Pragmatic moves but missed opportunities

By Andrew Golding

23 Feb 2024

While there were thankfully no real surprises or major tax increases that ensued from the National Budget, from a housing market perspective, it is regrettable that it did not seize the opportunity to extend the solar rooftop tax incentive for residential properties, as this expires at the end of this month (February 2024).

Source: Pexels

This would otherwise have enabled households who invested in solar panels to continue receiving 25% of their solar spend back as a tax credit.

Apart from hoping for an extension of this incentive, it would have been beneficial to homeowners if it had included additional costs such as generators, invertors, batteries – plus those used for security purposes – among others.

While the business incentive for solar panels will run until 2025, homeowners who are beset with the soaring costs of electricity, fuel and food, among others, as well as dealing with ongoing load shedding, would have benefited from a much-needed extension amid the country's energy crisis.

Consumers are also faced with an increase in the carbon fuel levy to 11c per litre for petrol and 14c per litre for diesel, which impacts not only on transport costs across the board, but is inflationary in itself.

This is coupled with the fact that individuals have to contend with bracket creep, which regrettably for some, may mean that inflation-related wage increases will see their personal income possibly pushed into a higher tax bracket. Fortunately, the general fuel levy will not increase in the 2024/2025 Budget.

Given the minister's imperative to derive increased income, while disappointing, it was anticipated that there would be no further relief on transfer duty on residential property transactions in this year's Budget – a factor which impacts first-time home buyers wanting to acquire their own homes.

Key drivers for economic growth

Currently, properties below R1.1m avoid any transfer-duty payments, and according to recent Lightstone statistics, the bulk of first-time buyers look to purchase in the R700,000 to R1.5m price bands.

Of critical importance is that we begin to see significant investment in infrastructure start to take effect, which will boost market sentiment – which includes the property market - and help create a favourable and investor-friendly environment in which to conduct business – thereby increasing job creation and fuelling the economy.

In this regard, it is encouraging to note the government's intention to foster Public Private Partnerships (PPPs), notably regarding financial- and technical support in the logistics sector, namely rail and ports, among others.

Support for those impacted by floods and other climate-change factors via the Climate Change Response Fund is also to be welcomed.

Most importantly, the Budget – despite some disappointments in terms of a lack of concrete measures to boost economic growth – managed to plug the revenue gap without adding significantly to the financial squeeze already endured by households.

It may not have been overly surprising or exciting but it was a solid, no-nonsense budget which one may be thankful for in an important election year.

ABOUT ANDREW GOLDING

Andrew Golding is the chief executive of the Pam Golding Property group.