

The Influence of “Sin Tax” on the Economic Sustainability of Small, Medium and Micro Liquor Store Enterprises in the Northern Suburbs of the Cape Metropolis, South Africa

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ABSTRACT In South Africa, Small Medium and Micro Enterprises (SMMEs) are imperative in providing employment opportunities and alleviating poverty. As such, the contribution of SMMEs towards economic growth is highly valued. SMMEs constitute 97 percent of all businesses in South Africa; contributing 35 percent to the national Gross Domestic Product. Despite the latter, research shows that 70 percent of SMMEs fail within their first three years of operation; caused by numerous factors that affect their overall sustainability. A major factor these entities face is high taxation rates; making it difficult for SMMEs to become sustainable. The main objective of this study was to determine the extent to which customs and excise duties influence the economic sustainability of SMMEs. The study was exploratory and quantitative in nature and non-probability sampling was used to obtain data from respondents. It was found that SMMEs' economic sustainability was adversely affected by customs and excise duties.