

SAB calls for tax cut to aid SMME brewer recovery

Two years ago, the Covid-19 pandemic caused havoc that continues to be widely felt amongst the entire beer value chain. As a result, 30% of the industry's local craft breweries have been decimated translating to over 150,000 jobs lost.



Source: [Pexels](#)

This was further exacerbated by the different alcohol bans that were imposed on the industry in order to manage the pandemic. Among the craft brewers who have had to close down their businesses is the first black woman microbrewer in South Africa, [Apiwe Nxusani-Mawela](#), who had to watch her booming business dwindle.

SMMEs in the beer value chain are still reeling from these impacts, and the country's biggest brewer, South African Breweries (SAB), is therefore urging government to give smaller brewers a tax break to expedite their recovery.

SAB holds the view that there must be a deliberate intention by government to resuscitate the economy by providing tax relief for small and medium brewers. The company points out that as the National Treasury finalises the 2022 budget, it is prudent that they are progressive in the way they create innovative measures for SMMEs (in particular small and medium brewers), to contribute to economic recovery.

"Last week the Minister of Finance went live asking the public to give him tips on what to prioritise for the budget. Our main tip is to call for a tax break for smaller businesses to allow them to recover from the Covid-19 impact," SAB says in a statement.



SA Breweries names Richard Rivett-Carnac as CEO

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SAB's VP of corporate affairs Zoleka Lisa comments, "Government should consider granting a reduced excise duty. Part of the economic recovery of SMMEs should come from an excise rate discount that will allow them to recover and grow."

The brewer states that similar policies have been successfully implemented in several African countries, and have been found to stimulate local agriculture and the extensive value chains of the industry, creating direct and indirect employment.

Blanket tax rates require review

Taxes should not hinder a country's economic goals, such as the push for economic recovery and the drive to increase investment in South Africa, SAB notes. "The principle of economic growth and efficiency is maximised by a tax system that is aligned with these economic principles and goals," it adds.

Lisa goes further to say, "Excise tax policies need realignment as our economy gears for recovery. Blanket tax rates that lack nuance, that do not for instance take into consideration the size of the business and the weight of the tax liability it must bear, requires a serious review.

"For the sake of our industry, and the thousands of small businesses that call it home, we welcome any call from government to reassess how excise policies can help create a business-enabling environment."

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