

Why South African consumers should care about the upcoming budget speech

There are several factors that are affecting consumers, from high interest rates, higher food prices, load shedding and higher fuel prices. Therefore, the national budget is an opportune time for consumers to reflect on their own finances and to look at how changes to the 2023 budget will impact their pockets.



Source: Supplied. Ester Ochse, product head at FNB Integrated Advice.

The budget is based on the government's planned spending for the new financial year and outlines the government's priorities. Just like a person needs a budget and spending plan, the government needs one too.

This helps them allocate the income they receive from taxes to the areas they need to spend on, like education, healthcare, and infrastructure to mention just a few sectors. The biggest implication that the budget has on the general public is the change in personal income tax, fuel levies and sin taxes.

"In light of the current economic environment, it has become increasingly important for consumers to pay special attention to the National Budget Speech, as key decisions made by the Minister will have an impact on their personal financial situation and potential wealth creation," says Ester Ochse, product head at FNB Integrated Advice.

The government does a budget on an annual basis, and as a consumer, it is critical to reassess your current spending and behaviour. It is also important to understand where your money is going and if you are spending on the things that are

important to you. If you don't know how, it is recommended that you educate yourself which will help you plan for the future, pay off existing debt or even save for specific goals you want to accomplish this year.

Below are key elements to consider from the speech.

The impact to consumers' budgets:

- **Personal Income Tax:** Changes to personal income tax might reduce or increase the amount you receive on a monthly basis from your salary.
- **Taxes:** Sin Tax imposed on liquor, tobacco and fuel will have a big effect depending on how much of your budget is spent on these items.
- **Tax Free Savings Account:** If the limit is increased, it will allow for more savings.
- **Vat:** If there is an increase or decrease in Vat, then what you will pay for goods and services will increase or decrease.
- **Dividends Tax:** This will potentially impact the amount of net dividend income in the investors' hands if increased or decreased.
- **Capital Gains Tax:** This will affect the net amount received if you sell something of a capital nature such as shares and property.
- **Estate Duty:** If the estate duty rebate is increased or decreased and/or the estate duty is increased or decreased, this could potentially affect the liquidity in one's estate.

Ochse explains that it's also a good time to keep an eye on your personal finances and budgeting strategy. "The desire for financial freedom cannot be ignored. With continuous practice and with the necessary budgets in place – consumers can achieve this goal.

"Our clients have access to the Smart Budget tool, located under the nav» Money functionality on the FNB app. Smart Budget uses the bank's dynamic data capability to create a level of accountability and real-time coaching that has not been provided before.

"FNB customers can take control of their spend, set budget limits and get notified; when they are halfway there, just before they get there and once, they have hit their budget amount," Ochse concludes.

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