

Update and extension of South Africa estimates of top shares up to 2009

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Methodological Notes:

We have followed the same procedure as described for the years from 2002 in the original paper (Alvaredo and Atkinson, 2011), with the corrections and caveats mentioned below, which apply to years 2002-2009 unless otherwise noted:

a) The incomes reported in the South Africa Revenue Service publications do not include the local interest and foreign investments exemption, but the amounts in excess of the exemption threshold. For instance, for the year 2009/2010 (referred to as 2009 in the database) interests from local bank accounts earned by resident individuals under 65 years old, up to Rand 21,000 per annum, and by resident individuals aged 65 years old and older, up to Rand 30,000 per annum, were exempt from taxation. Interest from foreign banks accrued by resident individuals benefit from a lower exemption (Rand 3,500 in 2009/2010, out of the total exemption of Rand 21,000 or Rand 30,000, whichever is applicable), which must be first used to exempt foreign dividends. We have now assumed that the full personal exemption applied to each taxpayer in the top 5%, weighted according to the age distribution of taxpayers (Table A2.1.3 Assessed individual taxpayers: Taxable income and tax assessed by age group in Tax Statistics 2011).

b) Dividends received by residents and non-residents from South African resident companies are exempt from the personal income tax. They must still be disclosed in the tax return, but are not included in the incomes reported in the statistics. This is unfortunate, as they are an important component of incomes at the top of the distribution.

c) The series for the top 10% income share is not given from 1978 to 2009, as the resulting P90 value is usually very close to (and sometimes below) the filing threshold for employees.

d) Results for 2009 are preliminary due to incomplete assessments at the time of publication.

For a comparison of old and new series, see Table 1.

Reference

Alvaredo, Facundo and Atkinson, Anthony B. (2011). Colonial Rule, Apartheid and Natural Resources: Top Incomes in South Africa 1903-2007. CEPR Discussion Paper DP 8155, 65 pp.

Table 1. Comparison between old and revised series. South Africa (7 April 2012)^(a)

| | Income control Nominal million Rands | | Number of tax units (000) | | Top 10% income share | | Top 5% income share | | Top 1% income share | | Top 0.5% income share % old | | Top 0.1% income share | | Top 0.05% income share | | Top 0.01% income share | |
|---------------------|---|-----------|------------------------------|--------|-------------------------|-------|------------------------|-------|------------------------|------|-----------------------------------|------|--------------------------|-------|---------------------------|------|---------------------------|------|
| | old | new | old | new | old | new | old | new | old | new | old | new | old | new | old | new | old | new |
| 2002 | 837,156 | 837,156 | 31,095 | 31,095 | 43.10 | 32.69 | 14.58 | 10.07 | 4.28 | 2.96 | 1.24 | 1.24 | 34.36 | 14.95 | 4.32 | 2.98 | 1.24 | 1.24 |
| 2003 | 912,715 | 912,715 | 31,518 | 31,518 | 44.04 | 33.42 | 14.84 | 10.20 | 4.24 | 2.88 | 1.15 | 1.15 | 35.14 | 15.23 | 4.27 | 2.90 | 1.15 | 1.15 |
| 2004 | 1,022,482 | 1,022,482 | 31,609 | 31,609 | 44.26 | 33.58 | 15.05 | 10.38 | 4.38 | 3.01 | 1.22 | 1.22 | 35.26 | 15.38 | 4.41 | 3.03 | 1.22 | 1.22 |
| 2005 | 1,138,392 | 1,138,392 | 31,798 | 31,798 | 43.04 | 33.86 | 15.50 | 10.82 | 4.70 | 3.26 | 1.37 | 1.37 | 36.50 | 16.18 | 4.82 | 3.35 | 1.40 | 1.40 |
| 2006 | 1,275,709 | 1,273,994 | 32,124 | 32,124 | 43.04 | 33.66 | 15.77 | 11.11 | 4.96 | 3.50 | 1.52 | 1.52 | 37.67 | 17.10 | 5.32 | 3.76 | 1.65 | 1.65 |
| 2007 | 1,443,403 | 1,429,263 | 32,561 | 32,561 | | 34.10 | 16.25 | 11.48 | 5.18 | 3.70 | 1.68 | 1.68 | 39.22 | 18.05 | 5.88 | 4.24 | 1.99 | 1.99 |
| 2008 | 1,578,429 | 1,578,429 | 33,258 | 33,258 | | | | | | | | | 39.61 | 17.76 | 5.42 | 3.80 | 1.66 | 1.66 |
| 2009 ^(b) | 1,689,213 | 1,689,213 | 33,820 | 33,820 | | | | | | | | | 37.96 | 16.57 | 4.84 | 3.37 | 1.44 | 1.44 |

Notes:

(a) Differences in series in grey.

(b) Preliminary.