Co-ordinating Committee have lobbied, petitioned, marched and picketed. They are now planning further action appropriate to their constituencies:

- **Small businesses** are planning a letter-writing campaign to the State President.
- **Doctor organisations** are calling on patients not to pay VAT, while some plan to refuse to charge their patients VAT.
- **Trade unions** are preparing for a national general strike in the first week of November.

### ■ MAKE YOUR VOICE HEARD

Individuals can make a difference:

- Write letters to newspapers ... write letters to the State President, Union Buildings, Private Bag X 1000, Pretoria 0001 ... sign one of the many petitions going around ... participate in the peaceful pickets, marches and demonstrations ... urge your employers to take a stand against VAT.

Let us use this opportunity to show the government that they must enter into bona fide negotiations to solve the problems with VAT — or face sustained public opposition.

## What are our demands?

- **No VAT on:**  
Basic foods  
Water  
Electricity  
Medicines and medical services
- **Poverty relief programmes for those who are most affected by the cost of living increases caused by VAT.**
- **Special provisions for small businesses so that they are not discriminated against through VAT.**
- **Stronger laws and other safeguards to prevent VAT-related abuses such as over-pricing etc.**

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