

# South Africans endorse taxation, say it is fair to tax the rich at higher rates to support the poor

**Afrobarometer Dispatch No. 617 | Asafika Mpako and Mikhail Moosa**

## Summary

A decade ago, then-Minister of Finance Pravin Gordhan established the Davis Tax Committee to evaluate the feasibility of a wealth tax in South Africa, a contentious issue that has been debated nationally and globally (Reuters, 2017). Following the devastating effects of the COVID-19 pandemic, and amid talk of introducing a basic income grant, the idea of a wealth tax for South Africa has re-emerged (BusinessTech, 2022).

The proposition comes at a time when the country is facing multiple overlapping crises: an ailing economy, persistent unemployment, skyrocketing costs of living, climate disasters, crime, corruption, unending protests, and an energy crisis that is severely constraining growth (Suttner, 2022; Smit, 2023).

A study by the Southern Centre for Inequality Studies at the University of the Witwatersrand indicates that just 3,500 individuals are in possession of 15% of the country's wealth; the top 1% own 55% of the nation's wealth, while 50% of the population live from hand to mouth, with virtually no savings cushion (Chatterjee, Gethin, Czajka, 2023; Gedye, 2021). A report released by the World Inequality Lab details the same facts, arguing that "asset allocations before 1993 still continue to shape wealth inequality" (Chatterjee, Czajka, & Gethin, 2021; Sguazzin, 2021).

While some argue that taxes are already high enough for the most affluent (Vabaza, 2021; Cohen, 2021), others see the introduction of a progressive wealth tax as a viable policy measure to curb extreme wealth inequality and to expand the government's revenue base to ensure fiscal sustainability. Distinct from taxes levied on income, a wealth tax could generate between R70 billion and R160 billion a year, equal to 1.5%-3.5% of gross domestic product (Woolard, 2019; Chatterjee, Czajka, & Gethin, 2021).

What are South Africans' attitudes regarding the legitimacy and fairness of their tax system?

The latest Afrobarometer survey data, collected in 2021, show that most citizens endorse their government's right to collect taxes, but many said it is difficult to find out what taxes they owe and how the government uses tax revenues.

Majorities also said it is fair to tax the rich at higher rates to support the poor, and they expressed opposition to imposing taxes on the informal sector. While many said they believe tax avoidance is common, majorities also indicated they would be willing to pay higher taxes in exchange for more government services and in support of programmes to help young people.

## Afrobarometer surveys

Afrobarometer is a pan-African, non-partisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Eight rounds of surveys have been completed in up to 39 countries between 1999. Round 8

surveys in 2019/2021 covered 34 countries. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice with nationally representative samples.

The Afrobarometer team in South Africa, led by the Institute for Justice and Reconciliation and Plus 94 Research, interviewed 1,600 adult South Africans in May-June 2021. A sample of this size yields country-level results with a margin of error of +/-2.5 percentage points at a 95% confidence level. Previous surveys were conducted in South Africa in 2000, 2002, 2006, 2008, 2011, 2015, and 2018.

## Key findings

- Two-thirds (65%) of South Africans said tax authorities always have the right to enforce taxes.
- Only half (50%) said Parliament should hold the president accountable for how the government spends taxpayers' money.
- One in three citizens (33%) said "most" or "all" tax officials are involved in corruption.
- Majorities concurred that it is difficult to find out what taxes they owe (53%) and how the government uses tax revenues (69%).
- Views on taxation levels were mixed: Four in 10 citizens (40%) said ordinary people pay too much, while only 22% said the same about the wealthy.
- Majorities saw it as fair for the rich to pay higher taxes to support the poor (64%), and only 39% agreed that the government should make sure that the informal sector pays taxes.
- More than half (53%) of citizens said they believe that the government generally uses tax revenues for the well-being of its citizens.
- Six in 10 (61%) said their fellow citizens "always" (29%) or "often" (32%) avoid paying their taxes.
- More than half (53%) would prefer to pay higher taxes in exchange for more government services, and an even greater share (70%) would endorse higher taxes to support youth programmes.

## Legitimacy of taxation

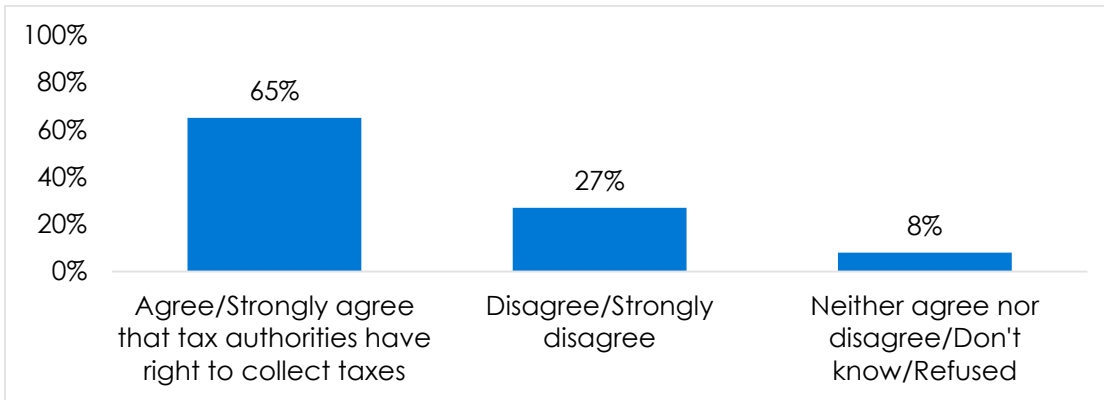
Two-thirds (65%) of South Africans agreed that the tax authorities always have the right to make people pay taxes (Figure 1).

Belief in the legitimacy of taxation increased with respondents' education level, ranging from just 52% of those with no formal schooling to 70% of those with post-secondary qualifications (Figure 2). Similarly, poor respondents (55%) were less likely to endorse taxation than the economically best-off (71%).<sup>1</sup> Older citizens were least likely to believe in taxation (47% of those aged over 65 years).

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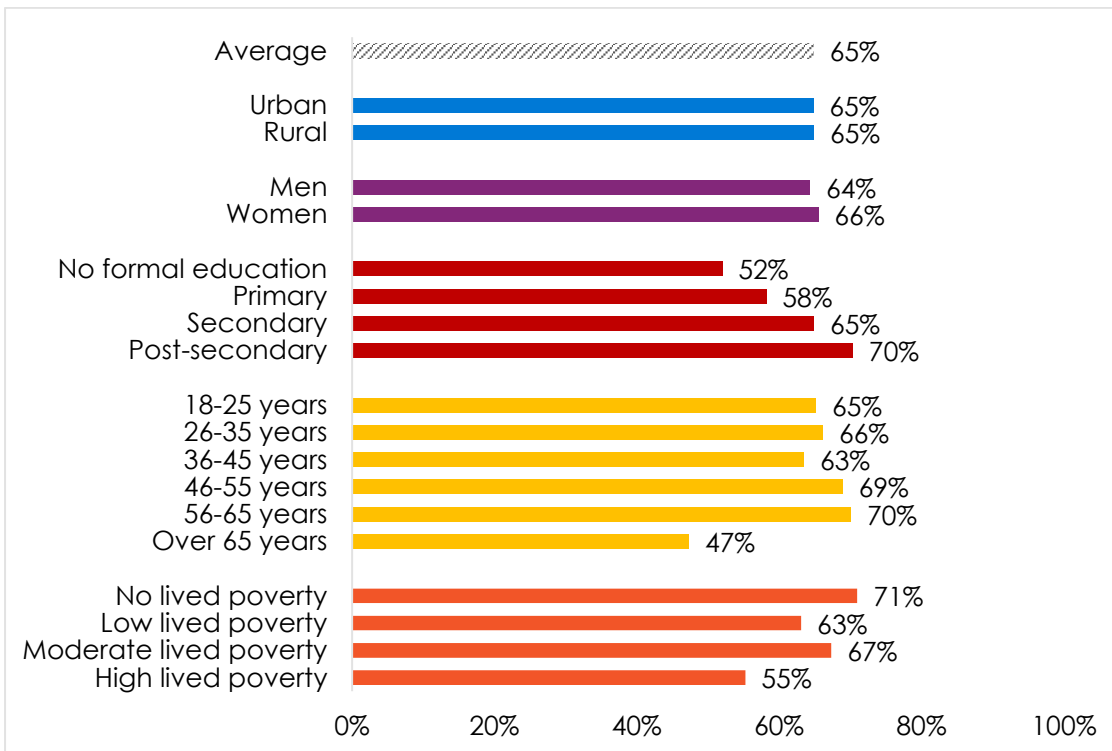
<sup>1</sup> Afrobarometer's Lived Poverty Index (LPI) measures respondents' levels of material deprivation by asking how often they or their families went without basic necessities (enough food, enough water, medical care, enough cooking fuel, and a cash income) during the preceding year. For more on lived poverty, see Mattes & Patel (2022).

**Figure 1: Legitimacy of taxation | South Africa | 2021**



**Respondents were asked:** For each of the following statements, please tell me whether you disagree or agree: The tax authorities always have the right to make people pay taxes?

**Figure 2: Tax authorities have the right to enforce taxation | by demographic group | South Africa | 2021**

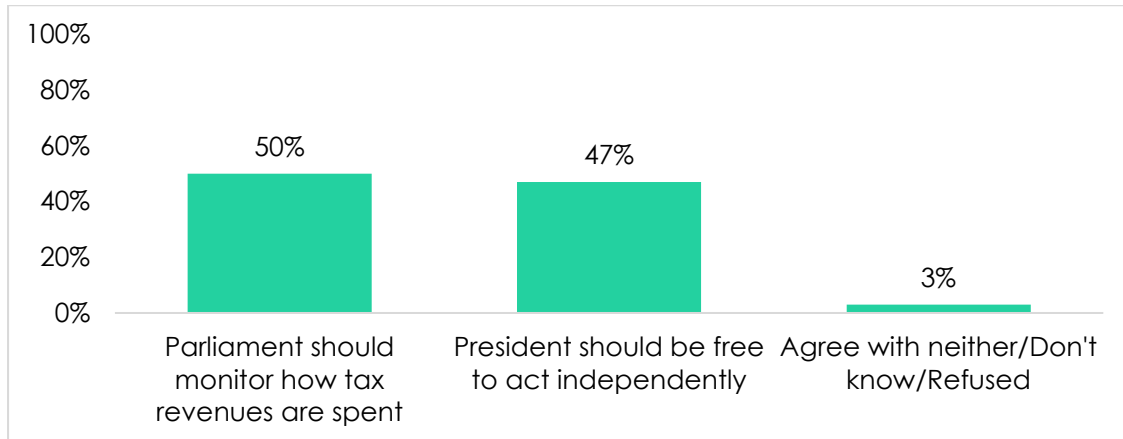


**Respondents were asked:** For each of the following statements, please tell me whether you disagree or agree: The tax authorities always have the right to make people pay taxes (% who "agree" or "strongly agree")

Despite several years of high-profile scandals about corruption in the Presidency, only half (50%) of South Africans said that Parliament should ensure that the president accounts for how taxpayer money is spent (Figure 3). The surprisingly low demand for parliamentary oversight might be linked to South Africans' low levels of trust in Parliament as an institution and the perception that many members of Parliament (MPs) are involved in corruption themselves (Moosa & Hofmeyr, 2021; Patel & Govindasamy, 2021).

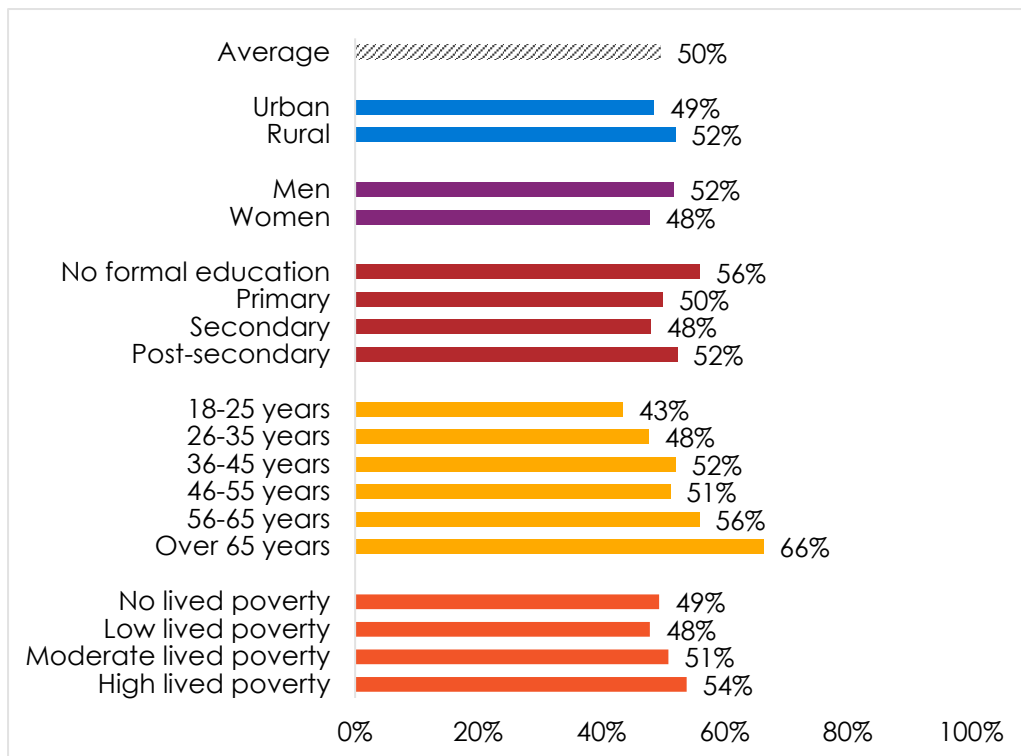
Support for parliamentary oversight increased significantly with respondents' age, ranging from 43% among the youngest citizens to 66% among the oldest (Figure 4).

**Figure 3: Should Parliament monitor how taxpayers' money is spent? | South Africa | 2021**



**Respondents were asked:** Which of the following statements is closest to your view?  
 Statement 1: Parliament should ensure that the president explains to it on a regular basis how his government spends taxpayers' money.  
 Statement 2: The president should be able to devote his full attention to developing the country rather than wasting time justifying his actions.  
 (% who "agree" or "agree very strongly" with each statement)

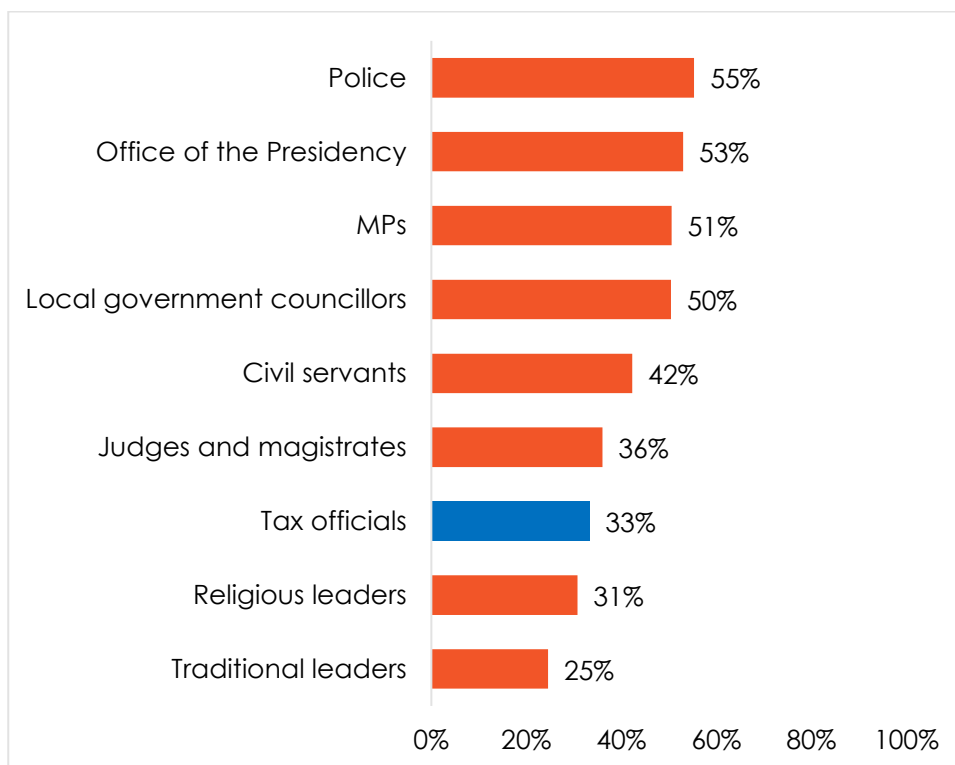
**Figure 4: President should be monitored by Parliament | by demographic group | South Africa | 2021**



(% who "agree" or "strongly agree" that Parliament should ensure that the president explains to it on a regular basis how his government spends taxpayers' money)

Public perceptions of corruption can have a significant effect on the perceived legitimacy of any particular institution. One in three South Africans (33%) said “most” or “all” tax officials are involved in corruption (Figure 5). Despite this negative perception, tax officials fared better than other formal public institutions, such as the police (55% most/all corrupt), the Office of the President (53%), MPs (51%), and local government councillors (50%) (Patel & Govindasamy, 2021). Among institutions and leaders the survey asked about, only religious leaders (31%) and traditional leaders (25%) were less widely perceived as corrupt than tax officials.

**Figure 5: Perceived corruption among public institutions and leaders | South Africa | 2021**



**Respondents were asked:** How many of the following people do you think are involved in corruption, or haven't you heard enough about them to say? (% who say “most of them” or “all of them”)

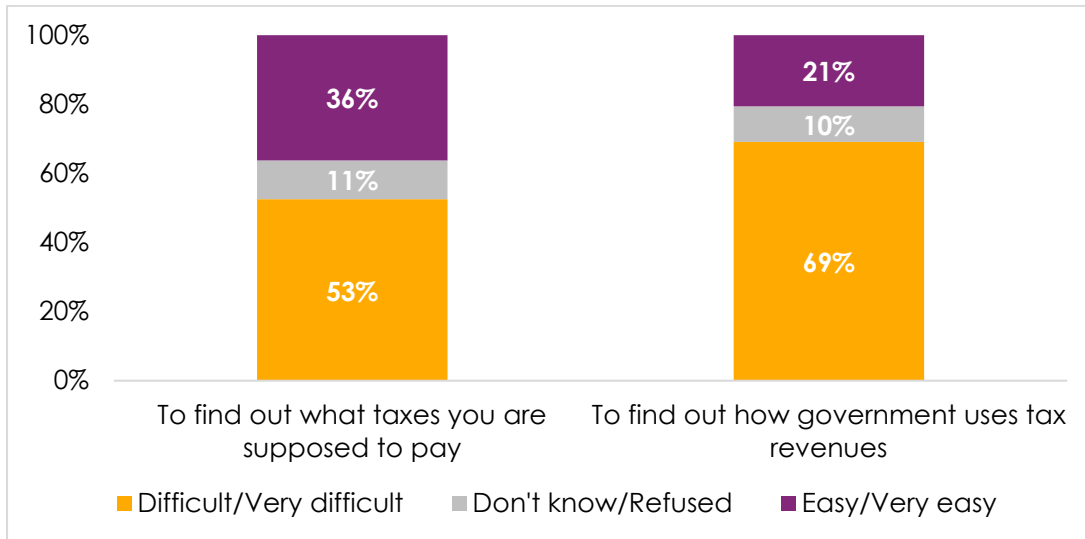
Access to information and transparency are central to the legitimacy of a tax system; taxpayers should be informed about which taxes to pay and how the funds are used. More than half (53%) of South Africans said it is “difficult” or “very difficult” to find out which taxes they are supposed to pay, while only 36% indicated they find it easy (Figure 6).

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In addition, seven in 10 (69%) said it is difficult to determine how the government uses tax monies; only 21% said such information is easy to obtain.

These findings suggest that the system may be too complicated for many citizens to navigate and that the government does not adequately explain how tax revenues are used.

**Figure 6: Access to tax information** | South Africa | 2021



**Respondents were asked:** Based on your experience, how easy or difficult is it to do each of the following: To find out what taxes and fees you are supposed to pay to the government? To find out how government uses the revenues from people's taxes and fees?

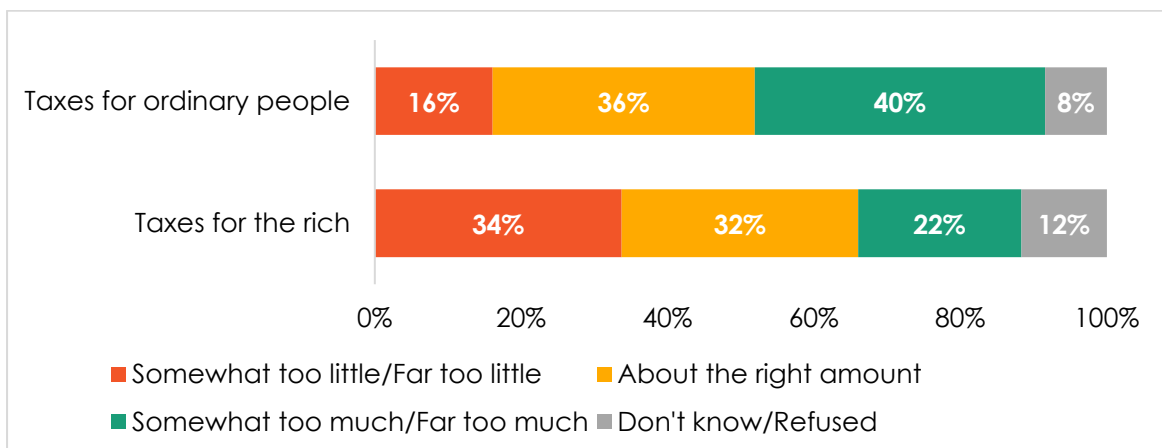
### Fairness of taxation

Even if South Africans think the tax authorities have the right to collect taxes and are less corrupt than other institutions, how do they see the fairness of their tax system?

Views on the amount of taxes that citizens are required to pay are mixed, with pluralities suggesting that ordinary people pay too much and rich people pay too little (Figure 7). Four in 10 South Africans (40%) said ordinary people have to pay too much in taxes. But more than one-third (36%) saw the amount as about right, while a minority (16%) said ordinary people pay too little tax to the government.

Regarding taxes for the rich, one in three respondents (34%) said the rich are undertaxed, while a similar share (32%) said the rich pay about the right amount of tax. Only 22% of respondents said the rich pay too much tax.

**Figure 7: Too much or too little taxation?** | South Africa | 2021



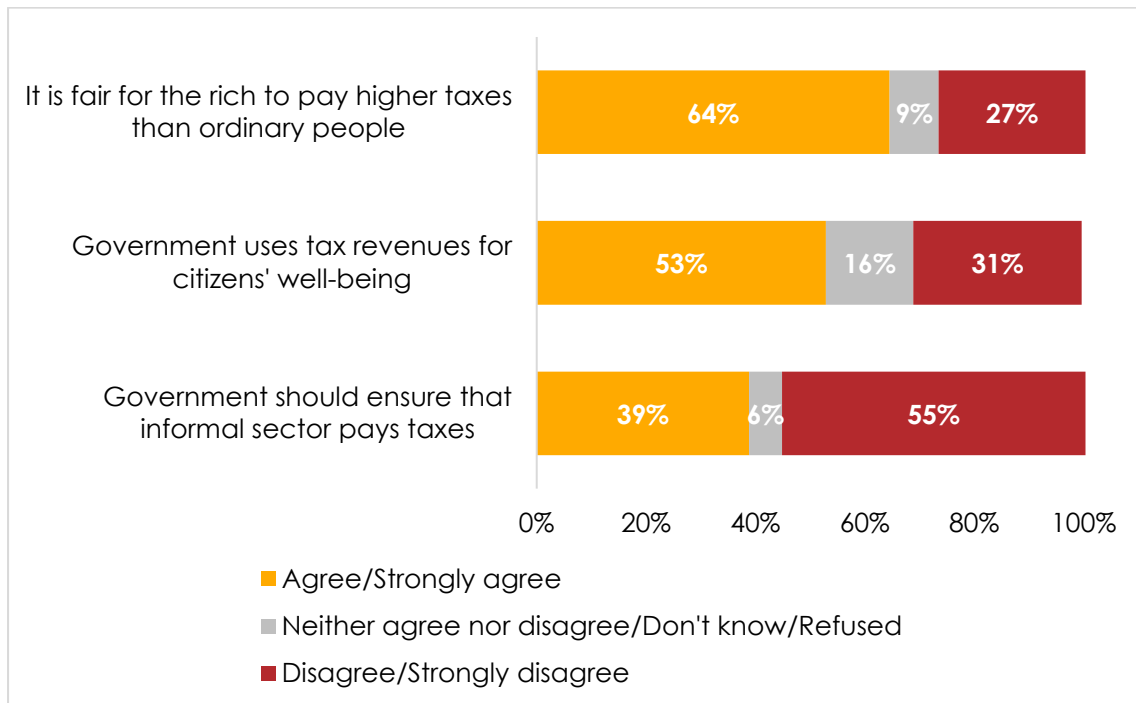
**Respondents were asked:** Do you think that the amount of taxes that [ordinary people/rich people] in South Africa are required to pay to the government is too little, too much, or about the right amount?

On the fairness of different levels of taxation, close to two-thirds (64%) of South Africans said it is fair for the rich to be taxed at higher rates than ordinary people in order to help pay for government programmes to benefit the poor, while only 27% disagreed with this approach (Figure 8). This finding supports South Africa's relatively progressive tax system, in which higher-income earners pay higher rates of tax than those with lower levels of income (Goldman, Woolard, & Jelema, 2020).

Along the same lines, more than half (55%) of citizens disagreed with the idea that the government should make sure that small traders and other people working in the informal sector pay taxes on their businesses.

A slim majority (53%) said they believe that the government uses the taxes it collects for the well-being of the citizenry, while 31% took the opposing view.

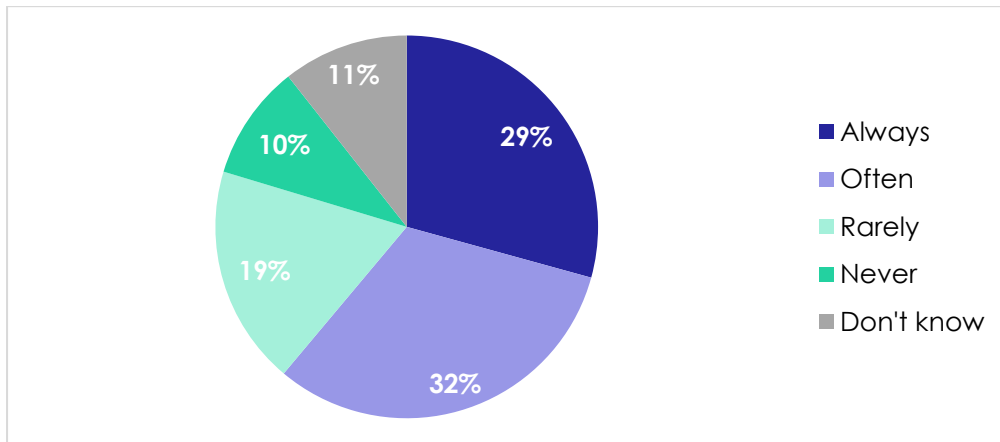
**Figure 8: Views on tax levels and use | South Africa | 2021**



**Respondents were asked:** Do you agree or disagree with each of the following statements:  
 Government should make sure small traders and other people working in the informal sector pay taxes on their businesses.  
 It is fair to tax rich people at a higher rate than ordinary people in order to help pay for government programmes to benefit the poor.  
 The government usually uses the tax revenues it collects for the well-being of citizens.

As for whether people actually pay their taxes, six in 10 citizens (61%) said people in their country “always” (29%) or “often” (32%) avoid paying taxes, while only 29% said they believe this “rarely” or “never” happens (Figure 9).

**Figure 9: Frequency of tax avoidance** | South Africa | 2021



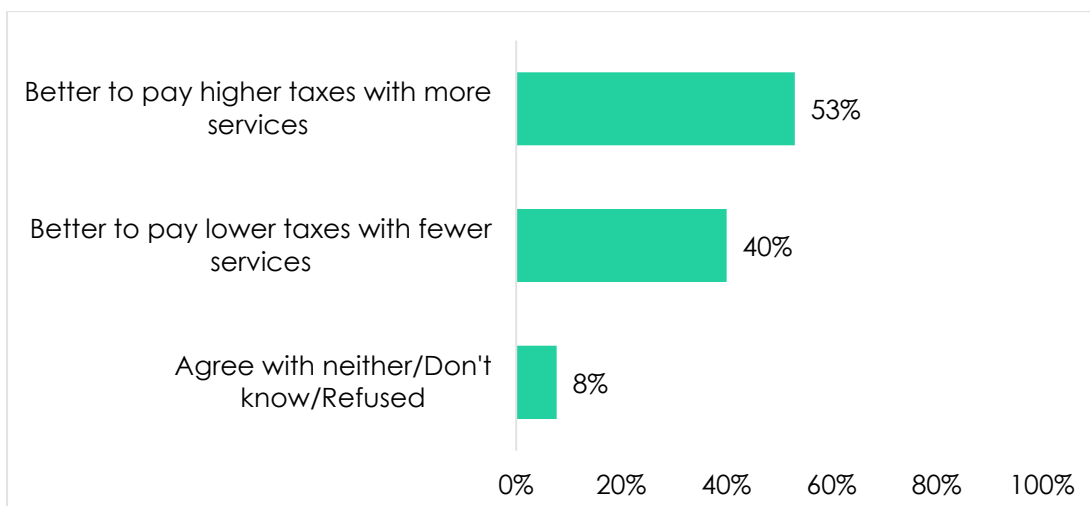
**Respondents were asked:** In your opinion, how often, in this country, do people avoid paying the taxes that they owe the government?

### Changes in taxation

A majority (53%) of South Africans said they would prefer to pay higher taxes if this means more services are provided by the government (Figure 10). Four in 10 (40%) said they would prefer to pay lower taxes, even if that means there would be fewer services.

A preference for higher taxes in exchange for more services increased with respondents' level of education, ranging from 46% among citizens with no formal education to 59% among those with post-secondary qualifications (Figure 11). Economically better-off citizens were also more inclined toward this preference than the poor (57% vs. 47%), but it was not popular among older respondents (46% of those above age 55).

**Figure 10: Higher taxes for more services or lower taxes for fewer services?** | South Africa | 2021



**Respondents were asked:** Which of the following statements is closest to your view?

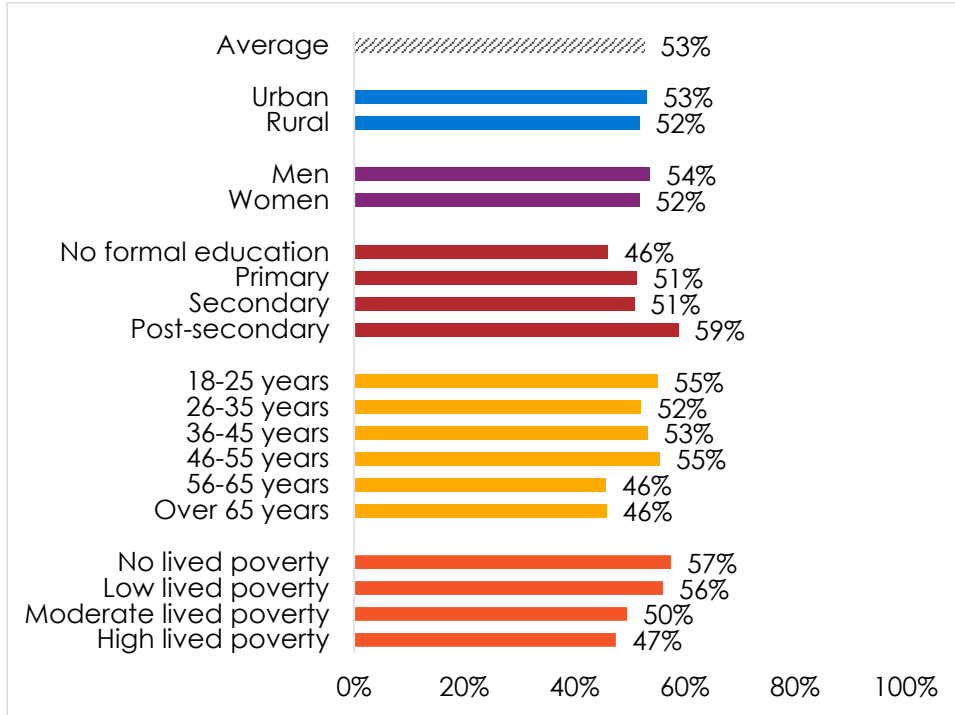
Statement 1: It is better to pay higher taxes if it means that there will be more services provided by government.

Statement 2: It is better to pay lower taxes, even if it means there will be fewer services provided by government.

(% who "agree" or "strongly agree" with each statement)



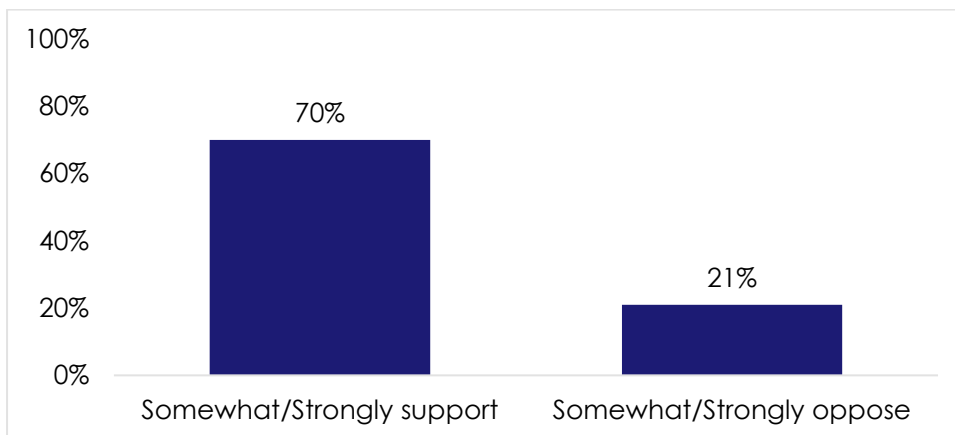
**Figure 11: Support for higher taxes with more services** | by demographic group  
 | South Africa | 2021



**Respondents were asked:** Which of the following statements is closest to your view?  
 Statement 1: It is better to pay higher taxes if it means that there will be more services provided by government.  
 Statement 2: It is better to pay lower taxes, even if it means there will be fewer services provided by government.  
 (% who "agree" or "strongly agree" with Statement 1)

Seven in 10 citizens (70%) indicated that they would be willing to pay more taxes to support programmes to help young people, the demographic bearing the brunt of the jobs crisis. Only 21% opposed this view (Figure 12).

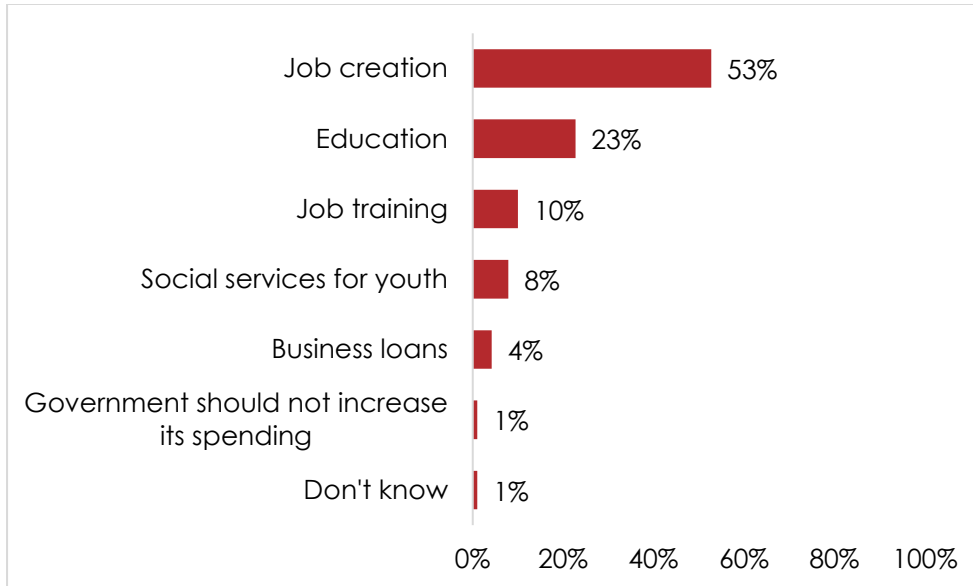
**Figure 12: Support for higher taxes to fund youth programmes** | South Africa | 2021



**Respondents were asked:** If the government decided to make people pay more taxes in order to support programmes to help young people, would you support this decision or oppose it?

If the government decided to increase its spending on such programmes, job creation (53%) would be citizens' highest priority for additional investment, followed by education (23%) (Figure 13).

**Figure 13: Top priority for additional youth investment | South Africa | 2021**



**Respondents were asked:** *If the government could increase its spending on programmes to help young people, which of the following areas do you think should be the highest priority for additional investment?*

## Conclusion

Public attitudes toward the state's right to collect taxes were generally positive in South Africa, and majorities agreed it is fair for the rich to pay higher taxes than ordinary people to support programmes for the poor. Majorities also said they would endorse higher taxes to support more government services and youth programmes.

In a context of widespread unemployment and gross inequality, these findings suggest that there is public support for the government to explore new avenues to expand the tax base to finance its development agenda and respond to pressing socio-economic needs.

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