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APARTHEID WEALTH TAX PROPOSAL ABSURD: DP

The suggestion by Stellenbosch economist Prof Sampie Terreblanche that individuals worth more than R2 million should pay a "reparations tax" was absurd, the Democratic Party's executive director, James Selfe, said on Wednesday.

Terreblanche, who appeared before the Truth and Reconciliation Commission on Tuesday, suggested that individuals with net assets of more than R2 million pay an annual wealth tax of 0,5 percent for between 10 and 20 years, as a way of restoring "the necessary degree of social justice and social stability".

But Selfe said such a tax would in practise amount to little more than a punishment of wealthy people for being wealthy, since there was no way to distinguish between those who benefited from apartheid and those who did not.

"Professor Terreblanche's proposed tax is not even directed at the large corporations that have made submissions to the TRC, but at individuals," he said in a statement.

"To make individuals pay for a vaguely conceived collective guilt on the part of big business is as absurd as expecting academics, such as himself, to withdraw from the service of universities that received preferential and sizeable funding from the apartheid government."

Any tax on wealth accumulation would be a disincentive to personal saving and would put a hold on growth and job creation, Selfe said.

"Taxation policy has too important a role in rebuilding South Africa's economy and in effecting real alleviation of poverty for it to be used as a weapon of political retribution".

The National Party also dismissed Terreblanche's proposal as inappropriate.

"What is not being taken into consideration is that already 3,5 percent of the population, or 10 percent of the economically active population, pay more than 50 percent of individual income taxes," it said in a statement.

Taxes in South Africa were already among the highest in the world.

Talk of wealth taxes, such as those suggested by Terreblanche, did not encourage foreign investment in South Africa, nor did they encourage wealthy people to stay in the country and help create prosperity, jobs and growth, the NP said.

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