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# STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

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REPUBLIC OF SOUTH AFRICA

# GOVERNMENT GAZETTE

*As 'n Nuusblad by die Poskantoor Geregistreer*

*Registered at the Post Office as a Newspaper*

**PRYS (AVB ingesluit) 30c PRICE (GST included)  
BUIELANDS 40c ABROAD  
POSVRY · POST FREE**

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Vol. 204]

KAAPSTAD, 23 JUNIE 1982

CAPE TOWN, 23 JUNE 1982

[No. 8263

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KANTOOR VAN DIE EERSTE MINISTER

OFFICE OF THE PRIME MINISTER

No. 1176.

23 Junie 1982.

No. 1176.

23 June 1982.

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

No. 91 van 1982: Inkomstebelastingwet, 1982.

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

No. 91 of 1982: Income Tax Act, 1982.



INCOME TAX ACT, 1982

Act No. 91, 1982

5 surer concerned under or upon the security of, any  
 policy of insurance upon the life of any person  
 who, at any time while the policy was in force, was  
 an employee of the taxpayer or, where the taxpay-  
 10 er is a company, was a director or employee of  
 that company, if any premium paid in respect of  
 such policy is or was deductible from the taxpay-  
 er's income, whether in the current or any previ-  
 15 ous year of assessment, under the provisions of  
 section 11: Provided that where any amount re-  
 ceived or accrued under or upon the surrender or  
 disposal of any such policy falls to be included in  
 the taxpayer's gross income, the amount so to be  
 included in his gross income shall be reduced by  
 the amount of any loan or advance under or upon  
 security of that policy which has been included in  
 his gross income, whether in the current or any  
previous year of assessment;”;

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  
 and section 2 of  
 Act 96 of 1981.

20 (c) by the substitution in subparagraph (iv) of paragraph  
 (b) of the definition of “pension fund” for the expres-  
 sion “one hundred and twenty rand” of the expression  
 “R250”; and

25 (d) by the substitution in subparagraph (ii) of paragraph  
 (b) of the definition of “retirement annuity fund” for  
 the expression “one hundred and twenty rand” of the  
 expression “R250”.

30 (2) (a) The amendment effected by subsection (1) (a) shall,  
 for the purposes of assessments under the principal  
 Act, be deemed to have taken effect as from the com-  
 mencement of years of assessment ended or ending on  
 or after 1 April 1982.

35 (b) The amendment effected by subsection (1) (b) shall,  
 for the purposes of assessments under the principal  
 Act, be deemed to have taken effect as from the com-  
 mencement of years of assessment ended or ending on  
 or after 1 June 1982.

4. Section 5 of the principal Act is hereby amended —

40 (a) by the substitution in subsection (10) for the words pre-  
 ceding paragraph (a) of the following words:

45 “Where any taxpayer's income includes any  
 special remuneration, or where the provisions of  
 section 7A (4A) or paragraph 15 (3) or 17 of the  
 First Schedule or paragraph 7 of the Second  
 Schedule or paragraph 9 of the Sixth Schedule are  
 applicable in the case of the taxpayer in respect of  
 any year of assessment, the normal tax payable by  
 the taxpayer in respect of such year (as determined  
 before the deduction of any rebate or the addition  
 50 of any loan portion of such tax) shall be determin-  
 ed in accordance with the formula—

$$[Y = \frac{A}{B - C} \times B]$$

55 
$$Y = \frac{A - D}{B - C} \times B + D$$

in which formula—”;

60 (b) by the substitution for paragraph (b) of the said subsec-  
 tion of the following paragraph:

(b) ‘A’ represents the amount of normal tax (as deter-  
 mined after the addition of any surcharge but be-  
 fore the deduction of any rebate or the addition of  
any loan portion of such tax) calculated at the full  
 rate of tax chargeable for the said year in respect

Amendment of  
 section 5 of  
 Act 58 of 1962,  
 as substituted by  
 section 2 of  
 Act 6 of 1963  
 and amended by  
 section 5 of  
 Act 90 of 1964,  
 section 6 of  
 Act 88 of 1965,  
 section 7 of  
 Act 55 of 1966,  
 section 6 of  
 Act 95 of 1967,  
 section 6 of  
 Act 77 of 1968,  
 section 7 of  
 Act 89 of 1969,  
 section 7 of  
 Act 52 of 1970,  
 section 5 of  
 Act 88 of 1971,  
 section 5 of  
 Act 90 of 1972,  
 section 5 of  
 Act 65 of 1973,  
 section 5 of  
 Act 103 of 1976,  
 section 5 of  
 Act 113 of 1977,  
 section 3 of  
 Act 104 of 1980  
 and section 4 of  
 Act 96 of 1981.

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- of a taxable income equal to the amount represented by the expression 'B - C' in the formula;"
- (c) by the substitution for subparagraph (iA) of paragraph (d) of the said subsection of the following subparagraph:
- 5 " (iA) where the provisions of subsection (4A) of section 7A are in the case of **[the taxpayer]** an employee (including the holder of an office) applicable in respect of the said year —
- 10 (aa) the amount contemplated in that subsection if that amount has actually accrued to such employee before 1 October 1982 or is, by reason of an option exercised by the taxpayer under subsection (4) of the said section, one of three
- 15 instalments of an amount which has actually accrued to such employee before that date; or
- (bb) if the provisions of item (aa) are not applicable, the lesser of the amount contemplated in the said subsection (4A) and an amount equal
- 20 to three times the annual average of the amounts derived by such employee during the three years of assessment which immediately preceded the year of assessment under charge by way of remuneration as defined in paragraph 1 of the Fourth Schedule but excluding any amount referred to in subsection (4) of the said section: Provided that where the taxpayer has exercised an option as contemplated
- 25 in the said subsection (4) the sum of the amounts to be accounted for under this item in respect of the three years of assessment during which the instalments referred to in the said subsection (4) are deemed by that subsection to have been received or to have accrued
- 30 shall not exceed the amount which would have been accounted for under this item in respect of the first of the said three years of assessment if the taxpayer had not exercised the said option;"
- 35 (d) by the insertion after paragraph (d) of the said subsection of the following paragraph:
- 40 "(e) 'D' represents an amount of R120;" and
- (e) by the substitution for the first proviso to the said subsection of the following proviso:
- 45 "Provided that in no case shall the amount of normal tax **[chargeable]** so payable be less than the amount of normal tax which would be chargeable at the relevant rate fixed in terms of subsection (2) in respect of the first rand of taxable income, less an amount equal to 2
- 50 per cent where the taxpayer is a married person or 2,4 per cent where he is not a married person of so much of the taxpayer's taxable income for the said year as exceeds R6 000, and nothing in this section contained shall be construed as relieving any person from liability
- 55 for taxation under this Act upon any portion of his taxable income:".

## 5. Section 6 of the principal Act is hereby amended—

- (a) by the substitution in paragraph (a) of subsection (2) for the expression "R200" of the expression "R320";

Amendment of section 6 of Act 58 of 1962,

## INCOME TAX ACT, 1982

## Act No. 91, 1982

- (b) by the substitution in paragraph (b) of subsection (2) for the expression "R120" of the expression "R240";  
and  
(c) by the addition to paragraph (b) of subsection (3) of the following further proviso:  
"Provided further that the total amount paid by the taxpayer during the year of assessment in respect of the premiums, fees, subscriptions and contributions contemplated in subparagraphs (i), (ii) and (iii) shall be deemed to have been not less than R300 where he is a married person or R250 where he is not a married person or, where the period assessed is less than twelve months, an amount which bears to the applicable aforesaid amount the same ratio as the period assessed bears to twelve months."
6. (1) Section 10 of the principal Act is hereby amended—
- (a) by the insertion after paragraph (d) of subsection (1) of the following paragraph:  
"(dA) the receipts and accruals of any fund managed and controlled in any country the territory of which formerly formed part of the Republic, if—  
(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 or retirement annuity fund; and  
(ii) the receipts of pension 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 substitution in subparagraph (i) of paragraph (i) of subsection (1) for the expression "R5 000" of the expression "R10 000";
- (c) by the substitution for subparagraph (ii) of the said paragraph (i) of the following subparagraph:  
"(ii) so much of the interest received by or accrued to any **[one person]** taxpayer from Post Office Savings Bank Certificates as is derived on so much of the total amount held by him in such certificates as does not exceed the sum of **[R10 000] R20 000**;"
- (d) by the substitution for subparagraph (iv) of the said paragraph (i) of the following subparagraph:  
"(iv) interest on Union Loan Certificates or National Savings Certificates: Provided that the amount exempted from tax under this subparagraph in respect of interest on the tenth and any succeeding series of National Savings Certificates shall be limited to so much of such interest as in the case of any taxpayer is derived on so much of the total amount invested by him in such certificates as does not exceed the sum of R30 000;"
- (e) by the substitution for the proviso to subparagraph (xii) of the said paragraph (i) of the following provisos:  
"Provided that this exemption shall not apply **[in respect of any such dividend the rate of which exceeds] if the dividends so received or accrued during the year of assessment exceed in the aggregate an amount calculated on the total amount invested in such shares at a rate approved by the Minister of Finance from time to time for the purposes of this exemption: Provided further that for the purposes of this subparagraph, 'dividend' shall be deemed to include any bonus or other**
- as inserted by section 5 of Act 104 of 1980 and amended by section 5 of Act 96 of 1981.
- 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 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 and section 8 of Act 96 of 1981.

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distribution of profits which becomes payable on or after 1 April 1982;";

(f) by the substitution for the proviso to subparagraph (xiii) of the said paragraph (i) of the following provisos:

"Provided that this exemption shall not apply **[in respect of any such dividend the rate of which exceeds]** if the dividends so received or accrued during the year of assessment exceed in the aggregate an amount calculated on the total amount so invested at a rate approved by the Minister of Finance from time to time for the purposes of this exemption: Provided further that for the purposes of this subparagraph, 'dividend' shall be deemed to include any bonus or other distribution of profits which becomes payable on or after 1 April 1982;";

(g) by the addition to the said paragraph (i) of the following subparagraphs:

"(xv) in the case of any taxpayer who is a natural person, so much of the aggregate of any interest received by or accrued to him which is not otherwise exempt from tax, as does not during the year of assessment exceed the amount of R100;

(xvi) in the case of any taxpayer who is a natural person, so much of the aggregate of any amounts received by or accrued to him by way of dividends referred to in section 11 (s) and any amounts received by or accrued to him which have been distributed to him out of unit portfolios which in terms of subsection (5B) of section 19 are for the purposes of that section deemed to be income derived otherwise than in the form of dividends, as does not during the year of assessment exceed the amount of R100 less the amount of any interest which is exempt from tax under subparagraph (xv);";

(h) by the substitution for paragraph (zB) of subsection (1) of the following paragraph:

"(zB) **[where]** any amount **[has been]** received by or **[has]** accrued to any employer from a fund which has under an industrial council agreement been established as contemplated in section 48 (1) (d) **[or 48A (1)]** of the Labour Relations Act, 1956 (Act No. 28 of 1956) or section 39 (4) of the Manpower Training Act, 1981 (Act No. 56 of 1981), for the training of employees for skilled work, **[and]** if such employer has undertaken such training in respect of his employees **[a sum equal to—**

(i) fifty per cent of the amount so received or accrued if it has become payable to him on or after 29 March 1973 and on or before 14 August 1974 in respect of the training so undertaken; or

(ii) the full amount so received or accrued if it has become payable to him on or after 15 August 1974 in respect of the training so undertaken];"; and

(i) by the addition to subsection (1) of the following paragraphs:

"(zC) any amount received by or accrued to or in favour of any person from the State by way of a subsidy under any scheme designed to encourage the establishment, expansion or carrying on of industrial or commercial undertakings in an economic development area, if such subsidy was granted in respect of—

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- (i) wages paid by such person in carrying on any such undertaking; or
- (ii) the expenses incurred by such person in training employees employed by him in any such undertaking;
- 5 (zD) any amount received by or accrued to or in favour of any person by way of a reimbursement by the State of expenditure incurred by him in relocating
- 10 in an economic development area any industrial or commercial undertaking, or part of such an undertaking, carried on by him elsewhere than in such area, except to the extent that the said amount relates to any expenditure claimed by and allowed to
- 15 such person as a deduction from his income under the provisions of this Act or has been taken into account in the determination under this Act of the value of any machinery or plant for the purposes of determining any allowance in respect of such
- 20 machinery or plant."
- (2) (a) The amendment effected by subsection (1) (a) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1981.
- 25 (b) The amendment effected by subsection (1) (h) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 November 1981.
- 30 (c) The amendment effected by subsection (1) (i) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.
- 35 7. (1) Section 11 of the principal Act is hereby amended—
- (a) by the addition to the proviso to paragraph (g) of the following paragraph:
- 40 „(v) where expenditure has been incurred by the taxpayer in respect of the cost of any improvements to land or buildings (other than improvements consisting of any building or improvements referred to in paragraph (iv) of this proviso or in section 13*bis* and other than any residential unit referred to in section 13*ter*) and such expenditure or a portion thereof has qualified or will qualify for deduction from the taxpayer's income by way of a deduction of expenditure or an allowance in respect of expenditure under any other provision of this Act, the aggregate of the allowances under this paragraph in respect of such improvements shall not exceed the amount or value referred to in paragraph (i) of this proviso less an amount equal to the aggregate of the amounts which have so qualified or will so qualify for deduction from the taxpayer's income under the said other provision, whether in the current or any preceding or subsequent year of assessment;”;
- 45 (b) by the substitution in subparagraph (bb) of paragraph (n) for the expression “one thousand rand” of the expression “R1 500”;
- 50 (c) by the addition to the said subparagraph (bb) of the following further proviso:
- 55 “Provided further that any amount, being a portion of a contribution so made, which has been disallowed solely by reason of the fact that it exceeds the amount
- 60
- 65
- 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 11 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 and section 9 of Act 96 of 1981.

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of the deduction allowable in respect of the year of assessment, shall be carried forward and be deemed for the purposes of this paragraph to be a contribution so made in the next succeeding year of assessment;”;

5 (d) by the substitution in paragraph (o) for the words preceding paragraph (iii) of the proviso of the following words:

10 “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 shipbuilding structure referred to in section 13 (8) or of any improvements to such shipbuilding structure or of any residential unit referred to in section 13ter or of any machinery, 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 improvements (or portion thereof) to such building or such shipbuilding structure or such improvements to such shipbuilding structure or such residential unit or such machinery, 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 section 12 (1), or section 12 (1) as applied by section 12 (3), or section 12A (2), 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 14bis (1) (a) or (b), or section 27 (2) (b) or (d), or, in the case of a company, any of the said provisions or the provisions of section 11 (2) (e) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or the corresponding provision of any previous Income Tax Ordinance of the territory, 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, machinery, implements, utensils or articles: Provided that —

50 (i) no allowance shall be made in the case of any such building (or portion thereof) or of any such improvements (or portion thereof) to such building or of any such shipbuilding structure or of any such improvements to such shipbuilding structure or of any such residential unit which has or have been scrapped within a period of ten years from the date of erection or purchase, or in the case of any such residential unit in respect of which any amount has fallen for inclusion in the taxpayer's income under the provisions of section 13ter (7) (a), whether in the current or in any previous year of assessment;

65 (ii) for the purposes of this paragraph the cost of any building (or portion thereof) or of any improvements (or portion thereof) to any building or of any shipbuilding structure or of any improvements to any shipbuilding structure or



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of any such residential unit shall be deemed to be that portion of the actual cost on which the allowance in question was made;”;

- 5 (e) by the substitution in paragraph (ii) of the proviso to paragraph (t) for the expression “R4 000” of the expression “R6 000”;
- (f) by the substitution for subparagraph (B) of paragraph (bb) of the proviso to paragraph (w) of the following subparagraph:
- 10 “(B) if any loan or advance (other than a loan or advance referred to in paragraph (m) of the definition of ‘gross income’ in section 1) was made to any person on the security or strength of such policy and any amount was during the said year owing in respect of such loan or advance or in respect of interest or other charges relating thereto, unless the Commissioner is satisfied that the loan or advance was obtained in order to obtain funds required by the taxpayer for the purposes of his trade in consequence of the employee’s or director’s ill-health, infirmity, incapacity, retirement or cessation of services occurring after the said policy was acquired by the taxpayer; or”;
- 15 and
- 20 (g) by the addition to the proviso to paragraph (w) of the following paragraphs:
- 25 “(dd) no allowance shall be made under this paragraph in respect of any premium paid under any insurance policy unless—
- 30 (A) such policy was effected in terms of a written proposal accepted by the insurer before 1 June 1982; or
- (B) the only benefit payable under the policy is a benefit payable within a period fixed in such policy upon or by reason of the death or disablement of the employee or director whose
- 35 life is insured under the policy; or
- (C) the State President has by regulation prescribed requirements in regard to terms and conditions with which insurance policies shall conform for the purposes of this subparagraph and the policy conforms with such requirements;
- 40 (ee) the allowance under this paragraph in respect of premiums paid by the taxpayer during any year of assessment shall, except as provided in subparagraph (iii), be limited—
- 45 (A) in the case of premiums paid under a policy referred to in subparagraph (A) of paragraph (dd) of this proviso, to so much of such premiums as were payable in terms of the conditions contained in that policy on 31 May 1982; or
- 50 (B) in the case of premiums paid under one or more policies referred to in subparagraph (C) of the said paragraph (dd) upon the life of a particular employee or director, to an amount equal to 10 per cent of the remuneration (as defined in the definition of ‘remuneration’ in paragraph 1 of the Fourth Schedule, but including any amount referred to in paragraph (iv) or (vii) of that definition) derived by such employee or director from the taxpayer during the said year of assessment;
- 55 (ff) no deduction shall be made from the income of any taxpayer in respect of premiums paid by him
- 60
- 65

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under any policy of insurance on the life of an employee of that taxpayer or, where the taxpayer is a company, of a director or employee of that company, except in so far as an allowance may be made under this paragraph.”

- 5
- (2) (a) The amendments effected by subsection (1) (a) and (d) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.
- 10
- (b) The amendment effected by subsection (1) (b) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1982.
- 15
- (c) The amendment effected by subsection (1) (c) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 28 February 1978.
- 20
- (d) The amendments effected by subsection (1) (f) and (g) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 June 1982.
- 25

8. (1) Section 11*bis* of the principal Act is hereby amended by the substitution for paragraph (f) of subsection (4) of the following paragraph:

- 30 “(f) in respect of commission or other remuneration **[in respect of the sale of]** for orders for goods exported to any export country or the clearing or forwarding of such goods in such country and, in the case of an exporter who carries on any trade defined or recognized under subsection (4B) as an export service industry, any commission or other remuneration **[in respect of]** for orders for services or goods obtained in the course of such trade from persons based in an export country;”
- 35

- (2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.
- 40

Amendment of section 11*bis* of Act 58 of 1962, as inserted by section 10 of Act 90 of 1962 and amended by section 9 of Act 72 of 1963, section 13 of Act 55 of 1966, section 12 of Act 95 of 1967, section 10 of Act 76 of 1968, section 11 of Act 52 of 1970, section 9 of Act 90 of 1972, section 10 of Act 65 of 1973, section 13 of Act 85 of 1974, section 10 of Act 69 of 1975, section 10 of Act 103 of 1976, section 10 of Act 113 of 1977 and section 10 of Act 96 of 1981.

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

- 45 (a) by the addition at the end of paragraph (b) of the definition of “training centre or scheme” in subsection (1) of the word “or”, and the insertion after that paragraph of the following paragraph:

“(c) a centre contemplated in section 37 of the Manpower Training Act, 1981.”;

- 50 (b) by the substitution for subsection (7) of the following subsection:

“(7) Any amount which has been received by or has accrued to any taxpayer from a fund which has under

Amendment of section 11*sept* 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.

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an industrial council agreement been established as contemplated in section 48 (1) (d) of the Labour Relations Act, 1956 (Act No. 28 of 1956), or from any fund established as contemplated in section 39 (4) of the Manpower Training Act, 1981 (Act No. 56 of 1981), shall, to the extent that it does not exceed the taxpayer's training expenses determined in accordance with the provisions of subsections (5) and (6) of this section, be deducted from such training expenses and, to the extent that it exceeds such training expenses (if any), be carried forward and be deemed to be an amount received by or accrued to the taxpayer as aforesaid in the following year of assessment.";

(c) by the insertion of the following subsection after subsection (7):

"(8) No allowance shall be made under this section in respect of training expenses relating to any employee during any period in respect of which a cash allowance has in respect of such employee become payable to the taxpayer under the provisions of section 37A of the Manpower Training Act, 1981."

(2) (a) Subsection (1) (a) shall be deemed to have come into operation on the date of commencement of the Manpower Training Act, 1981 (Act No. 56 of 1981).

(b) The amendment effected by subsection (1) (b) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 November 1981.

(c) The amendment effected by subsection (1) (c) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.

10. (1) The following section is hereby inserted in the principal Act after section 11*sept*:

Insertion of section 11*oct* in Act 58 of 1962.

"Allowance in respect of expenditure on submissions relating to undertakings in economic development areas.

11*oct*. There shall be allowed to be deducted from the income of any taxpayer expenditure (not being expenditure otherwise deductible from his income under the provisions of this Act) actually incurred by him on or after 1 April 1982 in respect of the cost of preparing detailed submissions to be made to the Director-General: Industries, Commerce and Tourism, or any person in his Department authorized by him to receive such submissions, in regard to any financial aid or incentives required in respect of the establishment, expansion or carrying on in an economic development area of any industrial or commercial undertaking of the taxpayer."

(2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.

11. (1) Section 12 of the principal Act is hereby amended by the substitution for paragraph (b) of subsection (5) of the following paragraph:

Amendment of section 12 of Act 58 of 1962, as substituted by section 15 of Act 55 of 1966 and amended by section 12 of Act 52 of 1970, section 11 of Act 88 of 1971, section 11 of Act 90 of 1972,

"(b) Where a lessor under a lease of machinery or plant concluded on or after the said date has, within a period of 5 years or within any applicable shorter period mentioned in paragraph (a), reckoned from the commencement of the period for which the machinery or plant is let under such lease, disposed of his interest in the lease or his right to receive rent under the lease, or has

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5 within that period and on or after the date of commencement of the Income Tax Act, 1982, disposed of a portion of such interest or right, there shall be included  
 10 in his income for the year of assessment during which the disposal is made a sum equal to the aggregate of any machinery initial allowance and any machinery investment allowance granted to him in respect of the said machinery or plant, less such amount as the Commissioner may allow in respect of the expired portion of the lease or any portion of such interest or right which has not been disposed of by the lessor, if the Commissioner is satisfied that the circumstances warrant such allowance.

section 12 of Act 65 of 1973, section 15 of Act 85 of 1974, section 11 of Act 69 of 1975, section 13 of Act 113 of 1977, section 6 of Act 101 of 1978, section 10 of Act 104 of 1979, section 9 of Act 104 of 1980 and section 12 of Act 96 of 1981.

(2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect in respect of years of assessment ended or ending on or after the date of commencement of this Act.

12. (1) Section 12A of the principal Act is hereby amended by the substitution for paragraph (b) of subsection (5) of the following paragraph:

Amendment of section 12A of Act 58 of 1962, as inserted by section 16 of Act 55 of 1966 and amended by section 13 of Act 95 of 1967, section 12 of Act 88 of 1971, section 12 of Act 69 of 1975 and section 13 of Act 96 of 1981.

20 “(b) Where a lessor under a lease of hotel equipment concluded on or after the said date has, within a period of 5 years or within any applicable shorter period mentioned in paragraph (a), reckoned from the commencement of the period for which the hotel equipment is let under such lease, disposed of his interest in the lease or his right to receive rent under the lease, or has within that period and on or after the date of commencement of the Income Tax Act, 1982, disposed of a portion of such interest or right, there shall be included in his income for the year of assessment during which the disposal is made a sum equal to the aggregate of any allowances referred to in paragraph (a) granted to him in respect of the said hotel equipment, less such amount as the Commissioner may allow in respect of the expired portion of the lease or any portion of such interest or right which has not been disposed of by the lessor, if the Commissioner is satisfied that the circumstances warrant such allowance.”

40 (2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect in respect of years of assessment ended or ending on or after the date of commencement of this Act.

13. (1) The following section is hereby inserted in the principal Act after section 13bis:

Insertion of section 13ter in Act 58 of 1962.

“Deductions in respect of residential buildings. **13ter (1) For the purposes of this section —**  
 50 ‘housing project’ means any project for the erection of a building or buildings in the Republic consisting of or including at least five residential units;  
 55 ‘residential unit’ means any self-contained residential accommodation consisting of more than one room (but excluding any hostel, hotel or similar accommodation), the erection of which was commenced by the taxpayer on or after 1 April 1982 and which

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was erected under a housing project of the taxpayer —

(a) in order to be let to a tenant for the purpose of deriving a profit for the taxpayer; or

(b) in order to be occupied by a *bona fide* full-time employee of the taxpayer.

(2) Notwithstanding anything to the contrary contained in paragraph (ii) of the proviso to section 11 (e), there shall, subject to the provisions of this section, be allowed to be deducted from the income of the taxpayer for the year of assessment referred to in subsection (6) of this section and each succeeding year of assessment, an allowance, to be known as the residential building annual allowance, equal to two per cent of the cost to the taxpayer of any residential unit erected by the taxpayer under a housing project of the taxpayer.

(3) In addition to the deduction provided for in subsection (2), there shall, subject to the provisions of this section, be allowed to be deducted from the income of the taxpayer for the year of assessment referred to subsection (5), an allowance, to be known as the residential building initial allowance, equal to ten per cent of the cost to the taxpayer of the residential unit referred to in subsection (2).

(4) The allowances under this section shall not be made in respect of any portion of the cost of any residential unit on any premises not owned by the taxpayer, unless the taxpayer, at the date on which the erection of such residential unit is commenced, is entitled to the occupation of such premises for a period ending not less than ten years after such date.

(5) The residential building initial allowance in relation to any residential unit shall be made for the year of assessment during which such residential unit is for the first time let or occupied as contemplated in the definition of 'residential unit' in subsection (1): Provided that if at the end of such year of assessment less than five of the residential units of the relevant housing project have for the first time been let or occupied as contemplated in the definition of 'residential unit' in subsection (1), the residential building initial allowance relating to such residential unit shall not be made for that year of assessment but shall be made for the first succeeding year of assessment in which at least five of the residential units in that housing project have been so let or occupied for the first time.

(6) The residential building annual allowance relating to any residential unit shall be made for the first time for the year of assessment in which the residential building initial allowance is made in respect of that residential unit.

(7) If in any year of assessment any residential unit in respect of the cost of which any allowance has been made to the taxpayer under the provisions of this section, whether in the current or any previous year of assessment, is so used or dealt with by the taxpayer that it ceases to be available either for letting to a tenant or for occupation by an employee as contemplated in the definition of 'residential unit' in subsection (1)—

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- 5 (a) there shall be included in the income of the taxpayer for the year of assessment in which such residential unit is so used or dealt with, the amount of the residential building initial allowance made to him in respect of the cost of such residential unit, less one-tenth of such amount for each completed period of one year, but not exceeding ten years, from the date on which such residential unit was first let or occupied as contemplated in the definition of 'residential unit' in subsection (1) until the date on which such residential unit was used or dealt with as aforesaid; and
- 10 (b) the residential building annual allowance shall not be made in respect of the cost of the said residential unit for the year of assessment during which such residential unit was used or dealt with as aforesaid nor in respect of any succeeding year of assessment during which it continued to be unavailable for the letting or occupation contemplated in the definition of 'residential unit' in subsection (1).
- 15 (8) The provisions of sections 8 (4) (a) and 11 (o) shall not apply to so much of the amount of any residential building initial allowance as has been included in the taxpayer's income under the provisions of subsection (7) (a) of this section, whether in the current or any previous year of assessment.
- 20 (9) No allowance shall be made under this section in respect of so much of the cost of any residential unit as has qualified or will qualify for deduction from the taxpayer's income by way of a deduction of expenditure or an allowance in respect of expenditure under any other provision of this Act, whether for the current or any preceding or subsequent year of assessment.
- 25 (10) The aggregate of the allowances under the preceding provisions of this section in respect of the cost of any residential unit shall not exceed such cost or, if such allowances have been calculated on a portion of such cost, such portion."
- 30 (2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect in respect of years of assessment ended or ending on or after 1 April 1982.
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14. (1) Section 18A of the principal Act is hereby amended —
- (a) by the substitution in paragraph (b) of the definition of "educational fund" in subsection (1) for the words preceding subparagraph (i) of the following words:

50 "any special fund established in the Republic for the sole purpose of receiving donations to be devoted exclusively towards **[the carrying out of any specified educational project carried out in the Republic]** defraying any expenditure directly incurred

55 in providing educational or training facilities in the Republic (including expenditure on board and lodging facilities but excluding any expenditure in respect of tuition or boarding fees for, or the granting of any bursary to, any person nominated

60 by a donor to such fund), if such fund is administered and controlled by—;

Amendment of section 18A of Act 58 of 1962, as substituted by section 16 of Act 96 of 1981.

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(b) by the substitution for subparagraphs (i) and (ii) of paragraph (c) of the said definition of the following subparagraphs:

- 5           “(i) towards **[the carrying out of any specified educational project for]** defraying any expenditure directly incurred in providing educational or training facilities (including expenditure on board and lodging facilities but excluding any expenditure in respect of tuition or boarding fees for, or the granting of any bursary to, any person nominated by a donor to such fund) by any school or institution referred to in paragraph (b) which is situated in the Republic, or any similar school or institution in any independent State whose territory formerly formed part of the Republic, where such fund is administered and controlled by the trustee of any educational trust approved by the Minister of Finance which has been created under a notarial deed of trust with the object **[or power of undertaking, promoting or financing such specified educational project]** of defraying such expenditure; or
- 10           (ii) for the benefit of any university or college for purposes other than the defraying of students' fees or the granting of **[bursaries] any bursary to any person nominated by a donor to such fund; or**”;
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(c) by the substitution in subparagraph (iii) of paragraph (c) of the said definition for the words preceding item (aa) of the following words:

- 30           “for the benefit of any educational institution situated outside the Republic for purposes other than the defraying of students' fees or the granting of **[bursaries] any bursary to any person nominated by a donor to such fund, if —**”;

35           (d) by the deletion in subsection (1) of the definition of “specified educational project”;

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

- 40           “(2) Notwithstanding anything to the contrary in this Act, there shall be allowed to be deducted from the taxable income of the taxpayer so much of the sum of any *bona fide* donations made by the taxpayer during the year of assessment —
- 45           (a) to any university or college for purposes other than the defraying of students' fees or the granting of **[bursaries] any bursary to any person nominated by the taxpayer; and**
- 50           (b) to any educational fund, as does not exceed—
- 55           (aa) in the case of a person other than a company, R500 or two per cent of his taxable income as calculated before allowing any deduction under this section, whichever is the greater; or
- (bb) in the case of a company, five per cent of its taxable income as calculated before allowing any deduction under this section.”;

(f) by the substitution in subsection (6) for the words preceding paragraph (a) of the following words:

- 60           “**In the application of the provisions of this section in so far as they relate to any fund referred to in paragraph (b) or (c) of the definition of ‘educational fund’ in subsection (1) [or to any specified**

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**educational project],** the Commissioner may by notice in writing require any person whom the Commissioner may deem able to furnish information in regard to such fund **[or project]**—"; and

5 (g) by the substitution for paragraph (c) of subsection (6) of the following paragraph:

"(c) to attend at the time and place appointed by the Commissioner for the purposes of

10 **[(i)]** producing for examination by the Commissioner or any person appointed by him, any books of account, records or other documents relating to such fund **[or**

15 **(ii) conducting an inspection by the Commissioner or any person appointed by him, of any specified educational project which has been wholly or partly financed out of moneys received from such fund]."**

(2) The amendments effected by paragraphs (c) and (e) of subsection (1) shall, for the purposes of assessments under the 20 principal Act, be deemed to have taken effect as from the commencement of any year of assessment ended or ending on or after 1 January 1981.

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

25 (a) by the insertion after subsection (1) of the following subsection:

30 "(1A) There shall for the purposes of determining the taxable income of any taxpayer who is a natural person be allowed as a deduction from his income in the form of dividends an amount of R100 less the sum of the amounts which are in terms of section 10 (1) (i) (xv) and (xvi) exempt from tax in his hands in respect of the year of assessment under charge: Provided that the amount so allowed as a deduction shall not exceed the amount by which the income in the form of dividends derived by such person during the year of assessment under charge and in respect of which a deduction is allowable under subsection (3) of this section, exceeds the amount allowed as a deduction from such income under section 11 (a), (b), (i) and (j) as applied by subsection (1) of this section."

40 (b) by the substitution for subsection (2) of the following subsection:

45 "(2) In respect of expenditure and losses not of a capital nature incurred by any person (other than a company) in the production of his income from dividends, the [amount] amounts to be deducted under section 11 (a), (b), (i) and (j), as applied by subsection (1) of this section, and the amount to be deducted under subsection (1A) of this section, shall in total be an amount which bears to the sum of the expenditure [and], losses and amount which but for this subsection would have been allowed to be deducted under the said provisions the same ratio as the amount of such dividends as calculated after allowing the deduction under subsection (3) of this section, bears to the amount of such dividends as calculated before allowing such deduction."; and

60 (c) by the substitution for subsection (5A) of the following subsection:

"(5A) Subject to the provisions of subsection (6), income received by or accrued to any person other than a company by way of a dividend (including any bonus or distribution of profits) on shares in any permanent building society shall, notwithstanding the definition of

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 and section 17 of Act 96 of 1981.



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'dividend' in section 1, be deemed for the purposes of this section to be income derived by such person in the form of dividends."

(2) The amendment effected by subsection (1) (c) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1982.

16. Section 20A of the principal Act is hereby amended by the substitution in subsection (1) for the expression "R1 400", whenever it occurs, of the expression "R1 600".

Amendment 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 and section 18 of Act 96 of 1981.

17. (1) Section 21*ter* of the principal Act is hereby amended—

(a) by the substitution in subsection (3B) for the expression "Secretary for Industries" of the expression "Director-General: Industries, Commerce and Tourism";

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

"(3C) Where an industrialist has been granted a subsidy in lieu of any development allowance or any supplementary allowance previously authorized under this section in respect of any industrial undertaking or extension to an industrial undertaking, and such subsidy has become payable in respect of any period commencing during any year of assessment which ends or ended on or after 1 April 1982, the authorization for the granting of the allowance in question shall, notwithstanding anything to the contrary in this section, be deemed not to apply in respect of the said year of assessment and succeeding years of assessment of the industrialist."; and

(c) by the insertion in subsection (5) after paragraph (a) of the following paragraph:

"(b) Unless the Minister or the said officer, having regard to the circumstances of the case, otherwise directs, no allowance shall be authorized under this section in respect of—  
 (i) any new industrial undertaking, if the application for the allowance is received after 31 March 1982; or  
 (ii) any extension to an existing industrial undertaking, if the application for the allowance is received after 31 March 1984."

Amendment of section 21*ter* of Act 58 of 1962, as inserted by section 20 of Act 89 of 1969 and amended by section 17 of Act 52 of 1970, section 18 of Act 88 of 1971, section 17 of Act 90 of 1972, section 16 of Act 65 of 1973, section 21 of Act 85 of 1974, section 19 of Act 69 of 1975, section 14 of Act 103 of 1976 and section 16 of Act 113 of 1977.

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.

18. The following section is hereby inserted in the principal Act after section 24D:

Insertion of section 24E in Act 58 of 1962.

24E. (1) For the purpose of determining the taxable income derived by any taxpayer who is a natural person, there shall, subject to the provisions of sub-

"Deduction in lieu of certain

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deductions  
under this  
Act.

section (2), be allowed to be deducted from his income an amount (which shall be in lieu of any deductions under sections 18, 18A and 21<sup>quat</sup> and any deduction under section 11 in respect of tools provided and used by him for the purposes of his employment as an artisan or technician) of R300 if he is a married person or R200 if he is not a married person or, where the period assessed is less than twelve months, an amount which bears to the applicable aforesaid amount the same ratio as the period assessed bears to twelve months.

(2) Subsection (1) shall not apply if the sum of the deductions to which the taxpayer is entitled under sections 18, 18A and 21<sup>quat</sup> and the deduction to which he is entitled under section 11 in respect of tools exceeds the amount allowable as a deduction from his income under subsection (1)."

## 19. (1) Section 28 of the principal Act is hereby amended—

(a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:

"Notwithstanding anything 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 deemed to be an amount equal to **[thirty] 40** per cent of the sum of—";

(b) by the substitution for subparagraph (i) of the said paragraph (a) of the following subparagraph:

"(i) 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 him in the Republic with any pension fund or retirement annuity fund or to any long-term insurance business carried on by the taxpayer 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);"; and

(c) by the deletion at the end of subparagraph (ii) of the said paragraph (a) of the word "and", and by the addition to that paragraph of the following subparagraph:

"(iv) 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"

(2) (a) The amendment effected by subsection (1) (a) shall, for the purposes of assessments under the principal

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 and section 19 of Act 65 of 1973.

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Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 April 1982.

- 5 (b) The amendments effected by subsection (1) (b) and (c) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1981.

20. Section 42 of the principal Act is hereby amended by the addition to subsection (2) of the following paragraph:

10 “(k) any dividend accruing on or after 1 April 1982 to any fund the receipts and accruals of which are exempt from normal tax under the provisions of section 10 (1) (dA).”

Amendment of section 42 of Act 58 of 1962, as amended by section 21 of Act 88 of 1965, section 17 of Act 95 of 1967, section 29 of Act 89 of 1969, section 19 of Act 52 of 1970, section 23 of Act 88 of 1971, section 18 of Act 90 of 1972, section 22 of Act 65 of 1973, section 32 of Act 85 of 1974, section 22 of Act 69 of 1975, section 18 of Act 103 of 1976 and section 19 of Act 113 of 1977.

15 21. Section 64C of the principal Act is hereby amended by the addition of the following paragraph:

“(m) interest accruing on or after 1 April 1982 to any fund the receipts and accruals of which are exempt from normal tax under the provisions of section 10 (1) (dA).”

Amendment of section 64C of Act 58 of 1962, as inserted by section 20 of Act 95 of 1967 and amended by section 15 of Act 76 of 1968, section 36 of Act 89 of 1969, section 21 of Act 52 of 1970, section 26 of Act 88 of 1971, section 20 of Act 90 of 1972, section 42 of Act 85 of 1974, section 22 of Act 113 of 1977, section 14 of Act 104 of 1979, section 22 of Act 104 of 1980 and section 24 of Act 96 of 1981.

20 22. Section 66 of the principal Act is hereby amended—

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

- 25 “(1) (a) The Commissioner shall annually give public notice that all persons who are personally or in a representative capacity liable to taxation under the provisions of this Act [whether personally or in any representative capacity] and are required to furnish returns for the assessment of tax, shall within sixty days after the date of such notice, or within such further time as the Commissioner may for good cause allow, furnish returns for the [assessment of the tax] purposes of assessments in
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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 and section 27 of Act 88 of 1971.

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respect of the years of assessment specified in such notice.

(b) For the purposes of this subsection, persons **[liable to taxation under the provisions of this Act]** referred to in paragraph (a) shall be deemed to include—

**[(i) any person who rendered, or was required to render under this Act or any previous Income Tax Act, a return in respect of the last preceding year of assessment and who has not been advised by the Commissioner in writing that he is not required to render a return in respect of the year of assessment under charge;]**

**[(ii) (i) any person, other than a company, whose gross income for the year of assessment under charge **[exceeded the]** consisted of or included remuneration (as defined in paragraph 1 of the Fourth Schedule) exceeding in total an amount to be stated by the Commissioner in the notice referred to in paragraph (a);**

**(ii) any person, other than a company, whose gross income for the year of assessment under charge consisted of or included—**

**(aa) any amount derived by way of interest or dividends if the aggregate of such interest and dividends exceeded R100; or**

**(bb) any amount derived otherwise than by way of interest, dividends and remuneration (as defined in paragraph 1 of the Fourth Schedule),**

**if such gross income exceeded an amount to be stated by the Commissioner in the said notice;**

**(iii) any company **[which derived gross income during the year of assessment under charge];****

**(iv) any person required by the Commissioner in writing to render a return of income in respect of the year of assessment under charge.”;**

(b) by the deletion of paragraph (b) of subsection (5);

(c) by the insertion after subsection (5) of the following subsection:

**“(5A) Any person who is not in terms of this section required to furnish a return in respect of any year of assessment may for the purpose of having his liability for taxation determined on assessment furnish such a return within three years after the end of such year of assessment.”; and**

(d) by the substitution for subsection (6) of the following subsection:

**“(6) Any return furnished as contemplated in this section shall be signed by the taxpayer or by his agent duly authorized in that behalf, and any person signing any such return shall be deemed for all purposes in connection with this Act to be cognizant of all statements made in that return.”.**

23. Section 79 of the principal Act is hereby amended by the addition at the end of paragraph (iv) of the first proviso to subsection (1) of the word “or”, and by the addition to the said proviso of the following paragraph:

60 **“(v) in respect of any year of assessment of any taxpayer (other than a company) ending on or after 28 February 1983, if—**

Amendment of section 79 of Act 58 of 1962, as amended by section 26 of Act 69 of 1975.

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- (aa) the taxpayer's income for such year of assessment consisted solely of any amount or amounts of remuneration as defined in the Fourth Schedule;
- 5 (bb) a period of at least three years has elapsed since the end of such year of assessment; and
- (cc) the taxpayer was not required under any provision of this Act to furnish a return of income for such year of assessment and did not render such a return during the period referred to in subparagraph (bb),
- 10 unless any amount of employees tax which should have been deducted or withheld from such remuneration under the provisions of the said Schedule was not so deducted or withheld or an amount of employees tax was deducted or withheld which was less than the amount of such tax which should have been so deducted or withheld, and the Commissioner is not satisfied that the omission or failure of the employer concerned to deduct or withhold such tax or the full amount of such tax was not due—
- 15 (A) to any intent by the employer to assist or enable the taxpayer to evade tax or any of his obligations under this Act; or
- 20 (B) to the fact that an incorrect or incomplete return of relevant personal particulars was furnished to the employer under paragraph 12 of the said Schedule or to the fact that a fresh return of such particulars was not furnished to the employer as required by the said paragraph.”

- 30 24. (1) Section 88 of the principal Act is hereby amended—
- (a) by the substitution for the expression “seven and a half” of the expression “10”; and
- (b) by the addition of the following proviso:
- 35 “Provided that where such date falls before 1 July 1982 the interest payable for the period from such date to 30 June 1982 shall be calculated at the rate of 7,5 per cent per annum.”
- (2) Subsection (1) shall come into operation on 1 July 1982.

Amendment of section 88 of Act 58 of 1962, as substituted by section 44 of Act 85 of 1974 and amended by section 25 of Act 103 of 1976.

- 40 25. (1) Section 89 of the principal Act is hereby amended—
- (a) by the substitution for subsection (2) of the following subsection:
- 45 “(2) If the taxpayer fails to pay any tax in full within the period for payment notified by the Commissioner in the notice of assessment or any extension of such period which the Commissioner may grant having regard to the circumstances of the case, or within the period for payment prescribed by this Act, as the case may be, interest shall be paid by the taxpayer at the rate of ~~seven and a half~~ 10 per cent per annum on the
- 50 outstanding balance of such tax in respect of each completed month (reckoned from the date for payment specified in the notice of assessment or the date on which the tax has become payable in terms of this Act, as the case may be) during which any portion of the tax has remained unpaid: Provided that if the date for payment or the date on which the tax has become payable, as the case may be, falls before ~~the first day of April, 1963, the amount which shall be paid by the taxpayer by way of interest shall be an amount equal to the sum of—~~
- 55 (i) the amount of interest or penalty which would have been payable by the taxpayer in respect of the un-
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Amendment of section 89 of Act 58 of 1962, as substituted by section 13 of Act 6 of 1963.

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5 **paid amount of such tax in terms of this subsection before its amendment by the Income Tax Amendment Act, 1963, or the corresponding provisions of any previous Income Tax Act or any ordinance of a provincial council imposing any tax on persons or the incomes of persons, whichever is applicable, if the unpaid amount of such tax had been paid on the thirty-first day of March, 1963; and**

10 **(ii) an amount of interest calculated at the rate of seven and a half per cent per annum on the outstanding balance of such tax in respect of each completed month (reckoned from the first day of April, 1963) during which any portion of the tax has remained unpaid] 1 July 1982 and the said interest is charge-**

15 **able or is in part chargeable in respect of any completed month commencing before 1 July 1982 the interest payable in respect of such completed month and any earlier completed month or months shall be the amount of interest which would have been payable by the taxpayer in terms of this subsection before its amendment by the Income Tax Act, 1982, if the unpaid amount of such tax had been paid on the day after the end of the only or the latest of such completed months.”; and**

25 **(b) by the deletion of subsection (3).**  
**(2) Subsection (1) shall come into operation on 1 July 1982.**

26. (1) Section 89*bis* of the principal Act is hereby amended—

30 **(a) by the substitution in subsection (2) for the expression “seven and a half” of the expression “10”; and**

**(b) by the addition to subsection (2) of the following proviso:**

35 **“Provided that where the period during which the amount underpaid remains unpaid commenced before 1 July 1982 the interest payable in respect of that portion of that period ending on 30 June 1982 shall be calculated at the rate of 7,5 per cent per annum.”.**

Amendment of section 89*bis* of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963 and amended by section 21 of Act 95 of 1967, section 28 of Act 88 of 1971 and section 45 of Act 85 of 1974.

**(2) Subsection (1) shall come into operation on 1 July 1982.**

27. Section 102 of the principal Act is hereby amended by the addition of the following subsection:

40 **“(3) If in respect of any year of assessment of any taxpayer (other than a company) ending on or after 28 February 1983—**

45 **(a) the taxpayer’s income for such year consisted solely of any amount or amounts of remuneration as defined in the Fourth Schedule;**

**(b) a period of at least three years has elapsed since the end of such year of assessment; and**

50 **(c) the taxpayer was not required under any provision of this Act to furnish a return of income for such year of assessment and did not render such a return during the period referred to in paragraph (b),**

55 **the Commissioner shall not authorize a refund of any amount of employees tax deducted or withheld from such remuneration under the provisions of the said Schedule unless the claim therefor is made within the period referred to in paragraph (b).”.**

Amendment of section 102 of Act 58 of 1962, as substituted by section 28 of Act 69 of 1975.

28. (1) Paragraph 12 of the First Schedule to the principal Act is hereby amended—

60 **(a) by the substitution for item (i) of subparagraph (1) of the following item:**

**“(i) the carrying of electric power from the main transmission lines to the farm apparatus or under an agreement concluded with the Electricity Supply Commission in terms of which the farmer has**

Amendment of paragraph 12 of 1st Schedule to Act 58 of 1962, as amended by section 27 of Act 55 of 1966, section 42 of Act 89 of 1969,

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undertaken to bear a portion of the cost incurred by the said Commission in connection with the supply of electric power consumed by the farmer wholly or mainly for farming purposes;"; and

section 24 of Act 113 of 1977, section 24 of Act 104 of 1980 and section 27 of Act 96 of 1981.

5 (b) by the substitution in subparagraph (5) for the expression "R5 000" of the expression "R6 000".

(2) The amendment effected by subsection (1) (a) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1982.

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

Amendment of paragraph 19 of 1st Schedule to Act 58 of 1962, as added by section 28 of Act 95 of 1967 and amended by section 43 of Act 89 of 1969, section 33 of Act 88 of 1971, section 22 of Act 90 of 1972, section 32 of Act 69 of 1975, section 30 of Act 103 of 1976, section 16 of Act 104 of 1979 and section 25 of Act 104 of 1980.

(a) by the substitution in subparagraph (1) for the words and formula preceding item (a) of the following words and formulae:

15 "In the case of any taxpayer who has made an election as provided in subparagraph (5) which is binding upon him in respect of any period of assessment commencing on or after the first day of March 1967 (hereinafter referred to as the relevant period), during which he or his wife has carried on farming operations or has derived income from the operations so carried on, the normal tax chargeable in respect of his taxable income for such period (before the deduction of any rebate or the addition of any loan portion of such tax) shall be determined—

(i) as respects the year of assessment which ended on 28 February 1982, in accordance with the formula—

$$[Y = \frac{A}{B + C - D - E - J} \times F]$$

$$Y = \frac{A}{B + C - D - E - J - K} \times F; \text{ or}$$

(ii) as respects the year of assessment ending on 28 February 1983 or any subsequent year of assessment, in accordance with the formula—

$$Y = \left( \frac{A - L}{B + C - D - E - J - K} \times F \right) + L,$$

in which **[formula] formulae—**;

(b) by the substitution for item (b) of the said subparagraph of the following item:

45 "(b) 'A' represents the amount of normal tax (as determined after the addition of any surcharge but before the deduction of any rebate or the addition of any loan portion of such tax) chargeable at the relevant rate fixed in terms of section 5 (2) of this Act in respect of a taxable income equal to the amount represented by the expression 'B + C - D - E - J - K' in the relevant formula,";

(c) by the substitution for the proviso to item (d) of the said subparagraph of the following proviso:

"Provided that where 'C' represents such assessed loss the expression '+ C' in the relevant formula shall be construed as meaning '- C',";

(d) by the insertion after item (h) of the said subparagraph of the following items:

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- “(i) ‘K’ represents, where the provisions of subsection (4A) of section 7A of this Act are in the case of an employee (including the holder of an office) applicable in respect of the said year—
- 5 (aa) the amount contemplated in that subsection if that amount has actually accrued to such employee before 1 October 1982 or is, by reason of an option exercised by the taxpayer under subsection (4) of the said section, one of three instalments of an amount which has actually
- 10 accrued to such employee before that date; or
- (bb) if the provisions of subitem (aa) are not applicable, the lesser of the amount contemplated in the said subsection (4A) and an
- 15 amount equal to three times the annual average of the amounts derived by such employee during the three years of assessment which immediately preceded the year of assessment under charge by way of remuneration as defined in paragraph 1 of the Fourth Schedule but excluding any amount referred to in subsection (4) of the said section: Provided that
- 20 where the taxpayer has exercised an option as contemplated in the said subsection (4) the sum of the amounts to be accounted for under this subitem in respect of the three years of assessment during which the instalments referred to in the said subsection (4) are deemed by that subsection to have been received or to
- 25 have accrued, shall not exceed the amount which would have been accounted for under this subitem in respect of the first of the said three years of assessment if the taxpayer had not exercised the said option;
- 30 (j) ‘L’ represents an amount of R120.”; and
- (e) by the substitution for the first proviso to the said subparagraph of the following proviso: “Provided that **[the amount represented by the expression ‘B + C - D - E - J’ in the formula shall in no case be determined at an amount of less than one rand]** in no case shall the
- 35 amount of normal tax so payable be less than the amount of normal tax which would be chargeable at the relevant rate fixed in terms of section 5 (2) of this Act in respect of the first rand of taxable income, or, as respects the year of assessment ending on 28 February 1983 or any subsequent year of assessment, the said amount less an amount equal to 2 per cent where the taxpayer is a married person or 2,4 per cent where he is
- 40 not a married person of so much of the taxpayer’s taxable income for the said year as exceeds R6 000.”.
- 45
- 50

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of the years of assessment ended or ending on or after 28 February 1982.

55 30. Paragraph 20 of the First Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for the words following item (c) of the following words:

“the normal tax chargeable (as determined before the deduction of any rebate or the addition of any loan portion of

Amendment of paragraph 20 of 1st Schedule to Act 58 of 1962, as added by section 33 of Act 69 of 1975 and amended by



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such tax) in respect of the taxpayer's taxable income for such year of assessment shall, notwithstanding any other provisions of this Act to the contrary, be determined at an amount equal to the sum of—

section 31 of Act 103 of 1976, section 25 of Act 113 of 1977 and section 26 of Act 104 of 1980.

- 5 (i) an amount equal to nine per cent (or, in the case of a person who is not a married person, twelve per cent) of the taxpayer's excess farming profits for the year of assessment (as determined in accordance with subparagraph (3) (a)); and
- 10 (ii) an amount equal to the amount of normal tax (as determined before the deduction of any rebate or the addition of any loan portion of such tax) which would have been payable by the taxpayer in respect of the year of assessment if his taxable income for that year had been an amount equal to the balance of his taxable income for that year (as determined in accordance with subparagraph (4)).”
- 15

31. Paragraph 2 of the Fifth Schedule to the principal Act is hereby amended by the substitution for subparagraph (4) of the following subparagraph:

Amendment of paragraph 2 of 5th Schedule to Act 58 of 1962, as added by section 26 of Act 52 of 1970 and amended by section 50 of Act 88 of 1971, section 24 of Act 90 of 1972, section 58 of Act 85 of 1974 and section 34 of Act 103 of 1976.

25 “(4) A natural person who is over the age of **[sixty]** **seventy** years on the last day of any year of assessment shall not be liable for the payment of any loan portion in respect of such year if his taxable income for that year does not exceed **[five thousand rand] R15 000.**”

32. The following paragraph is hereby substituted for paragraph 7 of the Fifth Schedule to the principal Act:

Substitution of paragraph 7 of 5th Schedule to Act 58 of 1962, as substituted by section 61 of Act 85 of 1974.

30 “7. (1) Where any loan portion is repaid as provided in paragraph 6, simple interest at the rate **[of five per cent per annum]** specified in subparagraph (2) shall be paid for the period from the date on which such loan portion is paid to the date determined by the Minister of Finance under paragraph 6 or, if repayment is made under the second or third proviso to that paragraph, the date of repayment, but such interest shall not be payable until such time as the loan portion is repaid to the person concerned.

35 (2) Interest payable under subparagraph (1) shall be calculated—

- 40 (a) where the loan portion was chargeable in respect of a year of assessment other than a year of assessment referred to in item (b), at the rate of 5 per cent per annum; or
- 45 (b) where the loan portion is chargeable in respect of a year of assessment ending on or after 28 February 1983, at the rate of 8 per cent per annum.”

33. Section 31 of the Income Tax Act, 1981, is hereby repealed.

Repeal of section 31 of Act 96 of 1981.

34. Save in so far as is otherwise provided therein or the context otherwise indicates, the amendments effected to the principal Act by this Act, shall, for the purposes of assessments in respect of normal tax and undistributed profits tax under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ending on or after 1 January 1983.

Commencement of certain amendments.

35. This Act shall be called the Income Tax Act, 1982.

Short title.

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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 1983 AND 30 JUNE 1983, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING 31 MARCH 1983.

(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 table below: Provided that in the case of a person who is not a married person —
- (i) there shall be added to the amount of tax calculated in accordance with the said table in respect of so much of the taxable income of such person as does not exceed R28 000 a surcharge equal to 20 per cent of an amount arrived at by deducting from the amount of tax so calculated an amount equal to the sum of the rebates allowed to be deducted under section 6 of the principal Act;
- (ii) where the taxable income of such person exceeds R28 000, the amount of tax to be calculated in respect of that portion of his taxable income which remains after the deduction therefrom of the sum of R28 000 shall, in lieu of any calculation of tax in accordance with the said table in respect of the said portion, be calculated at the rate of 50 per cent of the said portion;

Table

Taxable Income	Rates of Tax
Where the taxable income — does not exceed R7 000 .....	10 per cent of each R1 of the taxable income;
exceeds R7 000 but does not exceed R8 000	R700 plus 12 per cent of the amount by which the taxable income exceeds R7 000;
„ R8 000 „ „ R9 000	R820 plus 14 per cent of the amount by which the taxable income exceeds R8 000;
„ R9 000 „ „ R10 000	R960 plus 16 per cent of the amount by which the taxable income exceeds R9 000;
„ R10 000 „ „ R11 000	R1 120 plus 18 per cent of the amount by which the taxable income exceeds R10 000;
„ R11 000 „ „ R12 000	R1 300 plus 20 per cent of the amount by which the taxable income exceeds R11 000;
„ R12 000 „ „ R13 000	R1 500 plus 22 per cent of the amount by which the taxable income exceeds R12 000;
„ R13 000 „ „ R14 000	R1 720 plus 24 per cent of the amount by which the taxable income exceeds R13 000;
„ R14 000 „ „ R15 000	R1 960 plus 26 per cent of the amount by which the taxable income exceeds R14 000;
„ R15 000 „ „ R16 000	R2 220 plus 28 per cent of the amount by which the taxable income exceeds R15 000;
„ R16 000 „ „ R18 000	R2 500 plus 30 per cent of the amount by which the taxable income exceeds R16 000;
„ R18 000 „ „ R20 000	R3 100 plus 32 per cent of the amount by which the taxable income exceeds R18 000;
„ R20 000 „ „ R22 000	R3 740 plus 34 per cent of the amount by which the taxable income exceeds R20 000;
„ R22 000 „ „ R24 000	R4 420 plus 36 per cent of the amount by which the taxable income exceeds R22 000;
„ R24 000 „ „ R26 000	R5 140 plus 38 per cent of the amount by which the taxable income exceeds R24 000;
„ R26 000 „ „ R28 000	R5 900 plus 40 per cent of the amount by which the taxable income exceeds R26 000;
„ R28 000 „ „ R30 000	R6 700 plus 42 per cent of the amount by which the taxable income exceeds R28 000;
„ R30 000 „ „ R32 000	R7 540 plus 44 per cent of the amount by which the taxable income exceeds R30 000;

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Taxable Income		Rates of Tax
Where the taxable income — exceeds R32 000 but does not exceed	R34 000	R8 420 plus 46 per cent of the amount by which the taxable income exceeds R32 000;
„ R34 000 „ „	R36 000	R9 340 plus 47 per cent of the amount by which the taxable income exceeds R34 000;
„ R36 000 „ „	R38 000	R10 280 plus 48 per cent of the amount by which the taxable income exceeds R36 000;
„ R38 000 „ „	R40 000	R11 240 plus 49 per cent of the amount by which the taxable income exceeds R38 000;
„ R40 000 .....		R12 220 plus 50 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 subparagraph (e) ), 42 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 10 per cent of such amount;

(c) on each rand of the taxable income derived by any company from mining for gold otherwise than on any post-1966 gold mine (but 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), a percentage determined in accordance with the formula:

$$y = 60 - \frac{360}{x}$$

in which formula (and in the formulae set out in the first and second provisos hereto) *y* represents such percentage and *x* the ratio expressed as a percentage which the taxable income so derived (with the said exclusion) bears to the income so derived (with the said exclusion): Provided that if the taxable income so derived (with the said exclusion) does not exceed R40 000, the rate of tax shall not exceed a percentage determined in accordance with the formula:

$$y = 20 \left(1 - \frac{6}{x}\right)$$

and if such taxable income exceeds R40 000, the rate of tax shall not exceed a percentage determined

in accordance with a formula arrived at by increasing the number 20 in the formula  $y = 20 \left(1 - \frac{6}{x}\right)$  by

one for each completed amount of R2 500 by which the said taxable income exceeds R40 000: Provided further that where a certificate is given by the Government Mining Engineer to the effect that prescribed conditions have been complied with, the rate of tax in respect of taxable income derived from mining for gold on an assisted gold mine shall not exceed a percentage determined in accordance

with the formula  $y = 68 - \frac{601}{x}$ : Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph, excluding the second proviso, a surcharge equal to 15 per cent of such amount;

(d) on each rand of the taxable income derived by any company from mining for gold on any post-1966 gold mine (but 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), a percentage determined in accordance with the formula:

$$y = 60 - \frac{480}{x}$$

in which formula (and in the formulae set out in the first proviso hereto) *y* represents such percentage and *x* the ratio expressed as a percentage which the taxable income so derived (with the said exclusion) bears to the income so derived (with the said exclusion): Provided that if the taxable income so derived (with the said exclusion) does not exceed R40 000, the rate of tax shall not exceed a percentage determined in accordance with the formula:

$$y = 20 \left(1 - \frac{8}{x}\right)$$

and if such taxable income exceeds R40 000, the rate of tax shall not exceed a percentage determined

in accordance with a formula arrived at by increasing the number 20 in the formula  $y = 20 \left(1 - \frac{8}{x}\right)$  by

one for each completed amount of R2 500 by which the said taxable income exceeds R40 000: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 15 per cent of such amount;

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- (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 (f) of the definition of "gross income" in section 1 of 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;
- (f) on each rand of the taxable income derived by any company from mining for diamonds, 45 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 15 per cent of such amount;
- (g) on each rand of the taxable income derived by any company from mining operations (other than mining for gold or diamonds), 42 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 10 per cent of such amount;
- (h) in respect of the taxable income of any person other than a company, a sum equal to 5 per cent of the amount remaining after deducting from—
- (i) the amount of tax determined in accordance with subparagraph (a); or
  - (ii) where under any provision of the principal Act the normal tax payable by such person (as determined before the addition of any loan portion thereof) has been determined at an amount which is less than the amount of tax which would be determinable under paragraph (a), the amount so determined,

the rebates provided for in section 6 of the principal Act, if such taxable income is greater than R7 000 and the tax so determined is not less than R150: Provided that any fraction of a rand of the tax calculated under this subparagraph shall be disregarded.

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.