



NEHAWU WELCOMES THE REVERSAL OF VAT INCREASE

MEDIA STATEMENT FOR IMMEDIATE RELEASE

Thursday April 24, 2025



The National Education, Health and Allied Workers' Union [NEHAWU] welcomes the announcement by Minister of Finance on the reversal of Value-Added Tax (VAT) increase.

As NEHAWU, we have been fundamentally opposed to the increase of 0.5% in VAT this year followed by another 0.5% the following year, bringing the VAT rate to 16% in 2026/2027.

Our National Executive Committee earlier this month highlighted how far removed the government is from the struggles facing our people. The general impact that the VAT increase would have had on working class families was going to translate in another sharp increase in the cost of living.

The withdrawal presents an opportunity for the government to implement alternatives for revenue collection such as considerations for a slight increase in Wealth Tax, Reverse or reinstate the 1% Cooperate Income Tax cut, which has cost the fiscus to forfeit billions, review to the "goods and services" spending. This is a channel of corruption, fruitless and wasteful expenditure.

Lastly, the government especially National Treasury must shift away from its fixation with fiscal framework of austerity, which has created the current socio-economic crisis that confronts the country. The government must speedily work towards resolving the deepening socioeconomic crises of unemployment, inequality and poverty.

END

Issued by NEHAWU Secretariat.

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