

What small businesses should expect from #BudgetSpeech2024

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Given the current inflationary environment, high-interest rates, and ongoing power challenges that continue to place a burden on the bottom line of businesses, SMEs are waiting in anticipation for positive interventions that the finance minister could make during the tabling of the 2024 National Budget Speech.



Andiswa Bata, Head of SME FNB Commercial | image supplied

Adequately understanding the implications and opportunities presented by the Budget Speech is essential to help SMEs plan ahead. She highlights key points that SMEs should pay special attention to:

Energy supply – during last year's budget speech various interventions were announced, enabling businesses to reduce their taxable income by 125% for the cost of investment in renewable energy generation projects. Government also implemented the Energy Bounce Back Scheme in partnership with banks.

An update on these initiatives will be welcomed by listeners, including any further interventions as the energy crisis continues to have ripple effects for businesses of all sizes.

Revenue collection – there were zero increases in corporate tax, personal income tax, VAT, fuel levy, and the road accident fund levy last year. This went a long way to help ease cash flow pressure on businesses. A similar (or better) outcome would likely be well received by SMEs in the current economic environment.

Infrastructure investment – last year, the government committed to spend, over time, a projected R903bn on infrastructure like roads, power plants and water supply initiatives, amongst other projects.

Spending on infrastructure creates vast opportunities for SMEs, enabling them to participate in a wide range of projects across the country either in a lead or sub-contracting capacity as service providers.

Despite the finance minister conceding that this year's budget will be challenging, we remain hopeful that this kind of investment spending that stimulates the local economy will continue.

Targeted support for businesses – apart from the energy crisis, small businesses continue to face challenges impacting their growth and ability to create jobs in the country.

Industry-specific support, through various government agencies, for key sectors that keep South Africa's economic engine operating is essential.

Reducing regulatory burden – in light of the tough economic environment, any measures to lessen red tape will help cut costs, boost innovation, and accelerate business growth as well as job creation.

Paying special attention to the national budget speech should be a non-negotiable for SMEs. Not only does it influence the operational and economic environment in South Africa, but it also has a direct impact on the growth and survival of small businesses.

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