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INNOVATIVE TAX SOLUTIONS NEEDED FOR NEWLY QUALIFIED DOCTORS

PPS, the specialist South African financial services provider to graduate professionals, says innovative changes to the country's tax structures are needed to address the country's shortage of skilled medical professionals.

Commenting ahead of the National Budget speech on 23 February 2011, PPS says one such idea is to introduce tax breaks to recently qualified practitioners. "South Africa is losing thousands of qualified medical professionals each year because the state cannot match the lucrative salaries on offer offshore," says Mike Jackson, CEO of PPS. "We need to see a new initiative such as a 5 year 'establishment tax rebate' for medical and related professionals, which would help to keep these scarce skills within our borders.

Although such a proposal would add a level of complexity to existing revenue collection processes, the long-term benefit to the country's 50 million citizens far outweighs any administrative cost. Tax payers invest large amounts of money in the training and education of medical professionals and to see so many of these working in London is a tragedy."

According to the latest statistics published by the Health Professions Council of South Africa (to 30 November 2010), there are only 45,844 registered medical and dental professionals countrywide – 23,849 of these being doctors. South Africa only has 55 doctors per 100,000 citizens compared with a developed economy average of 280 per 100,000.

Jackson says the proverbial 'elephant in the room' remains government's proposed National Health Insurance (NHI) system, which many industry stakeholders have dismissed as too expensive and virtually impossible to implement given current healthcare resource constraints. "Newly qualified medical practitioners will also be the key service providers to the NHI and without a constant supply of such skills the NHI will not be workable. These people have loans to repay and it is essential we don't allow them to be lured away to other countries, just when they become productive."

"There are many different angles to attack a problem. Right now we need to find innovative ways to retain our healthcare graduates – because doubling the output from our tertiary institutions comes to naught if the bulk of graduates head offshore," says Jackson.