



02 APRIL 2025

To all media houses

COPE REJECTS PROPOSED VAT HIKE, CALLS FOR FAIRER TAX SOLUTIONS

For Immediate Release

The Congress of the People (COPE) reiterates its rejection of the proposed VAT increase in the 2025 Budget. As champions of social justice, we oppose this regressive tax that will disproportionately harm the poor and vulnerable, worsen inequality and the cost-of-living crisis.

The Standing Committee on Finance's report (01 April 2025) supports our view: raising the 0.5% VAT hike in 2025/26 and 2026/27 to 16% will erode household incomes and may not even deliver the expected R28 billion. Stakeholders like the FFC note that VAT is becoming less effective in raising revenue, with a declining elasticity (0.49), while mitigation measures like zero-rating are deemed inadequate. With GDP growth at 0.6% in 2024 and unemployment at 31.9% (Section 6.7), low-income people cannot bear more burdens.

COPE proposes:


1. No VAT Increase: Keep VAT at 15% to protect the vulnerable.
2. Wealth Tax: Tax the rich and luxury assets, not the poor.
3. Strengthen SARS: Recover part of the R800 billion tax gap (Section 6.26).
4. Cut Wasteful and fruitless: Redirect funds to services, not the maintenance of the lifestyles of fat cats on the gravy train.
5. Corruption kills: This cancer steals from society, especially the poor.

We stand with stakeholders opposing this hike and urge Parliament to adopt a budget rooted in equity, not austerity. COPE will fight for a fairer South Africa.

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