

MEDIA RELEASE PSA calls on Minister of Finance to urgently adjust tax brackets

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The Public Servants Association (PSA) calls on the Minister of Finance to urgently adjust South Africa's tax brackets in line with inflation.

The PSA is increasingly concerned about government's ongoing failure to align personal income-tax brackets with inflation. This practice, known as "bracket creep", silently erodes workers' take-home pay and renders annual salary increases meaningless. When employees receive salary adjustments, they are often pushed into higher tax brackets without being financially better off. They end up paying more tax whilst their real purchasing power stagnates or declines. This has turned annual wage increases into hollow victories as disposable income continues to shrink against the rising costs of food, fuel, transport, housing, and healthcare.

"Bracket creep" places the heaviest burden on lower- and middle-income earners who are already struggling to make ends meet. It also undermines wage negotiations across the public sector, as workers are forced to demand higher increases simply to keep pace with escalating tax obligations. This result in growing frustration, declining morale, and reduced consumer spending, which ultimately hamper economic growth.

Each year, workers face increases that are swallowed by higher tax deductions, leaving them no better off despite the rising cost of living. The erosion of wage increases, the disproportionate impact on lower- and middle-income earners, and the decline in living standards highlight how "bracket creep" robs workers of hard-won gains. Billions are extracted from workers without parliamentary debate or transparency, deepening the sense of injustice.

The PSA demands that the Minister of Finance provides clear reasons on why tax brackets were not adjusted, implement an immediate adjustment of tax brackets to reflect current inflation, and introduce legislation to enforce automatic, inflation-linked tax adjustments annually. The PSA further calls for transparent reporting on additional revenue collected through "bracket creep". Public-sector employees cannot continue to subsidise government revenue through hidden taxation. True tax justice requires that wage increases uplift workers, not trap them in deeper financial distress. Workers deserve transparency, fairness, and financial relief.

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