

NEWS FLASH National Health Insurance



Former Minister of Finance
Pravin Gordhan



Minister of Finance
Malusi Gigaba

Plan to establish NHI fund on hold

The Treasury has delayed plans to set up a National Health Insurance (NHI) fund, saying it wants advice from the Davis tax committee on the feasibility of proposals to adjust the medical tax credits to finance it, reports **BusinessLIVE**, 25 October 2017.

Former Finance Minister Pravin Gordhan said in the February budget policy statement that an NHI fund would be established to support priority health programmes, and that more details would be provided in the mediumterm budget policy statement (MTBPS), which was delivered by Finance Minister Malusi Gigaba on 25 October.

The Treasury now says more work needs to be done, and has published an analysis of the medical tax credit scheme, which shows more than half (56%) the total credits claimed in 2014-15 accrued to 1.9-m taxpayers with a taxable income below R300 000, many of whom were workers who belonged to medical schemes.

Although the Treasury does not directly say so, the data indicates that scrapping or sharply reducing the medical tax credits will hit people with lower incomes particularly hard.

Gigaba said the National Treasury and the Department of Health are working on proposals to expand NHI services in a progressive and affordable manner.