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REPUBLIEK VAN SUID-AFRIKA

STAATSKOERANT

GOVERNMENT GAZETTE

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CAPE TOWN, 11 JULY 1990

KANTOOR VAN DIE STAATSPRESIDENT

STATE PRESIDENT'S OFFICE

No. 1604.

11 Julie 1990

No. 1604.

11 July 1990

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

R 101 van 1990: Inkomstebelastingwet, 1990.

No. 101 of 1990: Income Tax Act, 1990.

INCOME TAX ACT, 1990

Act No. 101, 1990

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with solid line indicate insertions in existing enactments.

ACT

To fix the rates of normal tax payable by persons other than companies in respect of taxable incomes for the years of assessment ending on 28 February 1991 and 30 June 1991, and by companies in respect of taxable incomes for years of assessment ending during the period of 12 months ending on 31 March 1991; to amend the Income Tax Act, 1962; to withdraw certain Government Notices; and to provide for incidental matters.

*(Afrikaans text signed by the State President.)
(Assented to 28 June 1990.)*

BE IT ENACTED by the State President and the Parliament of the Republic of South Africa, as follows:—

Rates of normal tax

1. The rates of normal tax to be levied in terms of section 5 (2) of the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act, in respect of—

- (a) the taxable income of any person other than a company for the year of assessment ending on 28 February 1991 or 30 June 1991; and
 - (b) the taxable income of any company for any year of assessment ending during the period of 12 months ending on 31 March 1991,
- shall be as set forth in the Schedule to this Act.

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 95 of 1967, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969, section 6 of Act 52 of 1970, section 4 of Act 88 of 1971, section 4 of Act 90 of 1972, section 4 of Act 65 of 1973, section 4 of Act 85 of 1974, section 4 of Act 69 of 1975, section 4 of Act 103 of 1976, section 4 of Act 113 of 1977, section 3 of Act 101 of 1978, section 3 of Act 104 of 1979, section 2 of Act 104 of 1980, section 2 of Act 96 of 1981, section 3 of Act 91 of 1982, section 2 of Act 94 of 1983, section 1 of Act 30 of 1984, section 2 of Act 121 of 1984, section 2 of Act 96 of 1985, section 2 of Act 65 of 1986, section 1 of Act 108 of 1986, section 2 of Act 85 of 1987, section 2 of Act 90 of 1988, section 1 of Act 99 of 1988, Government Notice No. R.780 of 14 April 1989 and section 2 of Act 70 of 1989

2. (1) Section 1 of the principal Act is hereby amended—
- (a) by the addition to the definition of "gross income" of the following provisos:

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“Provided that where during any year of assessment the taxpayer has become entitled to any amount which is payable on a date or dates falling after the last day of such year, there shall be deemed to have accrued to him during such year—

- 5 (a) if the taxpayer has on or before 23 May 1990 submitted a return of income drawn on the basis that the present value of such amount has accrued to him during such year, the present value of such amount; or
- 10 (b) in any other case, such amount:
- 15 Provided further that where the provisions of paragraph (a) of the first proviso are applicable, there shall be deemed to have accrued to the taxpayer during any subsequent year of assessment in which he receives such amount or any portion thereof, a sum equal to the difference between such amount or portion thereof and the present value of such amount or portion thereof so deemed to have accrued to him during the first-mentioned year of assessment;”;
- 20 (b) by the substitution for subparagraph (dd) of paragraph (ii) of the proviso to paragraph (c) of the definition of “pension fund” of the following subparagraph:
- 25 “(dd) that not more than one-third of the total value of the annuity or annuities to which any employee becomes entitled, may be commuted for a single payment, except where the annual amount of such annuity or annuities does not exceed [R250] R600 or such other amount as the Minister of Finance may from time to time fix by notice in the *Gazette*;”;
- 30 (c) by the insertion after the definition of “post-1973 gold mine” of the following definition:
- “‘post-1990 gold mine’ means a gold mine which, in the opinion of the Government Mining Engineer, is an independent workable proposition and in respect of which a mining authorization for gold mining was issued for the first time after 14 March 1990;”;
- 35 (d) by the substitution for subparagraph (ii) of paragraph (b) of the proviso to the definition of “retirement annuity fund” of the following subparagraph:
- “‘(ii) that not more than one-third of the total value of any annuities to which any person becomes entitled, may be commuted for a single payment, except where the annual amount of such annuities does not exceed [R250] R600 or such other amount as the Minister of Finance may from time to time fix by notice in the *Gazette*;”;
- 40 (e) by the substitution for the definition of “trading stock” of the following definition:
- 45 “‘trading stock’ includes anything produced, manufactured, purchased or in any other manner acquired by a taxpayer for purposes of manufacture, sale or exchange by him or on his behalf, or the proceeds from the disposal of which form or will form part of his gross income, or any consumable stores and spare parts acquired by him to be used or consumed in the course of his trade;”.

(2) Subsection (1) (a) shall be deemed to have come into operation on 1 July 1962 and shall apply in respect of all amounts accrued on or after that date.

Amendment of section 6 of Act 58 of 1962, as inserted by section 5 of Act 104 of 1980 and amended by section 5 of Act 96 of 1981, section 5 of Act 91 of 1982, section 4 of Act 94 of 1983, section 4 of Act 121 of 1984, section 3 of Act 96 of 1985, section 4 of Act 85 of 1987, section 4 of Act 90 of 1988 and section 4 of Act 70 of 1989

3. Section 6 of the principal Act is hereby amended—

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- (a) by the substitution in paragraph (a) of subsection (2) for the expression "R1 250" of the expression "R2 100";
- (b) by the substitution in paragraph (b) of subsection (2) for the expression "R850" of the expression "R1 800";
- 5 (c) by the substitution in paragraph (c) of subsection (2) for the expression "R1 075" of the expression "R700";
- (d) by the addition to paragraph (e) of subsection (3) of the following proviso:
- "Provided that the qualifying age of a taxpayer for purposes of this paragraph be increased for the year of assessment ending on—
- 10 (i) 28 February 1991, to 61 years;
- (ii) 29 February 1992, to 62 years;
- (iii) 28 February 1993, to 63 years;
- (iv) 28 February 1994, to 64 years; and
- (v) 28 February 1995 and any date thereafter, to 65 years;"; and
- 15 (e) by the substitution in paragraph (f) of subsection (3) for the expression "R1 330", wherever it occurs, of the expression "R1 980".

Amendment of section 7 of Act 58 of 1962, as amended by section 5 of Act 90 of 1962, section 8 of Act 88 of 1965, section 9 of Act 55 of 1966, section 7 of Act 94 of 1983, section 2 of Act 30 of 1984, section 5 of Act 90 of 1988 and section 5 of Act 70 of 1989

- 20 4. Section 7 of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection:

- "(2) Any income [other than net remuneration as defined in paragraph 11B of the Fourth Schedule] received by or accrued to a married woman married with or without community of property shall be deemed for the purposes of this Act to be income accrued to her husband if—
- 25 (a) such income was derived by her otherwise than from any trade; or
- (b) income was received by or accrued to her—
- (i) from any trade carried on by her in partnership or association with her husband or which is in any way connected with any trade carried on by her husband; or
- 30 (ii) from her husband or any partnership of which her husband was at the time of such receipt or accrual a member or any private company of which her husband was at such time the sole or main shareholder or one of the principal shareholders,
- and such income represents the whole or any portion of the total income so received by or accrued to her which exceeds the amount of income to which she would reasonably be entitled having regard to the nature of the relevant trade, the extent of her participation therein, the services rendered by her or any other relevant factor; or
- 35 (c) such married woman's husband has not during the year of assessment derived gross income (including any amounts which would have constituted gross income but for the fact that they were derived from a source outside the Republic) exceeding the amount of R10 000."
- 40

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962, section 6 of Act 90 of 1964, section 9 of Act 88 of 1965, section 10 of Act 55 of 1966, section 10 of Act 89 of 1969, section 6 of Act 90 of 1972, section 8 of Act 85 of 1974, section 7 of Act 69 of 1975, section 7 of Act 113 of 1977, section 8 of Act 94 of 1983, section 5 of Act 121 of 1984, section 4 of Act 96 of 1985, section 5 of Act 65 of 1986, section 6 of Act 85 of 1987 and section 6 of Act 90 of 1988

- 50 5. (1) Section 8 of the principal Act is hereby amended—
- (a) by the addition to paragraph (b) of subsection (1) of the following subparagraph:

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- 5 “(iv) where any motor vehicle which is owned or leased by an employee, his spouse or his child, whether directly or indirectly by virtue of an interest in a company or trust or otherwise, has been let to the employer or any associated institution in relation to the employer, the sum of the rental paid by the employer or associated institution and any expenditure defrayed by the employer or associated institution in respect of the vehicle, shall be deemed to be an allowance paid to the employee in respect of transport expenses, and in such case the said rental shall for the purposes of this Act (excluding this paragraph) be deemed not to have been received by or to have accrued to the lessor of such motor vehicle, and for the purposes of paragraph 2 (b) of the Seventh Schedule such employee shall be deemed not to have been granted the right to use such motor vehicle.”;
- 10 (b) by the substitution in subparagraph (i) of paragraph (c) of subsection (1) for the expression “R130” of the expression “R150”; and
- 15 (c) by the substitution in paragraph (e) of subsection (4) for the words preceding subparagraph (i) of the following words:
- 20 “If any amount which was deducted under the provisions of section 11 (e) or section 12 (1) or section 12 (1) as applied by section 12 (3) or the corresponding provisions of any previous Income Tax Act or section 12B or section 12C or section 27 (2) (d), in respect of machinery or plant which was used by the taxpayer directly in a process of manufacture, or directly in any other process carried on by him on or after 15 March 1961, which in the opinion of the Commissioner was of a similar nature, or in respect of machinery or plant which was used by an agricultural co-operative (as defined in section 27 (9)) directly for storing or packing pastoral, agricultural or other farm products or for subjecting such products to a primary process as defined in the said section 27 (9), has as a result of damage or destruction (hereinafter referred to as ‘the event’) been recovered or recouped during any year of assessment, and if the taxpayer satisfies the Commissioner—”.
- 25 (2) Subsection (1) (c) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending after 15 December 1989.
- 30

35 **Repeal of section 8B of Act 58 of 1962, as inserted by section 6 of Act 104 of 1980 and amended by section 6 of Act 121 of 1984**

6. (1) Section 8B of the principal Act is hereby repealed.
- (2) Subsection (1) shall be deemed to have come into operation on 1 March 1990 and shall apply in respect of advances, loans or payments made on or after that date.

40 **Repeal of section 8C of Act 58 of 1962, as inserted by section 7 of Act 96 of 1981 and amended by section 7 of Act 121 of 1984**

7. Section 8C of the principal Act is hereby repealed with effect from 1 March 1990.

Repeal of section 8D of Act 58 of 1962, as inserted by section 7 of Act 96 of 1981 and amended by section 8 of Act 121 of 1984

- 45 8. (1) Section 8D of the principal Act is hereby repealed.
- (2) Subsection (1) shall be deemed to have come into operation on 1 March 1990 and shall apply in respect of dividends received or accrued on or after that date.

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Insertion of section 9B in Act 58 of 1962

9. The following section is hereby inserted in the principal Act after section 9A:

5 **“Circumstances in which certain amounts received or accrued in relation to disposal of listed shares are deemed to be of capital nature**

9B. (1) For the purposes of this section ‘affected share’, in relation to any taxpayer, means a share listed on a licensed stock exchange as defined in the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985), which has been disposed of by the taxpayer and of which he immediately prior to such disposal had been the owner for a continuous period of at least 10 years: Provided that—

10 **(a) where the taxpayer is a company which acquired such share from any other company in the same ‘group of companies’ as defined in section 48 of the Taxation Laws Amendment Act, 1988 (Act No. 87 of 1988), and such company qualified for an exemption from stamp duty in respect of the registration of transfer of such share in terms of the said section, both such companies shall be deemed to be one and the same company;**

15 **(b) where any other share or shares are issued to such taxpayer by the company in which he holds such share in substitution for any such share by reason of a subdivision of any such share or any similar arrangement, or any capitalization share in relation to such share is issued by such company to such taxpayer, such share and such other share or shares or such capitalization share shall be deemed to be one and the same share if—**

20 **(i) such taxpayer’s participation rights and interests, whatsoever, in such company remain unaltered; and**

25 **(ii) no consideration whatsoever passes directly or indirectly from such taxpayer to such company in relation to the issue of such other share or shares or such capitalization share; and**

30 **(c) the taxpayer shall be deemed to have disposed of a share if the share has been cancelled or redeemed or if the relevant company has been liquidated or deregistered.**

35 **(2) Any taxpayer may elect that any amount received by or accrued to or in favour of him as a result of the disposal on or after 14 March 1990 of an affected share, be deemed to be of a capital nature for the purposes of the definition of ‘gross income’ in section 1: Provided that where the taxpayer is a natural person who dies or is declared insolvent during his ownership in an affected share or is a company which is liquidated during its ownership in such share, the executor of such person’s deceased estate or the curator of such person’s insolvent estate or the liquidator of such company may exercise the election in terms of this subsection.**

40 **(3) The election referred to in subsection (2) shall be exercised in respect of the first affected share disposed of by any taxpayer on or after 14 March 1990, and such election shall be made by such taxpayer in his return of income in respect of the relevant year of assessment in which he disposed of such affected share.**

45 **(4) An election made under subsection (2) shall be binding upon the taxpayer in respect of each succeeding disposal of an affected share during the year of assessment in which he exercised his election and every succeeding year of assessment.**

50 **(5) The provisions of this section shall not apply to any affected share acquired by a taxpayer by way of an exchange referred to in section 24A.**

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5 (6) If any taxpayer has elected that the provisions of this section shall apply to him, there shall in the year of assessment in which any affected share is disposed of by him, be included in his income any expenditure or losses (excluding so much of any such expenditure or losses as may be allowable as a deduction in the determination of the taxable income derived by the taxpayer from dividends) incurred in respect of such affected share and allowed as a deduction from the income of such taxpayer during such or any previous year of assessment, and any amount allowed to be deducted from the cost price of such affected share under the provisions of section 22 (1) in any such year.

10 (7) Where the taxpayer holds affected shares in any company which were acquired by him on different dates and he has disposed of any of those shares, he shall for the purposes of this section be deemed to have disposed of the affected shares held by him for the longest period of time.”

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Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 9 of Act 88 of 1971, section 7 of Act 90 of 1972, section 7 of Act 65 of 1973, section 10 of Act 85 of 1974, section 8 of Act 69 of 1975, section 9 of Act 103 of 1976, section 8 of Act 113 of 1977, section 4 of Act 101 of 1978, section 7 of Act 104 of 1979, section 7 of Act 104 of 1980, section 8 of Act 96 of 1981, section 6 of Act 91 of 1982, section 9 of Act 94 of 1983, section 10 of Act 121 of 1984, section 6 of Act 96 of 1985, section 7 of Act 65 of 1986, section 3 of Act 108 of 1986, section 9 of Act 85 of 1987, section 7 of Act 90 of 1988, section 36 of Act 9 of 1989 and section 7 of Act 70 of 1989

10. (1) Section 10 of the principal Act is hereby amended—

(a) by the substitution for paragraph (dA) of subsection (1) of the following paragraph:

30 “(dA) the receipts and accruals of any fund managed and controlled in the territory or in any country the territory of which formerly formed part of the Republic, if—

35 (i) the Commissioner is satisfied that, having regard to the rules of the fund and the manner in which it is administered, such fund is substantially similar to a pension fund, provident fund or retirement annuity fund; and

40 (ii) the receipts and accruals of pension funds, provident funds and retirement annuity funds managed and controlled in the Republic are exempt from any tax on income imposed by the country concerned;”;

(b) by the addition to paragraph (h) of subsection (1) of the following further proviso:

45 “Provided further that in the case of any such person not ordinarily resident nor carrying on business in a neighbouring country or any such company which is not incorporated, registered, managed or controlled in a neighbouring country, the exemption under this paragraph shall not apply unless such stock or securities were directly or indirectly paid for in the currency of any country other than the Republic or a neighbouring country;”;

50 (c) by the insertion in paragraph (i) of subsection (1) of the following words before subparagraph (i):

“subject to the provisions of subsection (4)—”;

(d) by the deletion of subparagraph (iv) of paragraph (i) of subsection (1);

55 (e) by the insertion in paragraph (i) of subsection (1) after subparagraph (v) of the following subparagraph:

“(vi) so much of the interest on Republic of South Africa Indefinite Period Exchequer Bonds as in the case of any taxpayer is derived in respect

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of that portion of the total amount invested in such bonds as does not exceed the amount of R60 000;”;

(f) by the deletion of subparagraphs (xiA), (xiC), (xiD), (xiDA), (xiDB), (xiDC) and (xiE) of paragraph (i) of subsection (1);

5 (g) by the substitution for subparagraph (xiiA) of paragraph (i) of subsection (1) of the following subparagraph:

“(xiiA) interest received by or accrued to any person from deposits in any savings account—

10 (aa) with any building society or mutual building society under the State-Aided Home-Ownership Savings Scheme; or

(bb) which was an investment in terms of any such scheme with any such building society and which by virtue of a transfer of assets referred to in section 55 (1) of the Mutual Building Societies Act, 1965 (Act No. 24 of 1965), or section 52 (1A) (c) of the Building Societies Act, 1986 (Act No. 82 of 1986), became an investment in any such scheme with a bank;”;

(h) by the substitution in subparagraph (xv) of paragraph (i) of subsection (1) for the expression “R1 000” of the expression “R2 000”;

20 (i) by the substitution in subparagraph (xvi) of paragraph (i) of subsection (1) for the expression “R1 000” of the expression “R2 000”;

(j) by the substitution for subparagraph (i) of paragraph (k) of subsection (1) of the following subparagraph:

“(i) dividends received by or accrued to or in favour of any [company] person: Provided that this exemption shall not apply—

25 (aa) to dividends (other than those distributed out of profits of a capital nature) distributed by a fixed property company as defined in section 1 of the Unit Trusts Control Act, [1947] 1981 (Act No. [18] 54 of [1947] 1981), on shares included in a unit portfolio comprised in any unit trust scheme in property shares authorized under the said Act; or

30 (bb) to so much of any dividend [received by or accrued to or in favour of any company from] as has been distributed by any unit portfolio constituting a company in terms of paragraph (e) of the definition of ‘company’ in section 1 [as has been distributed] out of interest derived by such unit portfolio which is exempt from tax in the hands of such unit portfolio under the provisions of paragraph (iA); [or

(cc) . . .

40 (dd) to the amount of any dividend included in the income of a company under the provisions of section 8D;

(ee) to dividends received by or accrued to any company which during any portion of the year of assessment is a close corporation;]”;

45 (k) by the deletion of subparagraphs (ii), (iii) and (v) of paragraph (k) of subsection (1);

(l) by the deletion of paragraph (kA) of subsection (1);

(m) by the deletion of paragraph (l) of subsection (1);

(n) by the insertion in subsection (1) after paragraph (nG) of the following paragraph:

50 “(nH) 50 per cent of so much of any taxable benefit derived by the taxpayer during any year of assessment ending not later than 28 February 1995 in consequence of the granting of any loan in the circumstances contemplated in paragraph 2 (f) of the Seventh Schedule as—

55 (i) was determined in relation to any portion of such loan which was before 15 March 1990 utilized by the taxpayer for the purpose of acquiring shares under a share incentive scheme operated by his employer and which relates to so many of such shares as the taxpayer was or is, under the conditions of such scheme as they applied immediately before the said date, prohibited from disposing of; and

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- (ii) relates to a period in the year of assessment during which the taxpayer was so prohibited from disposing of the relevant shares;”;
- 5 (o) by the addition to paragraph (x) of subsection (1) of the following further proviso:
- 10 “Provided further that, notwithstanding the provisions of section 37D, any such amount which was received by or accrued to a married woman and which was in whole or in part excluded from her husband’s taxable income under the provisions of this paragraph, shall for the purposes of determining the exemption under this paragraph in respect of any such amount subsequently received by or accrued to either spouse be deemed to be an amount which was received by or accrued to the husband;”;
- (p) by the deletion of paragraph (y) of subsection (1);
- 15 (q) by the substitution for paragraph (zA) of subsection (1) of the following paragraph:
- 20 “(zA) any amount [by way of rebate or other assistance received by or accrued to or in favour of any exporter (as defined in section 11bis (1))] (other than interest) which is on or after 1 April 1990 paid by the State under any scheme for the promotion or financing of exports [which is for the purposes of this paragraph approved by the Minister of Economic Affairs in consultation with the Minister of Finance]: Provided that where the person entitled to claim such amount from the State has, under an agreement directly connected with the export trade carried on by him, agreed to pay the whole or any portion of such amount to any other person, the exemption under this paragraph shall also apply to the whole or such portion of such amount received by or accrued to such other person under the said agreement;”;
- 25 (r) by the addition to subsection (1) of the following paragraph:
- 30 “(zG) any amount which on or after 15 May 1989 was received by or accrued to a film owner (as defined in section 24F) by way of a subsidy payable by the State under any scheme designed to promote the production of films (as defined in the said section);” and
- 35 (s) by the addition of the following subsection:
- 40 “(4) The exemption of any interest or dividends, as the case may be, received by or accrued to any person on an investment as referred to in subparagraphs (i), (ii), (vi), (xii), (xiiA) and (xiii) of paragraph (i) of subsection (1), shall be limited in respect of the year of assessment ending on—
- (a) 28 February 1991, to 80 per cent;
- (b) 29 February 1992, to 60 per cent;
- (c) 28 February 1993, to 40 per cent;
- (d) 28 February 1994, to 20 per cent; or
- 45 (e) 28 February 1995 and any subsequent year of assessment, to nil per cent,
- of such interest or dividends: Provided that where any portion of such interest or dividends received by or accrued to any person during any such year of assessment is calculated in respect of a period falling in the immediately preceding year of assessment, the exemption to be granted in respect of such portion shall be determined under this subsection as if such portion had been received by or accrued to the person during such preceding year of assessment.”
- 50 (2) (a) Subsection (1) (a) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 April
- 55 1989.
- (b) Subsection (1) (b) shall be deemed to have come into operation on a date fixed by the Minister of Finance by notice in the *Gazette* and shall apply in respect of all interest received or accrued on or after that date.

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- (c) Subsection (1) (g) shall be deemed to have come into operation on 1 August 1989 and shall apply in respect of all interest received or accrued on or after that date.
- 5 (d) Subsection (1) (j), (k), (l) and (m) shall be deemed to have come into operation on 1 March 1990 and shall apply in respect of all dividends received or accrued on or after that date.
- (e) Subsection (1) (q) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 April 1990.
- 10 (f) Subsection (1) (r) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 15 May 1989.

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963, section 9 of Act 90 of 1964, section 11 of Act 88 of 1965, section 12 of Act 55 of 1966, section 11 of Act 95 of 1967, section 9 of Act 76 of 1968, section 14 of Act 89 of 1969, section 10 of Act 52 of 1970, section 10 of Act 88 of 1971, section 8 of Act 90 of 1972, section 9 of Act 65 of 1973, section 12 of Act 85 of 1974, section 9 of Act 69 of 1975, section 9 of Act 113 of 1977, section 5 of Act 101 of 1978, section 8 of Act 104 of 1979, section 8 of Act 104 of 1980, section 9 of Act 96 of 1981, section 7 of Act 91 of 1982, section 10 of Act 94 of 1983, section 11 of Act 121 of 1984, section 46 of Act 97 of 1986, section 10 of Act 85 of 1987, section 8 of Act 90 of 1988 and section 8 of Act 70 of 1989

11. (1) Section 11 of the principal Act is hereby amended—

- 25 (a) by the substitution in paragraph (e) for the words preceding the proviso of the following words:
- “save as provided in paragraph 12 (2) of the First Schedule, such sum as the Commissioner may think just and reasonable as representing the amount by which the value of any machinery, plant, implements, utensils and articles (other than machinery, plant, implements, utensils and articles in respect of which a deduction may be granted under section 12B or 12C) used by the taxpayer for the purpose of his trade has been diminished by reason of wear and tear or depreciation during the year of assessment.”;
- 30 (b) by the substitution for item (A) of subparagraph (aa) of paragraph (n) of the following item:
- “(A) 15 per cent of an amount equal to the amount remaining after deducting from the income derived by the taxpayer during the year of assessment (excluding income derived from any retirement funding employment (being the income or part thereof referred to in the definition of ‘retirement-funding employment’ in section 1)) the deductions admissible against such income under this Act (excluding this paragraph, sections 17A, 18, 18A and 19 (3) [and 20A (1) (b)] of this Act and paragraph 12 (1) (c) to (j), inclusive, of the First Schedule); or”;
- 40 (c) by the substitution for paragraph (vii) of the proviso to paragraph (n) in the Afrikaans text of the following paragraph:
- “(vii) waar die belastingpligtige ’n getroude vrou is, die bedrae van R3 500, R1 750 en R1 800 beoog in onderskeidelik items [(A) en] (B) en (C) van subparagraaf (aa) en subparagraaf (bb), uitgelê word as ’n som gelyk aan een helfte van die betrokke bedrag.”;
- 50 (d) by the addition to the proviso to paragraph (n) of the following paragraph:
- “(viii) where any such contribution was allowed as a deduction to a married woman, no deduction in respect of such contribution shall be allowed to her husband;” and
- 55 (e) by the substitution in paragraph (o) for the words preceding the proviso of the following words:
- “save as provided in paragraph 12 (2) of the First Schedule, an allowance in respect of any building (or portion thereof) referred to in section 13 (1) or (4) or section 13bis (1) or section 27 (2) (b) or of any improvements (or portion thereof) to such building or of any ship-
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5 building structure referred to in section 13 (8) or of any improvement
to such shipbuilding structure or of any residential unit referred to in
section 13ter or of any permanent work, road pavement or ancillary
service referred to in section 24G or of any machinery, plant,
10 implements, utensils or articles used by the taxpayer for the purposes
of his trade which have been scrapped by such taxpayer during the year
of assessment, such allowance to be the excess of the original cost to
such taxpayer of such building (or portion thereof) or such improve-
ments (or portion thereof) to such building or such shipbuilding
15 structure or such improvements to such shipbuilding structure or such
residential unit or such permanent work, road pavement or ancillary
service or such machinery, plant, implements, utensils or articles over
the total amount arrived at by adding all the allowances made in
respect thereof under the provisions of paragraph (e) of this section, or
20 section 12 (1), or section 12 (1) as applied by section 12 (3), or section
12A (2), or section 12B, or section 12C, or section 13 (1), or section 13
(1) as applied by section 13 (4) or (8), or section 13bis (1), (2) or (3),
or section 13ter (2) or (3), or section 14 (1) (a) or (b), or the
corresponding provisions of any previous Income Tax Act, or section
25 14bis (1) (a) or (b), or section 24F, or section 24G, or section 27 (2) (b)
or (d), to any amount or the value of any advantage accruing to the
taxpayer in respect of the sale or other disposal of such building,
shipbuilding structure, improvements, residential unit, permanent
work, road pavement, ancillary service, machinery, plant, implements,
utensils or articles:"

- (2) (a) Subsection (1) (a) and (e) shall be deemed to have come into operation on
15 December 1989.
(b) Subsection (1) (d) shall be deemed to have come into operation as from the
30 commencement of years of assessment ended or ending on or after 28
February 1989.

**Amendment of section 11sept of Act 58 of 1962, as substituted by section 9 of Act 104
of 1979 and amended by section 11 of Act 96 of 1981, section 9 of Act 91 of 1982,
section 13 of Act 121 of 1984 and section 8 of Act 96 of 1985**

12. Section 11sept of the principal Act is hereby amended by the addition to
35 subsection (3) of the following proviso:

"Provided that no allowance shall be made under this section in respect of any
such training expenses incurred on or after 31 July 1990."

**Amendment of section 12B of Act 58 of 1962, as inserted by section 11 of Act 90 of
1988**

40 13. (1) Section 12B of the principal Act is hereby amended—

(a) by the addition to subsection (4) of the following paragraph:

"(e) any asset referred to in subsection (1) (a) to (e), inclusive, which is
brought into use after 15 December 1989, except such an asset
45 acquired by the taxpayer under an agreement formally and finally
signed by every party to the agreement on or before that date."; and

(b) by the insertion after subsection (4) of the following subsection:

"(4A) Where—

- (a) any asset was brought into use by any person as contemplated in
50 subsection (1) during any year of assessment;
(b) such asset was previously brought into use by any connected person (as
defined in section 12C (6)) in relation to such person; and
(c) a deduction under this section, section 12 (1) or section 27 (2) (d) was
previously granted to such connected person, whether in the current or
any previous year of assessment,

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the deduction in terms of this section shall be calculated on the lesser of the cost of such asset to such connected person or the market value thereof as determined on the date upon which the asset was brought into use by such person.”

- 5 (2) Subsection (1) shall be deemed to have come into operation on 15 December 1989.

Insertion of section 12C in Act 58 of 1962

14. (1) The following section is hereby inserted in the principal Act after section 12B:

10 **“Deduction in respect of certain machinery, plant, implements, utensils and articles**

12C. (1) In respect of any—

- 15 (a) machinery or plant (other than machinery or plant in respect of which an allowance has been granted to the taxpayer under paragraph (b)) which was or is brought into use for the first time by the taxpayer for the purposes of his trade (other than mining or farming) and is used by him directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Commissioner is of a similar nature; or
- 20 (b) machinery or plant (other than machinery or plant in respect of which an allowance has been granted to the taxpayer under paragraph (a)) which was or is let by any taxpayer and was or is brought into use for the first time by the lessee for the purposes of the lessee's trade (other than mining or farming) and is used by the lessee directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Commissioner is of a similar nature; or
- 25 (c) machinery or plant (other than machinery or plant in respect of which an allowance has been granted to the taxpayer under paragraph (a)) which was or is brought into use for the first time by any agricultural co-operative incorporated or deemed to be incorporated under the Co-operatives Act, 1981 (Act No. 91 of 1981), and is used by it directly for storing or packing pastoral, agricultural or other farm products of its members (including any person who is a member of another agricultural co-operative which is itself a member of such agricultural co-operative) or for subjecting such products to a primary process as defined in section 27 (9); or
- 30 (d) machinery, implement, utensil or article (other than any machinery, implement, utensil or article in respect of which an allowance has been granted to the taxpayer under paragraph (e)) which was or is brought into use for the first time by any taxpayer for the purposes of his trade as hotelkeeper and is used by him in a hotel, except any vehicle or equipment for offices or managers' or servants' rooms; or
- 35 (e) machinery, implement, utensil or article (other than any machinery, implement, utensil or article in respect of which an allowance has been granted to the taxpayer under paragraph (d)) which was or is let by any taxpayer and was or is brought into use for the first time by the lessee for the purposes of the lessee's trade as hotelkeeper and used by him in a hotel, except any vehicle or equipment for offices or managers' or servants' rooms,
- 40 a deduction equal to 20 per cent of the cost of such machinery, plant, implement, utensil or article (hereinafter referred to as an asset) shall, subject to the provisions of subsection (4), be allowed in the year of assessment during which the asset is so brought into use and in each of the four succeeding years of assessment.
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- (2) For the purposes of this section the cost to a taxpayer of any asset shall be deemed to be the lesser of the actual cost to the taxpayer or the

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cost which a person would, if he had acquired the said asset under a cash transaction concluded at arm's length on the date on which the transaction for the acquisition of the said asset was in fact concluded, have incurred in respect of the direct cost of acquisition of the asset, including the direct cost of the installation or erection thereof or, where the asset has been acquired to replace an asset which has been damaged or destroyed, such cost less any amount which has been recovered or recouped in respect of the damaged or destroyed asset and has been excluded from the taxpayer's income in terms of section 8 (4) (e), whether in the current or any previous year of assessment.

(3) No deduction shall be allowed under this section in respect of—

- (a) any asset which has been let by the taxpayer under a lease other than an operating lease as defined in section 23A (1), unless the lessee under such lease derives in the carrying on of his trade amounts constituting income for the purposes of this Act;
- (b) any asset contained in, or forming part of, any ship, if the cost of such asset has been included in the adjustable cost of such ship as defined in section 14 (2);
- (c) any asset which has been disposed of by the taxpayer during any previous year of assessment.

(4) Where—

- (a) any asset was brought into use by any person as contemplated in subsection (1) during any year of assessment;
- (b) such asset was previously brought into use by any connected person in relation to such person; and
- (c) a deduction under this section, section 12 (1), section 12B or section 27 (2) (d) was previously granted to such connected person, whether in the current or any previous year of assessment, the deduction in terms of this section shall be calculated on the lesser of the cost of such asset to such connected person or the market value thereof as determined on the date upon which the asset was brought into use by such person.

(5) The deductions which may be allowed in terms of this section and section 11 (o) in respect of any asset shall not in the aggregate exceed the cost to the taxpayer of such asset.

(6) For the purposes of this section 'connected person' means—

- (a) in relation to a company—
 - (i) any other company if both such companies are controlled or owned directly or indirectly by substantially the same persons;
 - (ii) any person contemplated in subparagraph (i);
- (b) in relation to a person other than a company, any company which is under the provisions of paragraph (a) a connected person in relation to the said person.”.

(2) Subsection (1) shall be deemed to have come into operation on 15 December 1989 and shall apply to any machinery, plant, implement, utensil or article brought into use after that date, other than any machinery, plant, implement, utensil or article in respect of which a deduction may be allowed in terms of section 12B.

Repeal of section 15A of Act 58 of 1962, as inserted by section 15 of Act 69 of 1975 and amended by section 11 of Act 104 of 1980

15. Section 15A of the principal Act is hereby repealed.

Amendment of section 18 of Act 58 of 1962, as inserted by section 12 of Act 104 of 1980 and amended by section 15 of Act 96 of 1981, section 15 of Act 121 of 1984, section 11 of Act 96 of 1985, section 14 of Act 90 of 1988 and section 11 of Act 70 of 1989

16. Section 18 of the principal Act is hereby amended—

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- (a) by the deletion of the second proviso to subsection (1); and
 (b) by the substitution for paragraph (b) of subsection (2) of the following paragraph:

5 “(b) where the taxpayer is not entitled to such rebate, so much of the sum of such amounts as exceeds the greater of R1 000 or 5 per cent of the taxpayer’s taxable income as determined before granting an allowance under this section [and section 20A (1) (b)].”

10 Amendment of section 18A of Act 58 of 1962, as substituted by section 16 of Act 96 of 1981 and amended by section 14 of Act 91 of 1982, section 16 of Act 94 of 1983, section 16 of Act 121 of 1984 and section 15 of Act 90 of 1988

17. Section 18A of the principal Act is hereby amended by the substitution for paragraph (aa) of subsection (2) of the following paragraph:

15 “(aa) in the case of a person other than a company, R500 or 2 per cent of his taxable income (as calculated before allowing any deduction under this section and section 18 [and section 20A (1) (b)]), whichever is the greater; or”

20 Amendment of section 19 of Act 58 of 1962, as amended by section 15 of Act 90 of 1962, section 6 of Act 6 of 1963, section 17 of Act 88 of 1965, section 17 of Act 88 of 1971, section 14 of Act 90 of 1972, section 18 of Act 85 of 1974, section 14 of Act 104 of 1980, section 17 of Act 96 of 1981, section 15 of Act 91 of 1982, section 17 of Act 94 of 1983, section 17 of Act 121 of 1984, section 12 of Act 96 of 1985, section 12 of Act 65 of 1986, section 4 of Act 108 of 1986 and section 13 of Act 85 of 1987

25 18. (1) Section 19 of the principal Act is hereby amended—

(a) by the substitution in subsection (1A) for the expression “R1 000” of the expression “R2 000”;

(b) by the substitution in subsection (3) for the words preceding paragraph (a) of the following words:

30 “In respect of income in the form of dividends (other than [any portion of a dividend included in a taxpayer’s income under section 8D and] any dividends referred to in section 11 (s)) derived by any person, there shall be allowed as a deduction in the determination of the taxable income of—”; and

(c) by the insertion after subsection (3) of the following subsection:

35 “(4) The deduction in terms of subsection (3) in respect of income in the form of dividends received by or accrued to any person on any investment as referred to in subsection (5A), shall be limited in respect of the year of assessment ending on—

(a) 28 February 1991, to 80 per cent;

(b) 29 February 1992, to 60 per cent;

40 (c) 28 February 1993, to 40 per cent;

(d) 28 February 1994, to 20 per cent; or

(e) 28 February 1995 and any subsequent year of assessment, to nil per cent,

of such deduction: Provided that—

45 (i) where any portion of such income received by or accrued to any person during any such year of assessment is calculated in respect of a period falling in the immediately preceding year of assessment, the exemption to be granted in respect of such portion shall be determined under this subsection as if such portion had been received by or accrued to that person during such preceding year of assessment;

50 (ii) no deduction in terms of subsection (3) shall be allowed in the case of—

(aa) income received by or accrued to any person on any such investment made on or after 1 March 1990; and

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(bb) any such investment made before that date, on income received by or accrued to any person on or after 1 March 1995.”.

(2) Subsection (1) (b) shall be deemed to have come into operation on 1 March 1990.

5 Amendment of section 20 of Act 58 of 1962, as amended by section 13 of Act 90 of 1964, section 18 of Act 88 of 1965, section 13 of Act 76 of 1968, section 18 of Act 89 of 1969, section 15 of Act 65 of 1973, section 8 of Act 101 of 1978 and section 18 of Act 94 of 1983

19. Section 20 of the principal Act is hereby amended—

10 (a) by the addition to the proviso to paragraph (a) of subsection (1) of the following paragraph:

“(iii) where in the case of any married man the balance of assessed loss

15 available to be carried forward from the year of assessment ended on 28 February 1990 was in whole or in part attributable to the inclusion in his income in that year or any previous year of income derived by his wife from any trade carried on by her, and

(A) his wife has continued to carry on the said trade during the year of assessment ending on 28 February 1991; and

20 (B) the income derived by her from the carrying on of the said trade is in consequence of the amendment to section 7 (2) effected by section 4 of the Income Tax Act, 1990, no longer includable in his income,

25 such balance of assessed loss shall, to the extent that it is attributable to the inclusion in his income of the said income derived by his wife, not be set off against income derived by him during the year of assessment ending on 28 February 1991, but shall for the purposes of determining the taxable income derived by his wife during such last-mentioned year be deemed to be a balance of assessed loss incurred by her in such first-mentioned year.”; and

30 (b) by the deletion of subsection (3).

35 Repeal of section 20A of Act 58 of 1962, as inserted by section 19 of Act 89 of 1969 and amended by section 16 of Act 52 of 1970, section 15 of Act 90 of 1972, section 19 of Act 85 of 1974, section 17 of Act 69 of 1975, section 15 of Act 113 of 1977, section 12 of Act 104 of 1979, section 15 of Act 104 of 1980, section 18 of Act 96 of 1981, section 16 of Act 91 of 1982, section 13 of Act 65 of 1986, section 14 of Act 85 of 1987 and section 16 of Act 90 of 1988

20. Section 20A of the principal Act is hereby repealed.

40 Amendment of section 22 of Act 58 of 1962, as amended by section 8 of Act 6 of 1963, section 14 of Act 90 of 1964, section 21 of Act 89 of 1969, section 23 of Act 85 of 1974, section 20 of Act 69 of 1975, section 15 of Act 103 of 1976, section 20 of Act 94 of 1983, section 19 of Act 121 of 1984, section 14 of Act 65 of 1986 and section 5 of Act 108 of 1986

21. Section 22 of the principal Act is hereby amended—

45 (a) by the insertion after subsection (2) of the following subsection:

50 “(2A) (a) Where any person carries on any construction, building, engineering or other trade in the course of which improvements are effected by him to fixed property owned by any other person, any such improvements effected by him and any materials delivered by him to such fixed property which are no longer owned by him shall, until the contract under which such improvements are effected has been completed, be deemed for the purposes of this section to be trading stock held and not disposed of by him.

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(b) For the purposes of paragraph (a), a contract shall be deemed to have been completed when the taxpayer has carried out all the obligations imposed upon him under the contract and has become entitled to claim payment of all amounts due to him under the contract.”;

5 (b) by the insertion after subsection (3) of the following subsections:

“(3A) For the purposes of this section the cost price of trading stock referred to in subsection (2A) shall be the sum of the cost to the taxpayer of material used by him in effecting the relevant improvements, and such further costs incurred by him as in accordance with generally accepted
10 accounting practice are to be regarded as having been incurred directly in connection with the relevant contract, and such portion of any other costs incurred by him in connection with the relevant contract and other contracts as in accordance with generally accepted accounting practice are to be regarded as having been incurred in connection with the relevant
15 contract, less a deduction of so much of—

(a) any income received by or accrued to the taxpayer in respect of the relevant contract;

(b) any portion of an amount payable to the taxpayer under the relevant contract (but not exceeding 15 per cent of the total amount payable to
20 him under such contract) the payment of which has been withheld as a retention; and

(c) any of the said costs included under this subsection as exceed that portion of the contract price which relates to the improvements actually effected by him,

25 as does not exceed the said sum.

(3B) Where in consequence of the amendment effected to the definition of ‘trading stock’ in section 1 of this Act by section 2 (1) (a) of the Income Tax Act, 1990, or the insertion of subsection (2A) in this section by section 21 (a) of that Act, the value of trading stock held and not disposed of by any person at the end of his first year of assessment ending on or after 1 January 1991, includes the value of any trading stock (hereinafter referred to as new trading stock) of any class of trading stock which was not included by such person in the trading stock held and not disposed of by him at the end of the latest year of assessment in respect of which he had not later than the date of promulgation of the said Act submitted a return of income to the Commissioner, there shall, at the option of such person, be deducted from the value of the trading stock held and not disposed of by him at the end of the said first year and at the end of the eight succeeding years of assessment (hereinafter referred to as the second to ninth years, in chronological order), an amount (not exceeding the value of the trading stock held and not disposed of by such person at the end of the year of assessment in question) equal to—

45 (a) as respects trading stock held and not disposed of at the end of the said first year, 97,5 per cent of the value of such new trading stock;

(b) as respects trading stock held and not disposed of at the end of the second year, 95 per cent of the value of such new trading stock;

50 (c) as respects trading stock held and not disposed of at the end of the third year, 90 per cent of the value of such new trading stock;

(d) as respects trading stock held and not disposed of at the end of the fourth year, 85 per cent of the value of such new trading stock;

55 (e) as respects trading stock held and not disposed of at the end of the fifth year, 75 per cent of the value of such new trading stock;

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- (f) as respects trading stock held and not disposed of at the end of the sixth year, 65 per cent of the value of such new trading stock;
- (g) as respects trading stock held and not disposed of at the end of the seventh year, 50 per cent of the value of such new trading stock;
- 5 (h) as respects trading stock held and not disposed of at the end of the eighth year, 35 per cent of the value of such new trading stock; and
- (i) as respects trading stock held and not disposed of at the end of the ninth year, 20 per cent of the value of such new trading stock:
- 10 Provided that no deduction shall be made under this subsection in respect of trading stock held on any date on which such person has ceased to carry on the trade in relation to which such trading stock was held.”;
- (c) by the addition to paragraph (e) of subsection (5) of the following further proviso:
- 15 “Provided further that the LIFO reserve shall for the purposes of this paragraph be reduced in any year of assessment ending during the period of 12 months commencing on—
- (i) 1 January 1991, by 2,5 per cent;
- (ii) 1 January 1992, by 5 per cent;
- 20 (iii) 1 January 1993, by 10 per cent;
- (iv) 1 January 1994, by 15 per cent;
- (v) 1 January 1995, by 25 per cent;
- (vi) 1 January 1996, by 35 per cent;
- (vii) 1 January 1997, by 50 per cent;
- (viii) 1 January 1998, by 65 per cent;
- 25 (ix) 1 January 1999, by 80 per cent; and
- (x) 1 January 2000 and any subsequent date, by 100 per cent, of the amount of the LIFO reserve allowed as a deduction under this paragraph in the year of assessment ended during the period of 12 months which commenced on 1 January 1990.”; and
- 30 (d) by the addition to subsection (8) of the following further proviso:
- 35 “Provided further that where any trading stock (other than livestock or produce) of any company has on or after 12 June 1990 been distributed to any person by way of a dividend, there shall be included in the income of such company during the year of assessment in which such dividend was distributed an amount equal to the market value of such trading stock.”.

Amendment of section 23A of Act 58 of 1962, as substituted by section 12 of Act 70 of 1989

22. (1) Section 23A of the principal Act is hereby amended—
- 40 (a) by the substitution in subsection (1) for paragraph (b) of the definition of “affected asset” of the following paragraph:
- 45 “(b) any machinery, plant, implement, utensil or article which has been let and in respect of which the lessor is or was entitled to an allowance under section 12B or 12C, whether in the current or a previous year of assessment, other than any such machinery, plant, implement, utensil or article let by him under an agreement of lease formally and finally signed by every party to the agreement before 19 November 1988,”;
- (b) by the substitution in subsection (1) for the definition of “rental income” of the following definition:
- 50 “‘rental income’ means income derived by way of rent from the letting of movable property or any machinery or plant in respect of which an allowance has been granted to the lessor under section 12 [or], 12B or 12C, whether in the current or any previous year of assessment.”; and

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(c) by the substitution for subsection (2) of the following subsection:

“(2) Notwithstanding the provisions of sections 11 (e) and (o), 12, 12B, 12C and 14bis, the sum of the deductions which may be allowed to any taxpayer in any year of assessment under those provisions in respect of any affected assets let by him shall not exceed the taxable income (as determined before making the said deductions) derived by him during such year from rental income.”.

(2) Subsection (1) shall be deemed to have come into operation on 15 December 1989.

10 **Amendment of section 24 of Act 58 of 1962, as substituted by section 16 of Act 65 of 1986 and amended by section 6 of Act 108 of 1986**

23. Section 24 of the principal Act is hereby amended by the addition of the following subsections:

“(5) Where any taxpayer was in respect of his last year of assessment ended

15 on or before 6 May 1989 entitled to an allowance under subsection (2) in respect of any class of property sold by him in the course of his trade but is in consequence of his compliance with any regulation promulgated in terms of section 3 of the Credit Agreements Act, 1980 (Act No. 75 of 1980), no longer entitled to such allowance in respect of that class of property, there shall be

20 allowed to be deducted from the income of the taxpayer for his first year of assessment immediately following such last year and each of the three succeeding years of assessment (such succeeding years being referred to hereinafter as the second, third and fourth years, in chronological order) an allowance calculated in accordance with the provisions of subsection (6): Provided that—

25 (a) any deduction so allowed shall be included in the taxpayer's income in the following year of assessment; and

(b) no deduction shall be made under this subsection—

(i) if the taxpayer has during the current or any previous year of assessment ceased to trade with that class of property; or

30 (ii) in any year of assessment during which the taxpayer is, in consequence of the amendment or repeal of any such regulation, once again entitled to claim an allowance under subsection (2) in respect of that class of property.

(6) The allowance under subsection (5) shall be—

- 35 (a) in respect of the said first year, 80 per cent;
 (b) in respect of the said second year, 60 per cent;
 (c) in respect of the said third year, 40 per cent; and
 (d) in respect of the said fourth year, 20 per cent,

40 of the allowance granted to the taxpayer under this section in respect of his last year of assessment referred to in subsection (5): Provided that the allowance which may be granted in the said first year, shall be reduced by any allowance to which the taxpayer is entitled in that year under the provisions of subsection (2) in respect of that class of property.”.

45 **Amendment of section 24F of Act 58 of 1962, as inserted by section 17 of Act 85 of 1987 and amended by section 19 of Act 90 of 1988**

24. (1) Section 24F of the principal Act is hereby amended—

(a) by the deletion in subsection (1) of the definition of “write-off period”;

(b) by the substitution for subsection (3) of the following subsection:

50 “(3) Subject to the provisions of [subsections] subsection (4) [and (5)], the amount of the film allowance which may be granted in respect of any one film shall be the sum of—

(a) [the greater of—

55 (i) one twenty-fourth of the production cost of such film for each month in the write-off period commencing in the year of assessment, together with any amount determined under subsection (6) in respect of the post-production cost of such film; or

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- (ii) the amount of income derived by the film owner during the year of assessment from the exploitation of the film or, if the film owner is a film manufacturer, from the exploitation of any films owned by him;]
- 5 in the year of assessment in which the completion date of such film falls, the production cost of such film and any post-production cost of such film incurred during such year; and
- (b) [the amount of any post-production cost incurred during the year of assessment after the end of the write-off period; and
- 10 (c)] in any subsequent year of assessment, any post-production cost of such film incurred during such year and the amount of any film allowance disallowed in the preceding year of assessment under the provisions of subsection (4).”;
- (c) by the deletion of subsections (5) and (6); and
- 15 (d) by the substitution for paragraph (a) of subsection (9) of the following paragraph:
- “(a) no allowance shall be granted under the provisions of that section in respect of marketing expenditure incurred in respect of a film—
- 20 (i) which is in relation to the year of assessment not a South African export film; and
- (ii) in respect of which the taxpayer has qualified for any subsidy payable in terms of the A-scheme as set out in the Head: Film Industry’s Circular N101/3/1 dated 15 May 1989, or any variation of that scheme in terms of which a subsidy may be paid in respect
- 25 of foreign revenue earned by a film owner from the exploitation of a film; and”.
- (2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 15 May 1989 and shall apply in respect of any film the production of which is commenced on or after
- 30 that date.

Amendment of section 28 of Act 58 of 1962, as amended by section 17 of Act 90 of 1962, section 22 of Act 55 of 1966, section 24 of Act 89 of 1969, section 21 of Act 88 of 1971, section 19 of Act 65 of 1973, section 19 of Act 91 of 1982, section 22 of Act 94 of 1983, section 17 of Act 65 of 1986, section 23 of Act 90 of 1988 and section 13 of

35 Act 70 of 1989

25. (1) Section 28 of the principal Act is hereby amended—
- (a) by the substitution for subsection (1) of the following subsection:
- “(1) Notwithstanding anything to the contrary contained in this Act the taxable income derived from the carrying on of long-term insurance business by any taxpayer who carries on such business in the Republic (whether on mutual principles or otherwise), shall be [the sum of—
- 40 (a)] an amount determined in accordance with the formula—
- $$T = I - E$$
- in which formula—
- 45 [(A)] (a) ‘T’ represents the amount of taxable income determinable under this paragraph;
- [(B)] (b) ‘I’ represents the sum of—
- (i) the gross amounts which the Commissioner is satisfied have been derived by the taxpayer during the year of assessment from the investment (including the letting of any property) of so much of his funds as are invested within or outside the Republic in respect of any long-term insurance business carried on by him in the Republic and of so much of his funds as are invested within the Republic in respect of any long-term insurance business carried on by him outside the Republic, but excluding one-third of any such amounts which have been derived by way of dividends (other than
- 50 dividends referred to in section 11 (s)) and—
- 55 [(i)] (A) amounts proved to the satisfaction of the Commissioner to have been derived by the taxpayer from the investment of funds

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attributable to any long-term insurance business carried on by him in the Republic with any pension fund, provident fund or retirement annuity fund or to any long-term insurance business carried on by the taxpayer in the territory or in any country the territory of which formerly formed part of the Republic with any fund the receipts and accruals of which are exempt from tax under the provisions of section 10 (1) (dA);

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[(ii)] (B) amounts proved to the satisfaction of the Commissioner to have been derived by the taxpayer from the investment of funds attributable to individual annuity contracts entered into by him in respect of which annuities are being paid and which are not connected with any business carried on by him in the Republic with any fund referred to in item [(i)] (A);

[(iii)] (C) interest on the loan portion of the normal tax imposed under any Income Tax Act; **[and]**

[(iv)] (D) amounts proved to the satisfaction of the Commissioner to have been derived by the taxpayer from the investment of funds attributable to any long-term insurance business carried on by the taxpayer in any country the territory of which formerly formed part of the Republic, if—

(aa) the profit or income derived from carrying on such business, as determined under the taxation law of such country, is subject to a tax on income imposed by such country and is not relieved from such tax under any agreement in force between such country and the Republic for the avoidance of double taxation; and

(bb) no tax on income is imposed by such country on amounts derived by the taxpayer from the investment of funds relating to long-term insurance business carried on by him in the Republic; and

(ii) where the taxpayer is a company, the gross amounts which have been derived by the taxpayer during the year of assessment by way of remuneration for managerial or secretarial or other services from subsidiary companies of the taxpayer (including any company in which the taxpayer is directly or indirectly interested, if the beneficial interest of the taxpayer in the issued share capital or the issued equity share capital of such company is a direct interest, or is equivalent to a direct interest, in at least 10 per cent of such issued share capital or such equity share capital, but excluding any company the sole or principal function of which is, in the opinion of the Commissioner, the rendering of services); and

[(C)] (c) 'E' represents an amount equal to 55 per cent of so much of the total of—

(i) the annual average of the expenditure proved to the satisfaction of the Commissioner to have been incurred by the taxpayer by way of selling expenses during the current and the four preceding years of assessment; and

(ii) any other expenditure proved to the satisfaction of the Commissioner to have been incurred by the taxpayer during the year of assessment in the carrying on of such business,

(other than any such expenditure which relates to amounts contemplated in items [(i)] (A) to [(iv)] (D) of **[subparagraph (B)]** paragraph (b) (i)) as remains after deducting from the said total an amount which bears to the said total the same ratio as so much of any dividends which have been excluded as contemplated in the foregoing provisions of this paragraph bears to the sum of the gross amounts contemplated in this paragraph (before the deduction of the said dividends) **[and paragraph (b); and**

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- 5 (b) where the taxpayer is a company, the gross amounts which have been derived by the taxpayer during the year of assessment by way of remuneration for managerial or secretarial or other services from subsidiary companies of the taxpayer (including any company in which the taxpayer is directly or indirectly interested, if the beneficial interest of the taxpayer in the issued share capital or the issued equity share capital of such company is a direct interest or is equivalent to a direct interest, in at least 10 per cent of such issued share capital or such equity share capital, but excluding any company the sole or principal function of which is, in the opinion of the Commissioner, the rendering of services)].”;
- 10 (b) by the substitution in subsection (1B) for the expression “subsection (1) (a)” of the expression “subsection (1)”; and
- 15 (c) by the substitution in subsection (3) for the expression “subsection (1) (a)” of the expression “subsection (1)”.
- (2) Subsection (1) shall be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1989.

20 Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963, section 15 of Act 90 of 1964, section 20 of Act 88 of 1965, section 23 of Act 55 of 1966, section 16 of Act 95 of 1967, section 14 of Act 76 of 1968, section 26 of Act 89 of 1969, section 21 of Act 65 of 1973, section 28 of Act 85 of 1974, section 20 of Act 104 of 1980, section 25 of Act 94 of 1983, section 16 of Act 96 of 1985 and section 14 of Act 70 of 1989

- 25 26. Section 36 of the principal Act is hereby amended—
- (a) by the substitution in subsection (7C) for the words preceding paragraph (a) of the following words:
- 30 “Subject to the provisions of [subsection] subsections (7D), (7E), (7F) and (7G), the amounts to be deducted under section 15 (a) from income derived during the first year of assessment of the taxpayer ending after 31 December 1973 (hereinafter referred to as the transition year) and succeeding years of assessment from the working of any mine shall be—”;
- (b) by the substitution for subsection (7E) of the following subsection:
- 35 “(7E) The aggregate of the amounts of capital expenditure determined under subsection (7C) in respect of any year of assessment in relation to any mine or mines shall not exceed the taxable income (as determined before the deduction of any amount allowable under section 15 (a), but after the set-off of any balance of assessed loss incurred by the taxpayer in relation to such mine or mines in any previous year which has been carried forward
- 40 from the preceding year of assessment) derived by the taxpayer from mining, and any amount by which the said aggregate would, but for the provisions of this subsection, have exceeded such taxable income as so determined, shall be carried forward and be deemed to be an amount of capital expenditure incurred during the next succeeding year of assessment in respect of the mine or mines to which such capital expenditure relates.”;
- 45 (c) by the substitution in subsection (7F) for the words preceding the proviso of the following words:
- 50 “The aggregate of the amounts of capital expenditure determined under subsection (7C) in respect of any year of assessment in relation to any one mine shall, unless the Minister of Finance, after consultation with the Minister of Mineral and Energy Affairs and having regard to any relevant fiscal, financial or technical implications, otherwise directs, not exceed the taxable income (as determined before the deduction of any amount allowable under section 15 (a), but
- 55 after the set-off of any balance of assessed loss incurred by the taxpayer in relation to that mine in any previous year which has been

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5 carried forward from the preceding year of assessment) derived by the taxpayer from mining on that mine, and any amount by which the said aggregate would, but for the provisions of this subsection, have exceeded such taxable income as so determined, shall be carried forward and be deemed to be an amount of capital expenditure incurred during the next succeeding year of assessment in respect of that mine:";

(d) by the insertion after subsection (7F) of the following subsection:

10 "(7G) (a) Where in the case of any mine in respect of which mining operations or any related operations were or are commenced by the taxpayer after 14 March 1990 (in this subsection referred to as a new mine) an amount of capital expenditure falls to be disallowed under the provisions of subsection (7F), there shall, notwithstanding the provisions of that subsection, be deducted from the total taxable income derived by the taxpayer from mining (as determined after the deduction of any capital expenditure which does not fall to be disallowed under the said provisions and after the set-off of any assessed loss incurred by him from mining operations in a previous year of assessment which has been carried forward) so much of the total amount of capital expenditure which has been so disallowed in relation to all producing new mines owned by the taxpayer as does not exceed 25 per cent of such taxable income.

(b) The provisions of paragraph (a) shall not apply to capital expenditure incurred in respect of any new mine—

25 (i) which has been disposed of by the taxpayer in the current or any previous year of assessment; or
 (ii) if the taxpayer is a company and its acquisition of the right to mine or the mineral rights in respect of such mine was financed wholly or partly by the issue of any share in respect of which any dividend is to be calculated by reference to that portion of the company's profits which is attributable to the operation of such mine.";

30 (e) by the substitution in paragraph (c) of the definition of "capital expenditure" in subsection (11) for the words preceding the proviso of the following words:

35 "in the case of any post-1973 gold mine, any other deep level gold mine, any post-1990 gold mine or any natural oil mine, an amount calculated as nearly as may be in the manner prescribed for the calculation of the capital allowance provided for in section 26 (2) of the Mining Rights Act, 1967 (Act No. 20 of 1967), at the rate of 10 per cent per annum in the case of a post-1973 gold mine or any other deep level gold mine or 12 per cent per annum in the case of any post-1990 gold mine or 6 per cent per annum in the case of any natural oil mine on the amount of the unredeemed balance of the aggregate of—

40 (i) the expenditure referred to in paragraphs (a) and (b), excluding any interest and other charges on loans referred to in paragraph (b), if the mine is a post-1973 gold mine, a post-1990 gold mine or a natural oil mine, or the expenditure referred to in paragraph (a), if the mine is any other deep level gold mine;
 45 (ii) the amount (if any) allowed to rank as capital expenditure in terms of section 37;
 50 (iii) any expenditure incurred during any period of production on development on any reef on which at the date of such development stoping has not yet commenced;
 55 (iv) the amount calculated in terms of this paragraph up to the end of the year of assessment immediately preceding the year of assessment under charge; and

(v) the instalments of expenditure referred to in paragraph (d), if the mine is a post-1973 gold mine, a post-1990 gold mine or a natural oil mine, for the period from the end of the month in which the expenditure is actually incurred up to the end of the year of assessment immediately preceding the first year of assessment in respect of which the determination of the taxable income derived from the working of such mine does not result in an assessed loss or nil, and, if the mine is

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any other deep level gold mine, for a period of 10 years from the commencement of the year of assessment during which the mine is recognized as any other deep level gold mine.”.

Insertion of section 37D in Act 58 of 1962

5 27. The following section is hereby inserted in the principal Act after section 37C:

“Determination of taxable income of married women

10 **37D.** For the purposes of the determination of the taxable income of any married woman, where any rule provided in this Act as to the inclusion of any amount in her income or as to the deduction or set-off of any amount from or against her income, in effect requires that regard shall be had to anything that has been done or has occurred in or in relation to a previous year of assessment, anything that has in fact been done or has in fact occurred in or in relation to a year of assessment during which income derived by such married woman was under the provisions of section 7 (2) (prior to the amendment thereof by section 4 of the Income Tax Act, 1990) deemed to be income derived by her husband, shall, subject to such adjustments as may in the circumstances be appropriate, be taken into account for the purposes of applying such rule.”.

20 **Amendment of section 40A of Act 58 of 1962, as inserted by section 25 of Act 121 of 1984**

28. (1) Section 40A of the principal Act is hereby amended by the deletion of subsections (2), (3) and (4).

25 (2) Subsection (1) shall be deemed to have come into operation on 1 March 1990 and is applicable in respect of any conversion as referred to in subsection (1) of the said section 40A which occurs on or after that date.

Repeal of section 40B of Act 58 of 1962, as inserted by section 17 of Act 96 of 1985

29. (1) Section 40B of the principal Act is hereby repealed with effect from 1 March 1990.

30 (2) Notwithstanding the provisions of subsection (1), the exemption from non-resident shareholders' tax provided for in section 40B (3) (d) of the principal Act, shall continue to apply to any dividend declared by a company not later than 30 September 1990, if the winding up or deregistration of such company was commenced on or before the date of promulgation of this Act.

35 **Repeal of section 48 of Act 58 of 1962, as substituted by section 30 of Act 89 of 1969 and amended by section 23 of Act 65 of 1973, section 33 of Act 85 of 1974 and section 19 of Act 103 of 1976**

30. (1) Section 48 of the principal Act is hereby repealed.

40 (2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

45 **Repeal of section 49 of Act 58 of 1962, as amended by section 22 of Act 90 of 1962, section 9 of Act 6 of 1963, section 17 of Act 90 of 1964, section 31 of Act 89 of 1969, section 24 of Act 88 of 1971, section 24 of Act 65 of 1973, section 34 of Act 85 of 1974, section 23 of Act 69 of 1975, section 20 of Act 113 of 1977, section 21 of Act 104 of 1980, section 22 of Act 96 of 1981, section 30 of Act 94 of 1983, section 26 of Act 121 of 1984, sections 46 and 47 of Act 97 of 1986 and section 19 of Act 85 of 1987**

31. (1) Section 49 of the principal Act is hereby repealed.

(2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

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Repeal of section 50 of Act 58 of 1962, as amended by section 23 of Act 90 of 1962, section 19 of Act 95 of 1967, section 32 of Act 89 of 1969, section 25 of Act 88 of 1971, section 25 of Act 65 of 1973, section 35 of Act 85 of 1974, section 27 of Act 121 of 1984 and section 20 of Act 85 of 1987

- 5 32. (1) Section 50 of the principal Act is hereby repealed.
(2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

Repeal of section 51 of Act 58 of 1962

- 10 33. (1) Section 51 of the principal Act is hereby repealed.
(2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

Repeal of section 52 of Act 58 of 1962, as amended by section 24 of Act 90 of 1962 and section 36 of Act 85 of 1974

- 15 34. (1) Section 52 of the principal Act is hereby repealed.
(2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

Repeal of section 53 of Act 58 of 1962

- 20 35. (1) Section 53 of the principal Act is hereby repealed.
(2) Subsection (1) shall be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 March 1990.

Amendment of section 62 of Act 58 of 1962, as amended by section 8 of Act 114 of 1977

- 25 36. Section 62 of the principal Act is hereby amended by the insertion after subsection (1) of the following subsection:
“(1A) Where any company not quoted on any stock exchange owns immovable property on which *bona fide* farming operations are being carried on in the Republic, the value of such immovable property shall, in so far as it is relevant for the purposes of determining the value of any shares in such company, be determined in the manner prescribed in the definition of ‘fair market value’ in section 55 (1).”

- 30 36. Amendment of section 66 of Act 58 of 1962, as amended by section 10 of Act 6 of 1963, section 19 of Act 90 of 1964, section 27 of Act 88 of 1971, section 22 of Act 91 of 1982, section 19 of Act 65 of 1986 and section 23 of Act 85 of 1987

- 35 37. Section 66 of the principal Act is hereby amended by the substitution in item (aa) of subparagraph (ii) of paragraph (b) of subsection (1) for the expression “R1 000” of the expression “R2 000”.

Amendment of section 67 of Act 58 of 1962, as amended by section 16 of Act 76 of 1968 and section 37 of Act 90 of 1988

38. Section 67 of the principal Act is hereby amended by the deletion of subsection (5).

- 40 39. Amendment of section 68 of Act 58 of 1962, as amended by section 26 of Act 90 of 1962 and section 23 of Act 88 of 1965

39. Section 68 of the principal Act is hereby amended by the substitution in subsection (1) for the words preceding the proviso of the following words:

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5 **“[The] Any income received by or accrued to or in favour of a married woman married with or without community of property [and not living apart from her husband in circumstances which, in the opinion of the Commissioner, indicate that the separation is likely to be permanent] which in terms of section 7 (2) is deemed to be income received by or accrued to her husband, shall be included by him in returns of income required to be rendered by him under this Act.”**

Amendment of section 75 of Act 58 of 1962

40. Section 75 of the principal Act is hereby amended by the substitution in subsection (1) for the expression “one hundred rand” of the expression “R300”.

10 **Amendment of section 77 of Act 58 of 1962, as amended by section 25 of Act 69 of 1975**

41. Section 77 of the principal Act is hereby amended—

(a) by the substitution in subsection (5) for the expression “twenty-one” of the expression “30”; and

(b) by the addition of the following subsection:

15 **“(8) Where any female taxpayer is during any portion of the year of assessment a married woman and during the remaining portion of such year not a married woman, separate assessments shall be made upon her in respect of each such period.”**

Amendment of paragraph 11 of 1st Schedule to Act 58 of 1962

20 42. The following paragraph is hereby substituted for paragraph 11 of the First Schedule to the principal Act:

25 **“11. If during any year of assessment livestock or produce has been donated by any farmer or has, for purposes other than that of the production to him of income from sources within the Republic, been removed by him from the Republic or where the farmer is a company and any livestock or produce has on or after 12 June 1990 been distributed by such company by way of a dividend, there shall be included in the income of such farmer for that year of assessment an amount equal to [the price which in the opinion of the Commissioner is] the current market [price] value of such livestock or produce.”**

30 **Amendment of paragraph 1 of 2nd Schedule to Act 58 of 1962, as amended by section 31 of Act 90 of 1962, section 23 of Act 90 of 1964, section 34 of Act 88 of 1971, section 34 of Act 69 of 1975, section 26 of Act 113 of 1977, section 17 of Act 104 of 1979, section 27 of Act 104 of 1980, section 28 of Act 96 of 1981, section 46 of Act 94 of 1983 and section 24 of Act 65 of 1986**

35 43. Paragraph 1 of the Second Schedule to the principal Act is hereby amended by the addition to the definition of “formula B” of the following proviso:

40 **“Provided that, notwithstanding the provisions of section 37D, any lump sum benefit which was received by or accrued to a married woman and which was taken into account for the purposes of this definition in the determination of her husband’s taxable income, shall for the purposes of this definition in relation to any lump sum subsequently received by or accrued to either spouse be deemed to be a lump sum which was received by or accrued to the husband;”**

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Amendment of paragraph 1 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 22 of Act 72 of 1963, section 44 of Act 89 of 1969, section 24 of Act 52 of 1970, section 37 of Act 88 of 1971, section 47 of Act 85 of 1974, section 6 of Act 30 of 1984, section 38 of Act 121 of 1984 and section 20 of Act 57 of 1989

44. (1) Paragraph 1 of the Fourth Schedule to the principal Act is hereby amended—

- (a) by the substitution for the definition of “employee” of the following definition:
- 10 “‘employee’ means—
- (a) any person (other than a company) who receives any remuneration or to whom any remuneration accrues;
- (b) any person who receives any remuneration or to whom any remuneration accrues by reason of any services rendered by such person to or on behalf of a labour broker;
- 15 (c) any labour broker; and
- (d) any person or class or category of person whom the Minister of Finance by notice in the *Gazette* declares to be an employee for the purposes of this definition;”;
- 20 (b) by the substitution for the definition of “employer” of the following definition:
- “‘employer’ means any person (excluding any person not acting as a principal, but including any person acting in a fiduciary capacity or in his capacity as a trustee in an insolvent estate, an executor or an administrator of a benefit fund, pension fund, provident fund, retirement annuity fund or any other fund) who pays or is liable to pay to any person [other than a company] any amount by way of remuneration, and any person responsible for the payment of any amount by way of remuneration to any person [other than a company] under the provisions of any law or out of public funds (including the funds of any provincial council or any administration or undertaking of the State) or out of funds voted by Parliament or a provincial council;”;
- 25 (c) by the insertion after the definition of “employer” of the following definition:
- 35 “‘labour broker’ means any person who conducts or carries on a labour broker’s office as defined in section 1 of the Labour Relations Act, 1956 (Act No. 28 of 1956), whether or not such labour broker’s office is registered under section 63 of that Act;”;
- 40 (d) by the substitution in the definition of “remuneration” for the words preceding paragraph (a) of the following words:
- “means any advance paid or payable to any director of any company in respect of services rendered or to be rendered by such director to such company, and any amount of income which is paid or is payable to any person by way of any salary, leave pay, allowance, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise and whether or not in respect of services rendered, including—”;
- 45 (e) by the substitution in paragraph (ii) of the definition of “remuneration” for the words preceding the proviso of the following words:
- 50 “any amount paid or payable in respect of services rendered or to be rendered by any person (other than a person who is not ordinarily resident in the Republic or an employee contemplated in paragraph (b), (c) or (d) of the definition of ‘employee’) in the course of any trade carried on by him independently of the person by whom such amount is paid or payable and of the person to whom such services have been or are to be rendered.”;
- 55

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- (f) by the deletion of paragraph (iv) of the definition of "remuneration"; and
 (g) by the substitution for paragraph (vii) of the definition of "remuneration" of the following paragraph:

5 “(vii) any such advance paid or payable to any director of any company if the Commissioner in the particular case so directs;”.

(2) Subsection (1) (d), (f) and (g) shall come into operation on 1 March 1991.

10 **Amendment of paragraph 2 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 23 of Act 72 of 1963, section 29 of Act 55 of 1966, section 38 of Act 88 of 1971; section 48 of Act 85 of 1974, section 28 of Act 113 of 1977, section 40 of Act 90 of 1988 and section 21 of Act 70 of 1989**

45. Paragraph 2 of the Fourth Schedule to the principal Act is hereby amended by the addition of the following subparagraph:

- 15 “(5) (a) The Commissioner shall on application made to him by any person who is a labour broker or who is an employee by reason of the provisions of paragraph (d) of the definition of ‘employee’ in paragraph 1, issue to such person a certificate of exemption if—
- 20 (i) such person carries on an independent trade and is registered as a provisional taxpayer under the provisions of paragraph 17;
- (ii) in the case of any such labour broker, he is registered as an employer under the provisions of paragraph 15; and
- (iii) such person has, subject to any extension granted by the Commissioner, submitted all such returns as are required to be submitted by him under this Act.
- 25 (b) The certificate of exemption referred to in item (a) shall be issued in such form as the Commissioner may decide and shall be valid for such period as the Commissioner may indicate thereon.
- 30 (c) An employer shall not be required to deduct or withhold employees tax from any remuneration paid or payable by him to any person who produces to the employer a valid certificate of exemption issued by the Commissioner under item (a).”.

Amendment of paragraph 9 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 39 of Act 88 of 1971, section 32 of Act 103 of 1976 and section 29 of Act 104 of 1980

35 46. Paragraph 9 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for the expression “section 6 (2) and (3) (a)” of the expression “section 6”.

Amendment of paragraph 11B of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and inserted by section 41 of Act 90 of 1988 and amended by section 22 of Act 70 of 1989

40 47. Paragraph 11B of the Fourth Schedule to the principal Act is hereby amended—

- (a) by the substitution in subparagraph (1) for the definition of “annual tax” of the following definition:
- 45 “‘annual tax’, in relation to any amount of net remuneration, means an amount equal to the normal tax payable in accordance with the rates of tax fixed in respect of the relevant year of assessment under section 5 (2) of this Act [or, if such rates have not been fixed on the date upon which any amount of annual tax is required to be determined, the rates of tax so fixed in respect of the preceding year of assessment] in

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- respect of a taxable income equal to such net remuneration, less a deduction equal to the sum of the rebates to which the employee would have been entitled under section 6 (2) and (3) had the relevant year of assessment ended on the last day of the relevant tax period;”;
- 5 (b) by the substitution in subparagraph (1) for paragraphs (b) and (c) of the definition of “net remuneration” of the following paragraphs, respectively:
- “(b) any amount, if the taxpayer has in the production of such amount incurred expenditure [exceeding 1 per cent of such amount] which is deductible in the determination of the taxable income derived by him
- 10 from such amount, or if he is entitled to an allowance under section 11 (e) which is so deductible, and such expenditure or allowance, or the sum of such expenditure and allowance, as the case may be, exceeds 1 per cent of such amount;
- (c) any remuneration derived by a married woman [in the circumstances contemplated in section 20A (2) (b) (ii) or (iii) of this Act] which is under the provisions of section 7 (2) deemed to be income accrued to her husband;”;
- 15 (c) by the deletion in subparagraph (1) of paragraph (e) of the definition of “net remuneration”;
- 20 (d) by the substitution in subparagraph (1) for paragraph (b) of the definition of “standard employment” of the following paragraph:
- “(b) the employment of any employee with an employer if such employee declares on the return of personal particulars referred to in paragraph 12 that he does not and will not during the period in which he holds such employment render services (other than such casual services as may be determined by the Commissioner in the deduction tables prescribed by him under paragraph 9) to any other employer; or”;
- 25 (e) by the substitution in subparagraph (1) for paragraph (b) of the proviso to the definition of “tax period” of the following paragraph:
- 30 “(b) where any employer has for the purposes of paragraph 15 applied for separate registration of branches of his undertaking, each such branch shall for the purposes of this definition be deemed at the option of the employer to be a separate employer;”;
- (f) by the substitution for items (a) and (b) of subparagraph (2) of the following items, respectively:
- 35 “(a) to the extent that the annual equivalent of all such net remuneration so paid or payable during the tax period does not exceed R40 000 [in the case of a married woman]; or
- 40 (b) [in any other case, to the extent that the annual equivalent of all such net remuneration so paid or payable during the tax period does not exceed R20 000, or] where such net remuneration includes any annual payment (being an amount of net remuneration which in terms of the employee’s service conditions or in accordance with the employer’s practice is payable to the employee once annually or which is determined without reference to any period), to the extent that the sum of all such annual payments and the annual equivalent of all other net remuneration so paid or payable during the tax period does not exceed [R20 000] R40 000;”;
- 45 (g) by the substitution for items (a) and (b) of subparagraph (3) of the following items, respectively:
- 50 “(a) in the case of any net remuneration other than an annual payment referred to in subparagraph (2) (b), be an amount equal to the annual tax determined in relation to so much of the annual equivalent of such net remuneration [(or, in the case of an employee other than a married woman, so much of such annual equivalent)] as does not exceed [R20 000] R40 000 divided by the ratio which a full year bears to the tax period; and
- 55 (b) in the case of any annual payment referred to in subparagraph (2) (b), be an amount determined in accordance with the formula—

60

$$[S = \frac{T1 - T2}{R}]$$

$$S = T1 - T2$$

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in which formula—

- (i) 'S' represents the amount of Standard Income Tax on Employees to be determined;
- 5 (ii) 'T1' represents the annual tax determined in relation to an amount (not exceeding [R20 000 in the case of an employee other than a married woman] R40 000) equal to the sum of all such annual payments and the annual equivalent of all other net remuneration paid or payable by the employer to the employee during the tax period; and
- 10 (iii) 'T2' represents the annual tax determined in relation to an amount (not exceeding [the relevant said amount] R40 000) equal to the said annual equivalent [and

- (iv) 'R' represents the ratio which a full year bears to the tax period].";
- 15 (h) by the substitution in subparagraph (4) for the words preceding item (a) of the following words:

"Where the taxpayer is entitled to a deduction under section 11(k) or (n) of this Act in respect of any contribution to a pension fund or retirement annuity fund which has not been taken into account by his employer in the determination of the balance contemplated in the definition of 'net remuneration' in subparagraph (1), or to a deduction under section 16A or 18 of this Act, and the taxpayer's taxable income derived otherwise than from net remuneration cannot be reduced by the full amount of any such deduction, the Commissioner shall on application made by the taxpayer amend —"; and

- 25 (i) by the addition of the following subparagraph:

"(9) (a) For the purposes of determining the amount of Standard Income Tax on Employees for which any employee has become liable at the end of any tax period, an employer shall, subject to any variation referred to in paragraph 10, have regard to the latest tax deduction tables, and the manner in which such tables shall be applied, which have been prescribed by the Commissioner under paragraph 9 and which are in force on the date upon which such tax period ends.

- 30 (b) Any determination made by an employer in accordance with the provisions of item (a) shall be deemed to have been correctly made in accordance with the rates of tax fixed for the relevant year of assessment under section 5 (2) and in accordance with the provisions of this Act as applicable to the tax period, notwithstanding that the rates of tax so fixed may differ from the rates of tax upon which such deduction tables are based or that any provision of this Act taken into account by the Commissioner in prescribing the manner in which such tables shall be applied, is amended with effect from a date falling before the end of such tax period."

Amendment of paragraph 12 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 42 of Act 90 of 1988

- 45 48. Paragraph 12 of the Fourth Schedule to the principal Act is hereby amended by the insertion after subparagraph (1) of the following subparagraph:

"(1A) Any employer who suspects that a return furnished by an employee under subparagraph (1) contains false information, may submit such return to the Commissioner for verification."

- 50 **Amendment of paragraph 13 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 24 of Act 72 of 1963 and section 29 of Act 113 of 1977**

49. Paragraph 13 of the Fourth Schedule to the principal Act is hereby amended—

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- (a) by the substitution for subparagraph (1) of the following subparagraph:
- 5 “(1) Subject to the provisions of paragraphs 5 and 28, every employer who during **[the] any period [of 12 months ending the last day of February, 1964, or any succeeding period of 12 months]** contemplated in subparagraph (1A) deducts or withholds any amount by way of employees tax as required by paragraph 2 shall within the time allowed by subparagraph (2) of this paragraph deliver to each employee or former employee to whom remuneration has during the period in question been paid or become due by such employer, an employees tax certificate in such form as the Commissioner may prescribe or approve, which shall show the total remuneration of such employee or former employee and the sum of the amounts of employees tax deducted or withheld by such employer from such remuneration during the said period, excluding any amount of remuneration or employees tax included in any other employees tax certificate issued by such employer unless such other certificate has been surrendered to such employer by the employee or former employee and has been cancelled by such employer and dealt with by him as provided in subparagraph (10).”;
- 10
- 15
- (b) by the insertion after subparagraph (1) of the following subparagraphs:
- 20 “(1A) The period referred to in subparagraph (1) shall be the period of 12 months ending on the last day of February of any year or, at the option of the employer which may be exercised by him in relation to all his employees or any class of his employees, the period, whether of 12 months or not (to be known as an alternate period), commencing on the day following the last day of the preceding alternate period in relation to the employer and ending on a date falling not more than 14 days (or such greater number of days as the Commissioner having regard to the circumstances of the case may allow) before or after the last day of February of any year.
- 25
- 30 “(1B) Where any employer has in relation to any employee exercised an option as contemplated in subparagraph (1A), any remuneration which is paid or becomes payable to the employee by the employer during an alternate period shall for the purposes of this Act be deemed to have been paid or to have become payable to the employee during the year of assessment ended on the last day of February of the calendar year in which such alternate period ended.”; and
- 35
- (c) by the substitution in item (a) of subparagraph (2) for the expression “fourteen days” of the expression “60 days”.

Amendment of paragraph 14 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 40 of Act 88 of 1971

- 40 50. Paragraph 14 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (3) of the following subparagraph:
- “(3) Every employer shall—
- 45 (a) **[in respect of the] within 60 days after the end of each period [of 12 months ending the last day of February, 1964, and each succeeding period of 12 months] contemplated in paragraph 13 (1A); and**
- 50 (b) **if during any such period he ceases to carry on any business or other undertaking in respect of which he has paid or becomes liable to pay remuneration to any employee or otherwise ceases to be an employer, [in respect of the period from the first day of March immediately preceding the date on which he has ceased to carry on such business or other undertaking or to be an employer, as the case may be, to] within 14 days after the date on which he has so ceased to carry on such business or undertaking or to be an employer, as the case may be,**
- 55 **[within 14 days after the end of the period in question] or within such longer time as the Commissioner may approve, render to the Commissioner a return in such**

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form as the Commissioner may prescribe showing the names and addresses of all the persons who during such period were employees in relation to such employer and the total remuneration paid to or accrued to each employee in respect of such period and the total amount of employees tax deducted or
5 withheld from the remuneration of each such employee during such period.”.

Amendment of paragraph 17 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 27 of Act 90 of 1964, section 41 of Act 88 of 1971, section 33 of Act 103 of 1976 and section 30 of Act 104 of 1980

51. Paragraph 17 of the Fourth Schedule to the principal Act is hereby amended
10 by the addition of the following subparagraph:

“(8) Every person who is a provisional taxpayer shall within 30 days after the date upon which he becomes a provisional taxpayer, apply to the Commissioner for registration as a provisional taxpayer.”.

Amendment of paragraph 19 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 28 of Act 88 of 1965, section 46 of Act 89 of 1969, section 43 of Act 88 of 1971, section 50 of Act 85 of 1974 and section 49 of Act 94 of 1983

52. (1) Paragraph 19 of the Fourth Schedule to the principal Act is hereby
amended—

20 (a) by the addition to item (d) of subparagraph (1) of the following subitem:
25 “(iii) as respects an estimate submitted under item (a) by a married woman to whom the Commissioner has not at least 14 days before the date upon which such estimate is required to be submitted issued a notice of assessment in respect of the year of assessment ended on 28 February 1991 and who, but for the provisions of section 7 (2) as applicable in the year of assessment ended on 28 February 1990, would have been a provisional taxpayer in relation to such last-mentioned year, a sum equal to the amount at which her husband’s taxable income would have been assessed by the Commissioner for the latest preceding year of assessment of her husband in relation to such estimate had her husband’s income in such latest preceding year consisted solely of the income received by or accrued to such married woman during that year.”; and

30 (b) by the addition in subparagraph (1) to subitem (ii) of item (e) of the
35 following proviso:
40 “Provided that where the Commissioner has in respect of any estimate required to be made by a provisional taxpayer issued to the taxpayer a return for the payment of provisional tax upon which the Commissioner has indicated the taxpayer’s taxable income for the latest preceding year of assessment, in respect of which a notice of assessment was issued prior to the issue of such return, such taxable income shall at the option of the taxpayer be deemed to be the basic amount applicable to such estimate.”.

45 (2) Subsection (1) (a) shall apply to the payment of provisional tax required to be made under paragraph 21 (1) (b) of the Fourth Schedule to the principal Act in respect of the year of assessment ending on 28 February 1991 and to any payment of provisional tax required to be made in respect of any subsequent year of assessment.

**Amendment of paragraph 23 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and substituted by section 51 of Act 94 of 1983 and amended by
50 section 41 of Act 121 of 1984 and section 27 of Act 65 of 1986**

53. Paragraph 23 of the Fourth Schedule to the principal Act is hereby amended by the addition after subparagraph (b) of the following words:

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“less, in either case, the total amount of employees tax deducted by the taxpayer’s employer from the taxpayer’s remuneration during the relevant period.”.

Substitution of paragraph 29 of 4th Schedule to Act 58 of 1962, as added by section 5 19 of Act 6 of 1963 and substituted by section 43 of Act 90 of 1988

54. The following paragraph is hereby substituted for paragraph 29 of the Fourth Schedule to the principal Act:

10 “29. No refund of any amount of employees tax or provisional tax shall be made to the taxpayer concerned otherwise than as provided in paragraph 11B or 28 or in such circumstances as may be determined by the Commissioner in any deduction tables prescribed by him under paragraph 9.”.

Amendment of paragraph 1 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and amended by section 26 of Act 96 of 1985, Government Notice No. R.2706 of 29 November 1985, section 33 of Act 65 of 1986, Government Notice No. 15 R.2683 of 19 December 1986, section 28 of Act 85 of 1987, Government Notice No. R.714 of 14 April 1989, section 24 of Act 70 of 1989 and Government Notice No. R.763 of 29 March 1990

20 55. (1) Paragraph 1 of the Seventh Schedule to the principal Act is hereby amended by the substitution in the definition of “official rate of interest” for the expression “16 per cent” of the expression “19 per cent”.

(2) Subsection (1) shall be deemed to have come into operation on 1 May 1990.

Amendment of paragraph 2 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and amended by section 27 of Act 96 of 1985

25 56. Paragraph 2 of the Seventh Schedule to the principal Act is hereby amended by the substitution for subparagraph (f) of the following subparagraph:

30 “(f) a loan (other than a loan which was treated as a dividend under the provisions of section 8B of this Act prior to the repeal thereof by section 6 of the Income Tax Act, 1990, or a loan in respect of which a subsidy is payable as contemplated in subparagraph (gA)) has been granted to the employee, whether by the employer or by any other person by arrangement with the employer or any associated institution in relation to the employer, and either no interest is payable by the employee on such loan or interest is payable by him thereon at a rate of lower than the official rate of interest; or”.

35 Amendment of paragraph 5 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and amended by section 28 of Act 96 of 1985

57. (1) Paragraph 5 of the Seventh Schedule to the principal Act is hereby amended—

40 (a) by the substitution for the proviso to subparagraph (2) of the following proviso:

45 “Provided that where the asset in question is movable property (other than marketable securities) and was acquired by the employer in order to dispose of it to the employee or the asset in question (other than marketable securities) was held by the employer as trading stock, the value to be placed thereon shall be the cost thereof to the employer or, where such asset was held as trading stock and the market value thereof was less than such cost, such market value.”; and

(b) by the substitution for items (a) and (b) of subparagraph (3) of the following items, respectively:

50 “(a) any asset presented by an employer to an employee as an award for bravery if the cost to the employer of all such assets so awarded to the employee during the year of assessment does not exceed R2 000; or

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(b) any asset given by an employer to an employee [by reason of safe working in a dangerous occupation or] for long service [provided] if the cost to the employer of all such [asset] assets so given to the [employer] employee during the year of assessment does not exceed R2 000; or”.

5 (2) Subsection (1) shall be deemed to have come into operation on the date of commencement of this Act and shall apply in respect of any asset acquired by an employee on or after that date.

10 **Amendment of paragraph 7 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and amended by section 30 of Act 96 of 1985, section 10 of Act 108 of 1986, Government Notice No. 956 of 11 May 1988, section 44 of Act 90 of 1988, Government Notice No. R.715 of 14 April 1989, section 25 of Act 70 of 1989 and Government Notice No. R.764 of 29 March 1990**

15 58. (1) Paragraph 7 of the Seventh Schedule to the principal Act is hereby amended by the substitution for item (a) of subparagraph (4) of the following item:
 “(a) as respects each such month, be an amount determined in accordance with the following scale, having regard to the determined value of such vehicle and the engine capacity thereof:

Determined value	Value of private use			
	Engine capacity			
	0- 1 600 cc	1 601- 2 000 cc	2 001- 3 000 cc	Over 3 000 cc
0-R 20 000	R 260	R 318	R 378	R 437
R 20 001-R 25 000	299	357	417	476
R 25 001-R 30 000	338	397	457	516
R 30 001-R 35 000	378	437	497	555
R 35 001-R 40 000	417	476	537	595
R 40 001-R 45 000	457	516	576	635
R 45 001-R 50 000	497	555	616	675
R 50 001-R 60 000	576	635	695	755
R 60 001-R 70 000	656	714	774	834
R 70 001-R 80 000	735	794	854	912
R 80 001-R 90 000	815	873	933	992
R 90 001-R100 000	894	953	1 013	1 071
R100 001-R110 000	974	1 032	1 092	1 151
R110 001-R120 000	1 053	1 110	1 171	1 230
R120 001-R130 000	1 131	1 190	1 251	1 310
R130 001-R140 000	1 211	1 269	1 331	1 389
R140 001-R150 000	1 290	1 349	1 410	1 469

Provided that—

45 (i) where the determined value of such vehicle exceeds the sum of R150 000, the value of private use for each such month shall be the amount determined for a vehicle with a determined value of R150 000 plus an amount of [R53] R80 for each completed amount of R10 000 by which such determined value exceeds R150 000; and

50 (ii) where the employee—

(aa) bears the cost of all fuel used for the purposes of the private use of the vehicle (including travelling between the employee’s place of residence and his place of employment), the value of private use for each such month as determined in accordance with the foregoing provisions of this subparagraph shall be reduced by an amount of [R67] R100;

55 (bb) bears the full cost of maintaining the vehicle (including the cost of repairs, servicing, lubrication and tyres), the value of private use for each such month as determined in accordance with the foregoing provisions of this subparagraph shall be reduced by an amount of [R41] R62; and”.

60 (2) Subsection (1) shall be deemed to have come into operation on 1 May 1990.

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Amendment of paragraph 9 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and amended by section 31 of Act 96 of 1985, section 34 of Act 65 of 1986 and section 29 of Act 85 of 1987

59. Paragraph 9 of the Seventh Schedule to the principal Act is hereby amended—
- 5 (a) by the substitution in item (b) of subparagraph (4) for the expression “R25” of the expression “R35”;
- (b) by the substitution for subparagraph (9) of the following subparagraph:
- 10 “(9) Where the employee has an interest in the accommodation in question, as contemplated in subparagraph (10), and the accommodation has been let to the employer or to any associated institution in relation to the employer, the rental value of the accommodation shall be deemed to be the sum of the rental payable therefor by the employer or associated institution and any other expenditure defrayed by the employer or associated institution in respect of such accommodation, and in such case the said rental shall for the purposes of this Act (excluding this subparagraph) be deemed not to have been received by or to have accrued to the lessor of such accommodation.”; and
- 15 (c) by the addition of the following subparagraph:
- 20 “(10) For the purposes of subparagraph (9), an employee shall be deemed to have an interest in accommodation if—
- (a) such accommodation is owned by the employee, his spouse or his child, or by a company in which the employee, his spouse or his child has a substantial shareholding, or by a trust in which the employee, his spouse or his child is a beneficiary; or
- 25 (b) any increase in the value of the accommodation in any manner whatsoever, whether directly or indirectly, accrues for the benefit of the employee, his spouse or his child.”.

Amendment of paragraph 10A of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984 and inserted by section 32 of Act 96 of 1985

- 30 60. (1) Paragraph 10A of the Seventh Schedule to the principal Act is hereby amended by the substitution for subparagraph (2) of the following subparagraph:
- 35 “(2) The provisions of paragraph 2 (d) shall not apply to any residential accommodation with which an employee has been provided in the circumstances contemplated in subparagraph (1), and the provisions of paragraph 2 (a) shall not apply where any such residential accommodation is acquired by the employee in terms of an agreement referred to in item (b) of that subparagraph at a price which is not lower than the [cost] market value of such residential accommodation [to the employer] on the date such agreement is concluded.”.
- 40 (2) Subsection (1) shall be deemed to have come into operation on 14 March 1990 and shall apply in respect of all agreements entered into on or after that date.

Insertion of paragraph 18 in 7th Schedule to Act 58 of 1962

61. The following paragraph is hereby inserted in the Seventh Schedule to the principal Act after paragraph 17:
- 45 “18.(1) Every employer shall on the return referred to in paragraph 14 of the Fourth Schedule declare that all taxable benefits enjoyed by employees of such employer during the period in respect of which such return was furnished, are declared on the employees tax certificates delivered to such employees or on the return to be furnished in terms of section 69.
- 50 (2) Every such return shall, in the case of a company, be certified as correct by a director of such company.”.

Repeal of section 28 of Act 70 of 1989

62. Section 28 of the Income Tax Act, 1989 (Act No. 70 of 1989), is hereby repealed with effect from 9 June 1989.

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Withdrawal of Government Notice No. R.763 and Government Notice No. R.764 of 29 March 1990

63. Government Notices Nos. R.763 and R.764 of 29 March 1990 are hereby withdrawn with effect from 1 May 1990.

5 Commencement of certain amendments

64. (1) Save in so far as is otherwise provided therein or the context otherwise indicates, the amendments effected to the principal Act by this Act (other than the amendments referred to in subsection (2)) shall be deemed to have taken effect as from the commencement of years of assessment ending on or after 1 January 1991.
- 10 (2) The amendments effected by sections 44 (1) (a), (b), (c) and (e), 45 and 53 shall come into operation on a date fixed by the Minister of Finance by notice in the *Gazette* and shall apply to any remuneration which is paid or becomes payable by an employer to an employee on or after a date determined by the said Minister in the said notice.

15 Short title

65. This Act shall be called the Income Tax Act, 1990.

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Schedule

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING 28 FEBRUARY 1991 AND 30 JUNE 1991, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF 12 MONTHS ENDING 31 MARCH 1991

(Section 1 of this Act).

1. The rates of normal tax referred to in section 1 of this Act are as follows:—

(a) In respect of the taxable income of any person other than a company, an amount of tax calculated in accordance with the tables below:

TABLES

Taxable Income	Rates of Tax in respect of Married Persons
Where the taxable income— does not exceed R5 000	16 per cent of each R1 of the taxable income;
exceeds R 5 000 but does not exceed R10 000	R800 plus 18 per cent of the amount by which the taxable income exceeds R5 000;
„ R10 000 „ „ „ „ R15 000	R1 700 plus 20 per cent of the amount by which the taxable income exceeds R10 000;
„ R15 000 „ „ „ „ R20 000	R2 700 plus 22 per cent of the amount by which the taxable income exceeds R15 000;
„ R20 000 „ „ „ „ R25 000	R3 800 plus 24 per cent of the amount by which the taxable income exceeds R20 000;
„ R25 000 „ „ „ „ R30 000	R5 000 plus 27 per cent of the amount by which the taxable income exceeds R25 000;
„ R30 000 „ „ „ „ R35 000	R6 350 plus 30 per cent of the amount by which the taxable income exceeds R30 000;
„ R35 000 „ „ „ „ R40 000	R7 850 plus 33 per cent of the amount by which the taxable income exceeds R35 000;
„ R40 000 „ „ „ „ R45 000	R9 500 plus 36 per cent of the amount by which the taxable income exceeds R40 000;
„ R45 000 „ „ „ „ R50 000	R11 300 plus 39 per cent of the amount by which the taxable income exceeds R45 000;
„ R50 000 „ „ „ „ R55 000	R13 250 plus 40 per cent of the amount by which the taxable income exceeds R50 000;
„ R55 000 „ „ „ „ R60 000	R15 250 plus 41 per cent of the amount by which the taxable income exceeds R55 000;
„ R60 000 „ „ „ „ R70 000	R17 300 plus 42 per cent of the amount by which the taxable income exceeds R60 000;
„ R70 000 „ „ „ „ R80 000	R21 500 plus 43 per cent of the amount by which the taxable income exceeds R70 000;
„ R80 000	R25 800 plus 44 per cent of the amount by which the taxable income exceeds R80 000;

Taxable Income	Rates of Tax in respect of Persons who are not Married Persons
Where the taxable income— does not exceed R4 000	15 per cent of each R1 of the taxable income;
exceeds R4 000 but does not exceed R8 000	R600 plus 18 per cent of the amount by which the taxable income exceeds R4 000;
„ R 8 000 „ „ „ „ R12 000	R1 320 plus 21 per cent of the amount by which the taxable income exceeds R8 000;
„ R12 000 „ „ „ „ R16 000	R2 160 plus 24 per cent of the amount by which the taxable income exceeds R12 000;
„ R16 000 „ „ „ „ R20 000	R3 120 plus 27 per cent of the amount by which the taxable income exceeds R16 000;
„ R20 000 „ „ „ „ R24 000	R4 200 plus 30 per cent of the amount by which the taxable income exceeds R20 000;
„ R24 000 „ „ „ „ R28 000	R5 400 plus 33 per cent of the amount by which the taxable income exceeds R24 000;
„ R28 000 „ „ „ „ R32 000	R6 720 plus 36 per cent of the amount by which the taxable income exceeds R28 000;
„ R32 000 „ „ „ „ R36 000	R8 160 plus 39 per cent of the amount by which the taxable income exceeds R32 000;

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Taxable Income	Rates of Tax in respect of Persons who are not Married Persons
Where the taxable income— exceeds R36 000 but does not exceed R40 000	R9 720 plus 40 per cent of the amount by which the taxable income exceeds R36 000;
„ R40 000 „ „ „ „ R44 000	R11 320 plus 41 per cent of the amount by which the taxable income exceeds R40 000;
„ R44 000 „ „ „ „ R48 000	R12 960 plus 42 per cent of the amount by which the taxable income exceeds R44 000;
„ R48 000 „ „ „ „ R56 000	R14 640 plus 43 per cent of the amount by which the taxable income exceeds R48 000;
„ R56 000.....	R18 080 plus 44 per cent of the amount by which the taxable income exceeds R56 000;

Taxable Income	Rates of Tax in respect of Married Women
Where the taxable income — does not exceed R 4 000.....	15 per cent of each R1 of the taxable income;
exceeds R 4 000 but does not exceed R 8 000	R600 plus 18 per cent of the amount by which the taxable income exceeds R4 000;
„ R 8 000 „ „ „ „ R12 000	R1 320 plus 21 per cent of the amount by which the taxable income exceeds R8 000;
„ R12 000 „ „ „ „ R16 000	R2 160 plus 24 per cent of the amount by which the taxable income exceeds R12 000;
„ R16 000 „ „ „ „ R20 000	R3 120 plus 27 per cent of the amount by which the taxable income exceeds R16 000;
„ R20 000 „ „ „ „ R24 000	R4 200 plus 30 per cent of the amount by which the taxable income exceeds R20 000;
„ R24 000 „ „ „ „ R28 000	R5 400 plus 32 per cent of the amount by which the taxable income exceeds R24 000;
„ R28 000 „ „ „ „ R32 000	R6 680 plus 34 per cent of the amount by which the taxable income exceeds R28 000;
„ R32 000 „ „ „ „ R36 000	R8 040 plus 36 per cent of the amount by which the taxable income exceeds R32 000;
„ R36 000 „ „ „ „ R40 000	R9 480 plus 37 per cent of the amount by which the taxable income exceeds R36 000;
„ R40 000.....	R10 960 plus 38 per cent of the amount by which the taxable income exceeds R40 000;

- (b) on each rand of the taxable income of any company (excluding taxable income derived from mining operations and taxable income referred to in subparagraphs (e) and (g)), 50 cents;
- (c) on each rand of the taxable income derived by any company from mining for gold otherwise than on any post-1966 gold mine (with the exclusion of so much of the taxable income as the Commissioner determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, but after the set-off of any assessed loss in terms of section 20 (1) of the principal Act), a percentage determined in accordance with the formula:

$$y = 71 - \frac{409}{x}$$

in which formula y represents such percentage and x the ratio expressed as a percentage which the taxable income so derived (with the said exclusion, but before the set-off of any assessed loss or deduction which is not attributable to the mining for gold from the said mine) bears to the income so derived (with the said exclusion);

- (d) on each rand of the taxable income derived by any company from mining for gold on any post-1966 gold mine (with the exclusion of so much of the taxable income as the Commissioner determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, but after the set-off of any assessed loss in terms of section 20 (1) of the principal Act), a percentage determined in accordance with the formula:

$$y = 71 - \frac{516}{x}$$

in which formula y represents such percentage and x the ratio expressed as a percentage which the taxable income so derived (with the said exclusion, but before the set-off of any assessed loss or deduction which is not attributable to the mining for gold from the said mine) bears to the income so derived (with the said exclusion);

- (e) on each rand of the taxable income of any company the sole or principal business of which in the Republic is or has been mining for gold and the determination of the taxable income of which for the period assessed does not result in an assessed loss, which the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, a rate equal to the average rate of normal tax or 35 cents, whichever is higher: Provided that for the purposes of this subparagraph, the average rate of normal tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with this subparagraph for the period assessed) paid by the company in respect of its aggregate taxable income from gold mining for the period from 1 July 1916 to the end of the period assessed, by the number of rands contained in the said aggregate taxable income;

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- (f) on each rand of the taxable income derived by any company from mining operations (other than mining for gold), 50 cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 9 per cent of such amount; and
- (g) on each rand of the taxable income derived by any company from the carrying on of long-term insurance business, 45 cents.
2. (1) For the purposes of paragraph 1 income derived from mining for gold shall include any income derived from silver, osmiridium, uranium, pyrites or other minerals which may be won in the course of mining for gold, and any income which, in the opinion of the Commissioner, results directly from mining for gold.
- (2) The tax payable in accordance with any of the subparagraphs of paragraph 1 shall be payable in addition to the tax determined in accordance with any other of the said subparagraphs.
3. In this Schedule, unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the principal Act, bears the meaning so assigned thereto.