

MEDIA RELEASE: PSA extremely disappointed with the passing of the 2025 budget, which will cause more burden on the poor and the vulnerable

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EMBARGO: None

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The Public Servants Association (PSA) Union is extremely disappointed with the recently passed 2025 Budget, which includes a controversial proposed increase in Value Added Tax (VAT). This decision, made without adequate consultation with key stakeholders, will have severe repercussions for the working class and vulnerable communities across South Africa.

The government demonstrated a lack of consideration towards poor and struggling South Africans owing to increasing living costs. The same government deliberately omitted adjusting the tax table since 2023, which is like stealing from the poor working class. Failure to adjust tax tables pushed workers into higher tax brackets, thus wiping the minimal salary increases received; hence did not gain any purchasing power. Such a move reduces their disposal income, making it more difficult to cover living expenses and save for the future.

Any tax increase will never be supported by the PSA, especially without adjustment of tax tables, noting that SARS recently announced that they exceeded their target and collected a whopping R8,8bn. The same SARS announced that more than R100 billion could be collected from over 100 000 people who are earning over R1m and not paying tax. This is over and above the illicit money flow, which is estimated that South Africa is losing about R92 billion on an annual basis.

The PSA calls for efficiency, which can be achieved through the proper allocation of resources, instead of the obsession to get rid of public servants who are 55 years and older. The Minister of Finance must stop stealing from South Africans and immediately adjust the tax table to ensure which will result in instant relief for many struggling citizens. Further, the National Treasury must work with SARS to implement a plan to address the 100 000 people who are not paying tax while diligently considering the problem of illicit money flow, and where necessary, must partner with international experts.

The PSA believes that if there is political will, the government can collect more than R200 billion and eradicate the corruption tap, which costs the country around R27bn annually. Considering the above, the approval of this budget with a VAT increase and even for the coming years, is illogical and tantamount to robbery. There is thus rationality for those considering litigation against this inconsiderate and reckless decision to pass the budget that is anti-working class and condemns the poor and vulnerable to abject poverty. The PSA is also extremely concerned that Government has a clear plan on how to reduce unemployment, improve our dilapidating infrastructure and improve growth in our economy.

The PSA Union remains committed to protecting the rights and interests of public servants and advocating for policies that promote social justice and economic equality.

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