

<b>MEDIA RELEASE</b>	<b>PSA cautions on Amendment Bill on tax relief for lower-income workers</b>
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<b>EMBARGO</b>	None
<b>ENQUIRIES</b>	communication@psa.co.za

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The Public Servants Association (PSA) calls on President Cyril Ramaphosa not to assent to the *Draft Bill* on the amendment of tax benefits for lower-income workers.

In 2006, Government took a decision not to tax bursaries that were granted to employees whose relatives wanted to study. Over the years, the earning thresholds were increased to allow for more employees to qualify for this non-taxable benefit. Government now seeks to amend this tax benefit, effectively meaning that employers will now with effect from 1 March 2021 have to tax employees who receive this benefit. The tax-benefit amendment will severely impact the financial circumstances of thousands of families and strain their ability to fund their dependants' education, which is especially significant in a post-COVID-19 economy.

During the Public Service wage negotiations in 2018, the PSA tabled a demand that Government should, like many other employers, provide bursaries for the children of lower income level public servants. Government, at the time, indicated that this was not affordable. The Public Service Coordinating Bargaining Council (PSCBC) where negotiations between Government as employer and labour representing those employees take place, has been dealing with the issue of bursaries since 2015. The matter has, however, still not been finalised at PSCBC level. In addition, Government has still not implemented the 2020-salary increases for public servants, which further strains these employees' ability to provide their children with a decent education

The PSA calls upon President Ramaphosa to seriously reconsider any amendments to the tax legislation that will affect employees' ability to save for their children's education. In addition, there will be a vast ripple effect, with future generations of learners not being able to afford a decent education and obtain qualifications in support of careers and boosting the economy as empowered workers.

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