



## Celebrating ten years of development and use of a South African tax-benefit microsimulation model – SAMOD - and looking towards the next decade

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### Introduction

SAMOD is a tax-benefit microsimulation model for South Africa which was built using the EUROMOD software in collaboration with the University of Essex. Work began ten years ago as part of a project for the South African government's national Department of Social Development (Wilkinson, 2009) - the first time that EUROMOD was applied in a developing country context.

### SAMOD today

The most up-to-date version of SAMOD (Version 5.2) is underpinned by two nationally representative datasets: the Living Conditions Survey (2008/09) and Wave 4 of the National Income Dynamics Study (2014). The model contains tax-benefit policies for 2014, 2015 and 2016 (Wright et al., 2016).

### Policies included in SAMOD

#### Social Assistance (means-tested)

- Child Support Grant (R350 pcm for children less than 18)
- Care Dependency Grant (R1500 pcm)
- Old Age Grant (R1500 pcm for those aged 60-74; R1520 over 75s)
- Disability Grant (R1500 pcm)
- Grant in Aid (R350 pcm)

#### Social Allowance (no means-test)

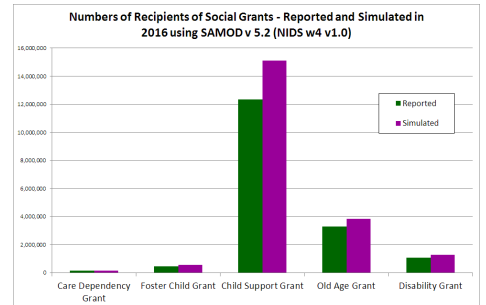
- Foster Child Grant (R890 pcm)

#### Social Insurance

- Unemployment Insurance Fund contributions

#### Taxes

- Personal Income Tax
- Value Added Tax



### Uses of SAMOD for policy

Currently there is no social assistance for people aged 18-59 unless they are disabled. SAMOD has been used to explore options for comprehensive social security e.g. for

- Young people (e.g. Altman et al., 2014)
- Low income adults (e.g. Noble et al., 2011)
- Caregivers (e.g. Ntshongwana et al., 2010)

Other uses of SAMOD include being used as part of

- A study on options for a universal child benefit
- An ILO-inspired social budget which forecasted spending to 2030
- A cost-benefit analysis of South Africa's population census

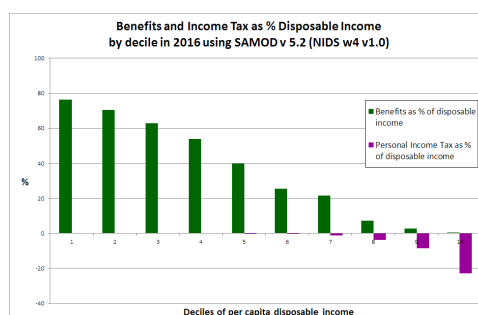
### Looking forwards (1)

SASPRI is part of a collaboration called 'SOUTHMOD' with UNU-WIDER and the University of Essex, to promote tax-benefit microsimulation in developing countries. As part of this:

- SASPRI is working with country teams elsewhere in the Southern African Development Community - Mozambique, Tanzania and Zambia – to develop models which also use the EUROMOD software.
- There is great potential for information sharing, policy learning, and comparative analysis to be undertaken across the SOUTHMOD countries.

### Looking forwards (2)

South Africa is one of the most unequal countries in the world. There are many ways in which the tax-benefit system could be designed to be both more fair and more effective in achieving redistribution. The options that could be considered using SAMOD are almost limitless.....



### References

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