

Quarter 9 (28 February-22 May 2005)

Background

This report deals with data collected during the period from 28 February to 22 May 2005. During this time, a total of 940 respondents were interviewed. The discussion that follows, reports on the data after it has been appropriately weighted to represent the adult population of South Africa.

The male: female ratio was 46:54. A total of 76% of the respondents were African/Black, 9% were Coloured, 12% were White and 3% were Asian. In terms of age distribution, 23% were 18-24 years, 26% were 25-34, 28% were 35-49 years, 14% were 50-64 years and a further 8% was 65 years and above. Almost two-fifths (39%) were interviewed in rural areas, 38% in metro areas, and 23% in small urban areas.

Perceived reasons for tax collection by the Government

Respondents were asked for reasons why they think government collects taxes. This was one of the open-ended questions, which was meant to elicit and accommodate various thoughts and opinions mentioned by the respondents. The verbatim responses were coded by themes into different categories. The table below shows the top seven, which were the most frequently mentioned:

Table 1: Perceived reasons for tax collection by Government

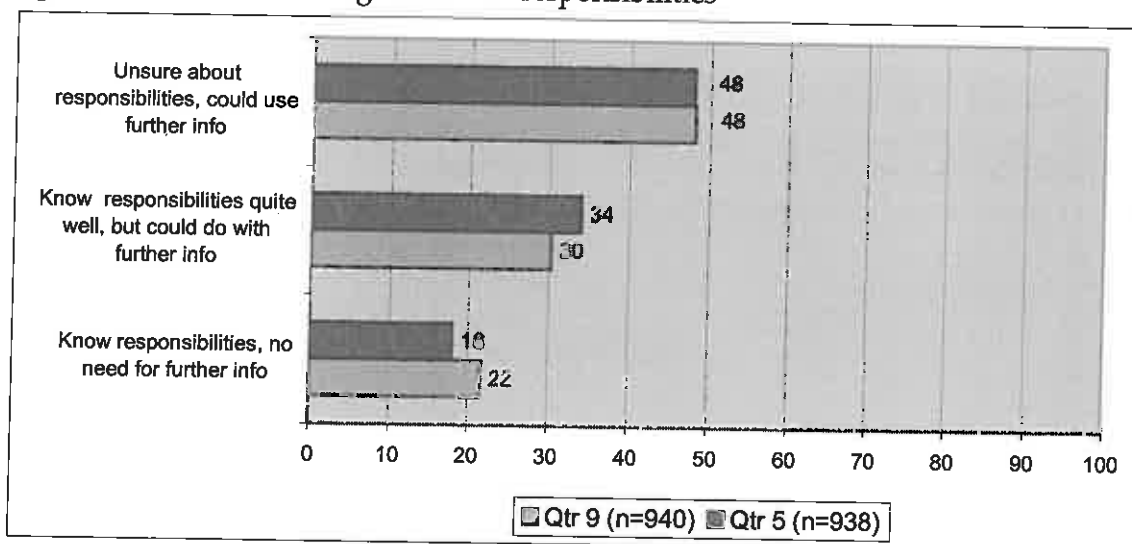
	Quarter 9 N= 940	Quarter 5 N=938
Welfare/social grants	41%	37%
Community/basic services	31%	34%
Paying civil servants	16%	17%
Don't know/not sure	16%	15%
Public services provision/funding	15%	14%
Housing for the people	7%	6%
To run the country	6%	7%
Poverty alleviation	6%	5%

A very large proportion of about 41% indicated that funds generated through collection of taxes are used to fund social grants and welfare. It should be noted that this included amongst the responses: old age pension, child support grants, social grants for the disabled, increase social grants, provide grants for the poor and for the welfare for the poor. Nearly a third (31%) believed that government collects tax to fund the provision of basic services. This was followed by just over one sixth (16%) of respondents who indicated that income generated through tax collection is used for payment of civil servants' salaries. A further

16% did not know or were unsure of the reasons why the government collects tax. About 15% of the respondents stated that it is used for provision of public services. About 7% said funds are used for provision of housing. An equal proportion (6%) of respondents either said tax money was to run the country or for poverty alleviation.

In general, this spectrum of responses indicates that respondents did have a basic understanding of why the government collects tax and the need for it. When comparing results of the two above-mentioned quarters, it can be noted that there is not much difference in terms of the general distribution of the responses. However, there was a very slight increase (1%) in the 'don't know/unsure' category. Respondents with no or low levels of education, low LSM and those in rural areas were the most likely to be unsure or not knowledgeable about this issue. People with 'no schooling' were also likely (50%) to be uncertain about reasons for the collection of tax, with just over a quarter (28%) of these having obtained 'primary schooling'. Relatively large proportions of people living in the Free State (37%), Limpopo (30%), KwaZulu-Natal (28%) and North West (25%) were uncertain about reasons for taxation. This was also the case amongst those of LSM 1-3 (30%), with no income (21%), African/Black (21%), from rural areas (27%), especially rural women (27%), older respondents (65+ years at 27%) and those who hardly followed government activities (25%). Therefore, although people have a general understanding of the taxation reasons, some categories of the population are still in need of further education.

Figure 1: Level of knowledge about tax responsibilities



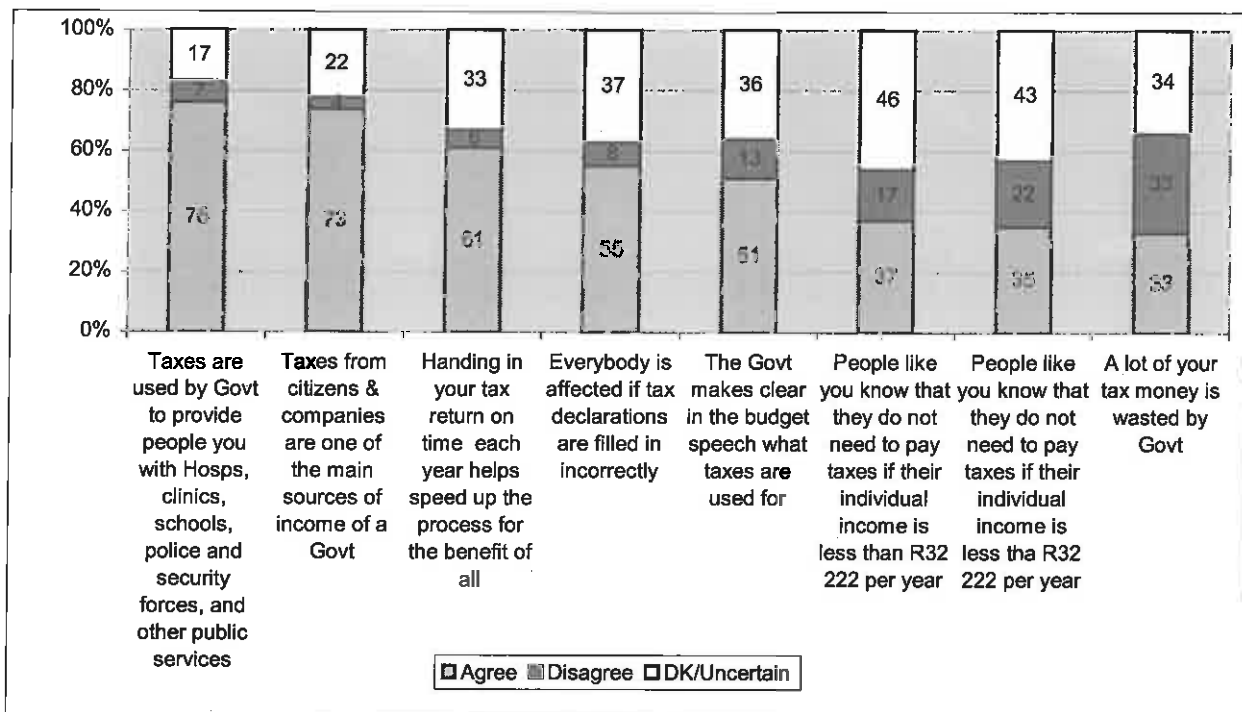
Respondents were asked to rate level of awareness of their responsibilities regarding taxes. The above graphic representation indicates that a very large proportion (48%) of the respondents were unsure of their tax responsibilities. Unchanged levels of uncertainty when comparing the two above-mentioned quarters' implies a need for further education. Encouragingly, the number of respondents who were confident that they knew their responsibilities and felt they did not need any further information increased to 22% (as compared to 18% in quarter 5). Similarly, those who felt they were aware of their responsibilities but could do with further information shrunk to 30%.

Table 2: Level of knowledge about tax responsibilities by province

Province	I know my responsibilities very well and I need no further info	I know my responsibilities quite well, but could use further info	I am unsure about my responsibilities and could use further info	Total
Western Cape	46.6%	27.2%	26.2%	100%
Gauteng	31.5%	40.3%	28.2%	100%
Mpumalanga	27.4%	30.6%	41.9%	100%
Free State	24.1%	25.1%	51.7%	100%
KwaZulu-Natal	17.6%	20.2%	62.2%	100%
North West	12.8%	28.2%	59.0%	100%
Northern Cape	11.1%	55.6%	33.3%	100%
Limpopo	4.2%	33.7%	62.1%	100%
Total	21.6%	30.3%	48.1%	100%

The proportions of people who were confident that they knew their tax responsibilities very well, were largely from Western Cape (47%) and Gauteng (32%). In contrast, KwaZulu-Natal (62%), Limpopo, (62%) and North West (59%) had the largest proportions of people who felt that they were unsure of their responsibilities in terms of taxes. In general, it is evident that many of the respondents had a basic knowledge of their responsibilities; however they admitted that they felt a need for further education. In the light of educational campaigns being rolled out, the movement from “unsure of my responsibilities” to “know my responsibility” could be interpreted as a positive indicator. Significant differences between the race groups were found with the majority of the Africans (59%), followed by the Coloureds (28%) stating that they were unsure of their tax responsibilities.

Figure 2: Knowledge of tax responsibilities



Respondents were presented with a scale to indicate whether they 'agree', 'disagree' or were 'uncertain/ don't know' with the statement that the *Government uses taxes to provide people with Hospitals, clinics, schools, the police and security forces, and other public services*. The majority of the people responded affirmatively (76%), with just under a tenth disagreeing with the statement.

Similarly, a very a large proportion of the respondents (73%) responded positively to the statement that *'taxes from citizens and companies are the main source of income of a Government'* with only 4% refuting the statement. Likewise, about 61% of the respondents believed that *submitting tax returns on time help speed up the process*, with just a third (33%) stating that they 'didn't know' or were 'uncertain' about this issue. The uncertainty levels regarding this question were highest in Limpopo (58%).

More than half (55%) of the respondents agreed that *'everybody is affected if tax declarations are incorrectly filled in'*. When profiling those who stated that they 'didn't know or uncertain', the provinces with the most people who were uncertain were Mpumalanga (59%) and Limpopo (58%).

Just over half (51%) of the respondents felt that *the government makes clear in the budget speech what taxes are used for*. However, just over a tenth (13%) of the respondents disagreed, with slightly more than a third (36%) of the respondents being uncertain. Likewise, provinces with a majority of respondents stating that they were unsure of whether the government makes it clear what the tax money is used for, were in Limpopo, KwaZulu-Natal and Eastern Cape.

Conversely, only just more than a third (36%) of the respondents agreed with the statement that *they know that people like them do not need to pay tax if their individual income is less than R32*

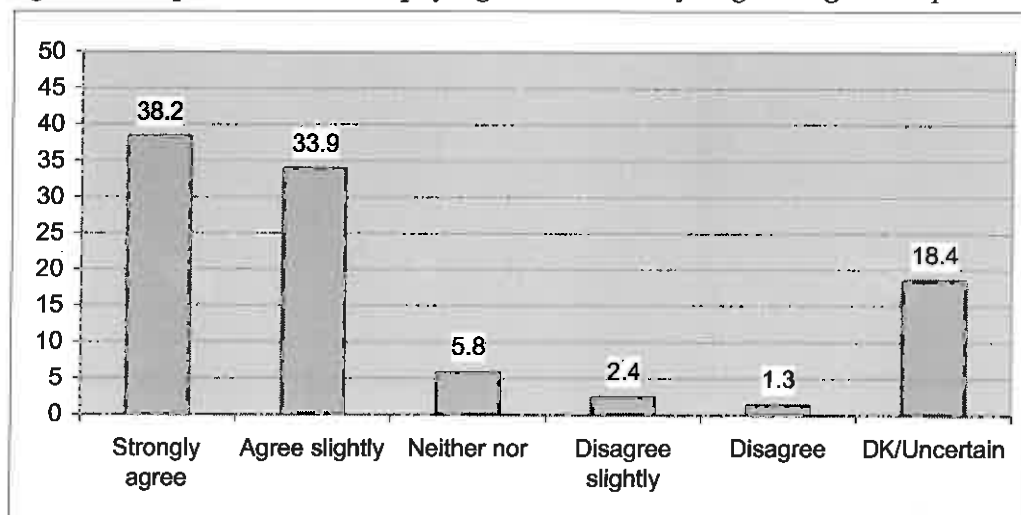
222 per year, with nearly half (46%) of the respondents being uncertain. The majority of respondents making up the 17% of the respondents who disagreed were largely Africans and the province with the largest proportion holding this sentiment was North West. The levels of uncertainty regarding this statement were high, the majority of the uncertain respondents being African and residing in rural areas.

When respondents were asked to indicate whether they agree or disagree with the statement that “people like you know that individual tax registration starts at an annual income of 60 000, again, only just over the third (35%) of the respondents agreed, with nearly a quarter (22%) of them saying they “disagree”. The uncertainty levels were also high, at 43%.

Regarding the statement whether they believe that “a lot of tax money is wasted by Government, there was an almost equal three-way split between those who ‘agreed’, those who ‘disagreed’ and those indicating that they were ‘uncertain’ or ‘didn’t know’. The province with highest proportions of people who were of the opinion that a lot of tax money is wasted by Government was Western Cape (66%), where only 33% disagreed, and a further 18% saying they were unsure. **[Check these figures]**

Statement 1: ‘People who cheat on paying taxes are likely to get caught and punished’.

Figure 3: People who cheat on paying taxes are likely to get caught and punished



About 7 out of every 10 respondents (72%) responded positively to different degrees to this statement. About 38% of the respondents ‘strongly agreed’ that people who cheat on paying taxes are likely to get caught and punished, whilst a further 40% ‘slightly agreed’. Levels of agreement were highest in Western Cape (87%), Eastern Cape (85%), and Gauteng at 82%.

Table 3: People who cheat on paying taxes are likely to get caught and punished by province

Province	WC	EC	NC	GP	NW	MP	FS	KZN	LP	Total
Strongly agree	54.4	54.1	16.7	43.1	24.4	35.5	31.0	38.2	11.5	38.3
Agree slightly	33.0	31.1	66.7	38.9	39.7	37.1	37.9	18.6	41.7	33.9
Neither nor	3.9	6.6	.0	6.9	12.8	3.2	5.2	5.3	1.0	5.6
Disagree slightly	1.0	.0	.0	2.3	6.4	1.6	5.2	1.6	4.2	2.3
Disagree	.0	.0	.0	2.8	.0	.0	1.7	1.1	4.2	1.4
DK/Uncertain	7.8	8.2	16.7	6.0	16.7	22.6	19.0	35.1	37.5	18.5
Total	100	100	100	100	100	100	100	100	100	100

About 82% of the respondents in small urban areas, 80% in metro areas and 59% in rural areas were in agreement with the statement. Nearly a third (32.2%) of the respondents in rural areas was unsure or did not know about the issue.

Table 4 : People who cheat on paying taxes are likely to get caught and punished by area

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/Uncertain	Total
Metro	44.8	34.8	7.8	2.5	2.2	7.8	100
Small Urban	45.5	36.5	3.8	1.9	.0	12.3	100
Rural	27.6	31.4	5.1	2.7	1.1	32.2	100
Total	38.2	33.8	5.9	2.4	1.3	18.4	100

In general, a large number of respondents from all race groups indicated support for the statement. Most Asian (90%) and coloured (88%) respondents were in agreement with the statement. Just over one fifth (23%) of African/Black respondents indicated that they were unsure about this issue.

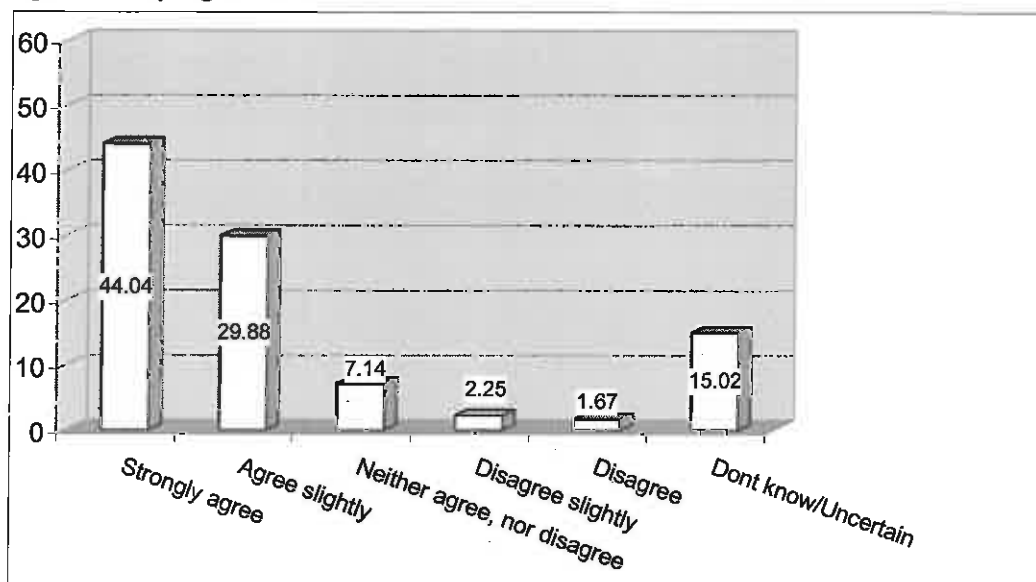
Table 5: People who cheat on paying taxes are likely to get caught and punished, by race

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/Uncertain	Total
African/Black	34.7	33.2	6.0	2.6	.8	22.6	100
Coloured	55.8	32.6	4.7	1.2	1.2	4.7	100
White	42.3	39.6	6.3	2.7	3.6	5.4	100
Asian	59.3	29.6	.0	.0	3.7	7.4	100
Total	38.3	33.8	5.7	2.4	1.3	18.5	100

It is also evident that in general the more affluent segments of the population, i.e. those who pay the most taxes, those with higher education and those regularly following government activities were generally of the opinion that people who cheat on paying taxes are likely to get caught and punished.

Statement 2: 'Paying taxes on time would benefit all South Africans'

Figure 4: Paying taxes on time would benefit all South Africans



A large majority of about 74% of the respondents believed that paying taxes on time would benefit all South Africans. That comprised of about 44% who 'strongly agreed' and nearly a third (30%) who said they 'slightly agree'. Levels of agreement were highest in Northern Cape (95%), Western Cape (86%), Eastern Cape (85%), Gauteng and North West (81%).

Table 6: Paying taxes on time would benefit all South Africans by province

Province	WC	EC	NC	GP	NW	MP	FS	KZN	LP	Total
Strongly agree	54.4	47.9	27.8	55.3	43.0	36.1	46.6	42.0	14.7	44.1
Agree slightly	32.0	37.2	66.7	25.6	36.7	24.6	29.3	19.1	41.1	30.0
Neither nor	3.9	6.6	.0	3.3	11.4	18.0	8.6	11.2	2.1	7.1
Disagree slightly	1.9	2.5	.0	6.0	2.5	.0	.0	.5	.0	2.2
Disagree	.0	.0	.0	2.3	.0	3.3	.0	3.7	1.1	1.6
DK/Uncertain	7.8	5.8	5.6	7.4	6.3	18.0	15.5	23.4	41.1	14.9
Total	100	100	100	100	100	100	100	100	100	100

Only 15% of respondents were unsure, and the uncertainty levels were highest in Limpopo (41%). It is also evident that the uncertainty levels were higher amongst respondents in rural areas (23%).

Table 7 : Paying taxes on time would benefit all South Africans by area

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/Uncertain	Total
Metro	50.4	28.1	5.0	4.5	2.2	9.7	100
Small Urban	51.9	31.6	4.2	.9	1.4	9.9	100
Rural	33.3	30.6	10.8	.8	1.4	23.0	100
Total	44.0	29.9	7.1	2.2	1.7	15.0	100

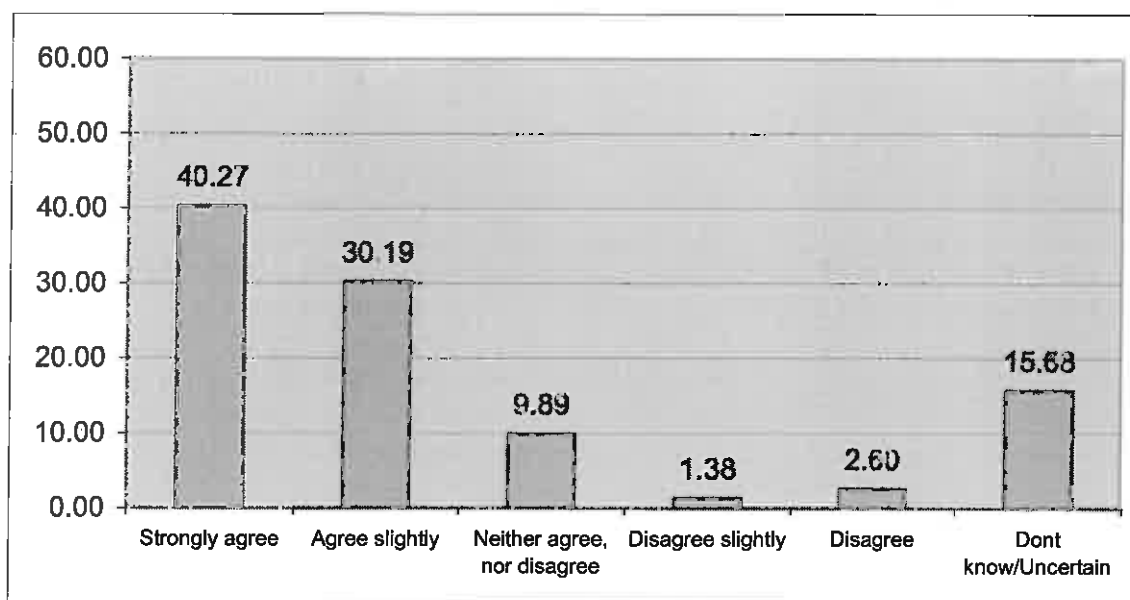
In general, most of the respondents from different race groups were of the opinion that paying taxes on time would benefit all South Africans. Africans/Blacks appeared to be the most uncertain or the least informed (23%) about this issue.

Table 8: Paying taxes on time would benefit all South Africans by race

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/ Uncertain	Total
African/Black	42.2	31.0	6.9	1.3	1.1	17.6	100
Coloured	57.6	25.9	5.9	1.2	2.4	7.1	100
White	44.6	28.6	10.7	7.1	3.6	5.4	100
Asian	50.0	17.9	3.6	10.7	3.6	14.3	100
Total	44.1	29.8	7.1	2.2	1.6	15.1	100

Statement 3: 'Paying taxes honestly would benefit all South Africans'

Figure 5: Paying taxes honestly would benefit all South Africans



Majority of the people (70%) 'agreed' that that paying taxes honestly would benefit all South Africans. Almost half (40%) indicated that they 'strongly agreed', whilst a further 30% 'slightly agreed' with this statement.

Table 9: Paying taxes honestly would benefit all South Africans by province

Province	WC	EC	NC	GP	NW	MP	FS	KZN	LP	Total
Strongly agree	53.8	39.3	16.7	48.4	48.1	32.3	37.9	35.6	20.2	40.1
Agree slightly	29.8	36.9	61.1	31.6	34.2	25.8	31.0	17.6	37.2	30.2
Neither nor	8.7	10.7	5.6	6.5	8.9	9.7	8.6	18.1	4.3	9.9
Disagree slightly	1.0	4.1	.0	3.3	.0	.0	.0	.5	.0	1.5
Disagree	1.0	0.	.0	2.8	2.5	9.7	3.4	4.3	.0	2.7

DK/Uncertain	5.8	9.0	16.7	7.4	6.3	22.6	19.0	23.9	38.3	15.6
Total	100	100	100	100	100	100	100	100	100	100

More than 80% of respondents in Western Cape, Gauteng, and North West were in agreement with this statement. Respondents in KwaZulu-Natal were the least in agreement with the statement that paying tax honestly would benefit all South Africans. It is also evident that the 'don't know/uncertain' responses were higher amongst the respondents in Limpopo (38%), KwaZulu-Natal (24%) and Mpumalanga (23%).

Table 10: Paying taxes honestly would benefit all South Africans by area

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/Uncertain	Total
Metro	45.4	30.7	8.9	2.5	3.0	9.4	100
Small Urban	46.5	30.0	6.6	.9	4.7	11.3	100
Rural	31.5	29.6	12.8	.8	1.1	24.2	100
Total	40.2	30.1	9.9	1.5	2.7	15.6	100

An equal proportion of respondents in metro (76%) and small urban areas were of the opinion that paying taxes honestly would benefit all South Africans. In rural areas six out of ten (61%) respondents also felt that paying taxes honestly would benefit all South Africans. Uncertainty levels were considerably higher (24%) in rural areas.

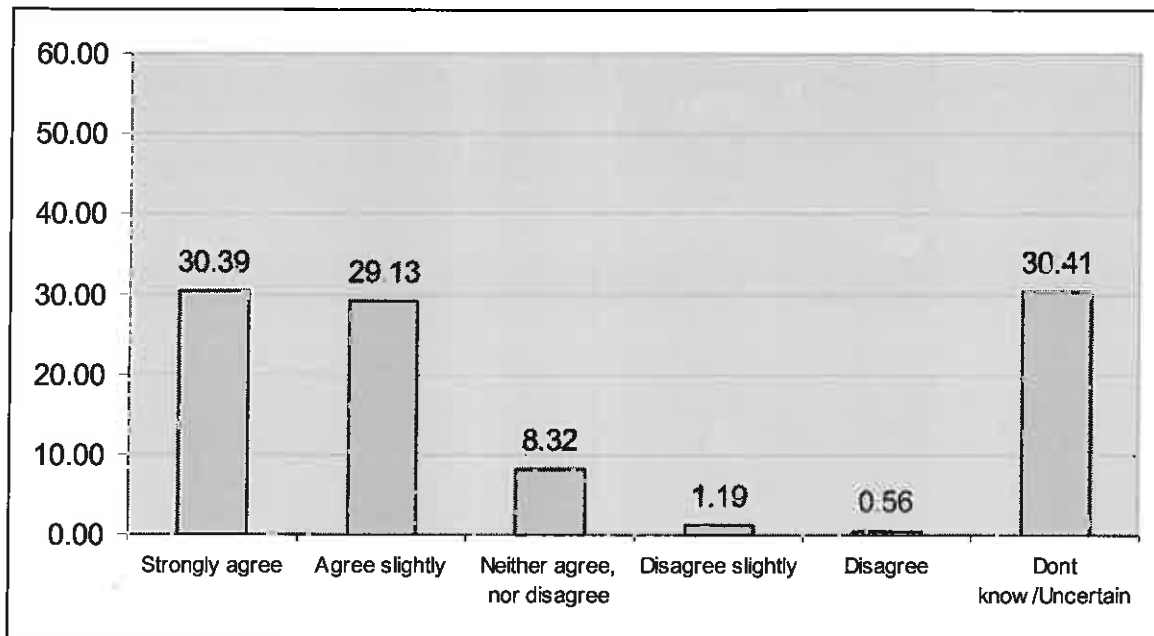
Table 11: Paying taxes honestly would benefit all South Africans by race

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/Uncertain	Total
African/Black	38.1	30.6	11.3	.8	1.3	17.9	100
Coloured	51.7	28.7	4.6	1.1	2.3	11.5	100
White	42.9	31.3	6.3	5.4	8.9	5.4	100
Asian	44.4	18.5	3.7	3.7	14.8	14.8	100
Total	40.1	30.1	9.9	1.5	2.7	15.7	100

A majority of about 80% of coloured respondents believed that paying taxes honestly would benefit all South Africans. About 74% of white respondents shared the same sentiment, followed by the African/Black (69%) and Asian respondents (63%). The uncertainty level amongst Africans/Blacks respondents was highest (18%).

Statement 4: *'Not declaring all income on tax returns is a serious offence'*

Figure 6 : Not declaring all income on tax returns is a serious offence



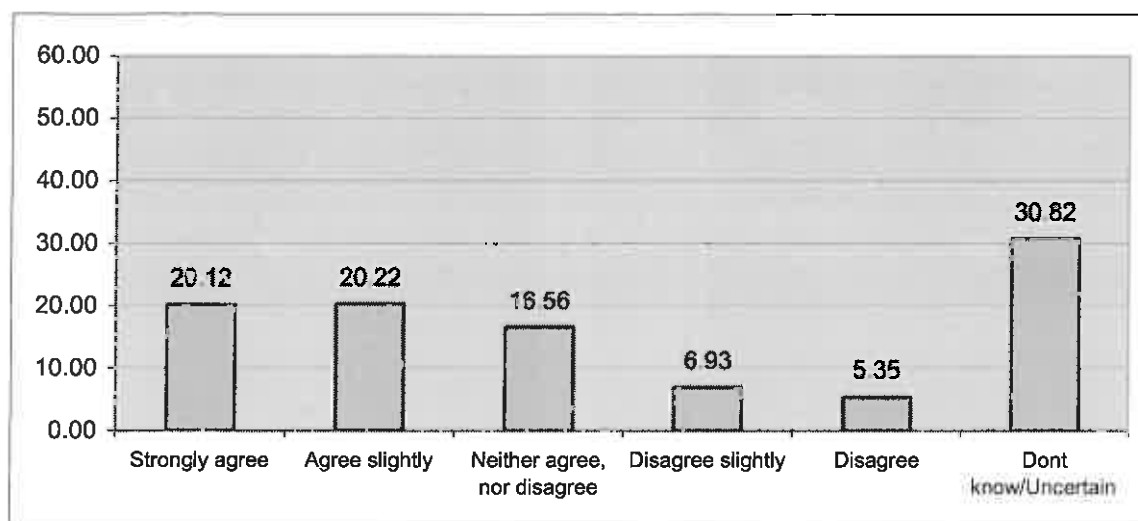
One in every six people (60%) were of the opinion that tax evasion is a serious offence. A high level of uncertainty was evident, however, with almost a third (30%) of the respondents indicating that they were unsure or 'did not know'. Uncertainty levels were higher amongst people in rural areas (50%), those receiving no income (43%), those with low levels of schooling and those with mixed feeling towards government performance (37%).

Table 12: Not declaring all income on tax returns is a serious offence

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/ Uncertain	Total
Metro	41.8	29.0	10.0	1.7	1.4	16.2	100
Small Urban	32.2	39.3	7.1	.9	.0	20.4	100
Rural	18.2	23.4	7.3	.8	.0	50.3	100
Total	30.4	29.1	8.3	1.2	.5	30.5	100

Statement 5: *'The tax system in South Africa is fair to all citizens'*

Figure 7: The tax system in South Africa is fair to all citizens



About 40% of the respondents felt that the tax system in South Africa is fair. This is considerably lower than agreement levels in respect of the other above statements. About 17% were 'on the fence', and a further 31% were uncertain. Nearly a third (32%) of the respondents from rural areas were uncertain whether the South African tax system is fair.

Table 13: The tax system in South Africa is fair to all citizens

	Strongly agree	Agree slightly	Neither nor	Disagree slightly	Disagree	DK/ Uncertain	Total
Metro	28.1	19.5	16.2	11.1	8.6	16.4	100
Small Urban	19.9	26.5	13.3	6.6	4.7	28.9	100
Rural	12.5	17.1	18.7	3.3	2.4	46.1	100
Total	20.1	20.1	16.5	7.0	5.3	30.9	100

Observations

- Higher agreement levels were found mostly amongst people in urban areas, educated, higher LSM and those who often follow government activities.
- Uncertainty levels were highest in less urbanised areas, amongst those in Free State, Limpopo, KwaZulu-Natal and North West. This was also the case amongst those with no schooling or lower levels of schooling and those who hardly follow government activities.
- SARS education campaigns are showing impact. This is indicated by a slight shift in some areas from being unsure, to unsure to a certain extent.



Jare Struwig/Hsrc
04/07/2006 12:14 PM

To Cilna De Kock/Hsrc@HSRC
cc
bcc
Subject output

Hi Cilna-hierdie is van my outputs asook die elektroniese kopie van die verslag

REPORT

Mncwango, B & Struwig, J. 2004. Tracking the communication environment of South Africans. Quarter 9 report to SARS. August 2005

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