



**REPUBLIC OF SOUTH AFRICA**

# **GOVERNMENT GAZETTE**

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## **STAATSKOERANT**

**VAN DIE REPUBLIEK VAN SUID-AFRIKA**

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**OFFICE OF THE PRIME MINISTER**

**KANTOOR VAN DIE EERSTE MINISTER**

No. 2339.

6 November 1981.

No. 2339.

6 November 1981.

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

96 of 1981: Income Tax Act, 1981.

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

No. 96 van 1981: Inkomstebelastingwet, 1981.

Act No. 96, 1981

INCOME TAX ACT, 1981

**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 1982 and 30 June 1982, and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending on 31 March 1982; to amend the Income Tax Act, 1962; to provide for the commencement of section 21 of the Income Tax Act, 1980; to provide for certain deductions, a rebate and the rate of normal tax applicable to certain persons, and the prescribing of employees tax tables, in respect of the year of assessment ending on 28 February 1983; to repeal section 170 of the Co-operatives Act, 1981; and to provide for incidental matters.

*(English text signed by the State President.)*  
*(Assented to 15 October 1981.)*

**BE IT ENACTED** by the State President and the House of Assembly 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 28 February 1982 or 30 June 1982; and
  - (b) the taxable income of any company determined under the principal Act to have been derived elsewhere than 10 in the territory of South West Africa for any year of assessment ending during the period of twelve months ending on 31 March 1982,
- 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,

2. Section 1 of the principal Act is hereby amended by the 15 substitution for subparagraph (i) of paragraph (b) of the definition of "retirement annuity fund" of the following subparagraph:

## Act No. 96, 1981

## INCOME TAX ACT, 1981

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 and section 2 of Act 104 of 1980.

Amendment of section 4 of Act 58 of 1962, as amended by section 6 of Act 55 of 1966 and section 4 of Act 104 of 1979.

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 and section 3 of Act 104 of 1980.

Amendment of section 6 of Act 58 of 1962, as inserted by section 5 of Act 104 of 1980.

“(i) for **[periodical]** contributions by the members, **[or]** **including** contributions made by way of transfer of **members’** interests in approved pension funds, provident funds or other retirement annuity funds;”.

3. Section 4 of the principal Act is hereby amended by the 5 substitution in subsection (2) for the words “Department of Inland Revenue” of the words “Directorate: Inland Revenue, Department of Finance”.

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

(a) by the substitution in subsection (10) for the words 10 preceding the formula of the following words:

“Where any taxpayer’s income **[for the year of assessment ending on 29 February 1972, or any succeeding year of assessment]** includes any special remuneration, or where the provisions of section 7A 15 (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 **[such] any year of assessment**, the normal tax payable by the taxpayer in respect of 20 such year (as determined before the deduction of any rebate) shall be determined in accordance with the formula—”; and

(b) by the insertion after subparagraph (i) of paragraph (d) of that subsection of the following subparagraph: 25

“(iA) where the provisions of subsection (4A) of section 7A are in the case of the taxpayer applicable in respect of the said year, the amount contemplated in that subsection;”.

5. Section 6 of the principal Act is hereby amended by the 30 addition to subsection (3) of the following paragraph:

“(f) if the taxpayer was or would had he lived have been over the age of seventy years on the last day of the year of assessment, an amount of R80, if the period assessed is twelve months, or, where the period 35 assessed is less than twelve months, an amount which bears to R80 the same ratio as the period assessed bears to twelve months.”.

## Act No. 96, 1981

## INCOME TAX ACT, 1981

Amendment of section 7A of Act 58 of 1962, as inserted by section 6 of Act 69 of 1974 and amended by section 7 of Act 103 of 1976.

6. Section 7A of the principal Act is hereby amended by the insertion after subsection (4) of the following subsection:

“(4A) Where the taxable income of any taxpayer for any year of assessment includes any amount received by or accrued to him as an employee or the holder of any office by way of bonus, gratuity or compensation upon or because of the termination of his services or because of the impending termination of his services within five years (or such longer period as the Commissioner may approve) from the date of actual receipt or accrual of such amount, and—

(a) the taxpayer has attained the age of fifty-five years in the case of a male or fifty years in the case of a female; or

(b) the Commissioner is satisfied that the termination or impending termination of the taxpayer’s services is due to superannuation, ill-health or other infirmity; or

(c) in the case of a female, the Commissioner is satisfied that she terminated her services in order to marry,

the normal tax payable by the taxpayer in respect of such year shall, subject to the provisions of section 5, be determined in accordance with the provisions of section 5 (10), but nothing herein contained shall be construed as relieving any person from liability for taxation under this Act upon any portion of his taxable income.”.

Insertion of sections 8C and 8D in Act 58 of 1962.

7. (1) The following sections are hereby inserted in the principal Act after section 8B:

“Proceeds of certain shares deemed to be dividends.

8C. (1) Where on or after 2 October 1981 any person (other than a company), hereinafter referred to as the seller, has disposed of any share, or interest in any share, in a private company to any other person for a consideration exceeding in value the cost to the seller of such share or interest (or, if such share or interest was acquired by the seller for no consideration, the market value thereof at the time of acquisition), the said consideration shall, to the extent that the value thereof exceeds the said cost or market value, as the case may be, and to the extent that such excess does not exceed an amount equal to so much of the company’s profits and reserves (including any amount deemed in terms of the definition of ‘dividend’ in section 1 to be a profit available for distribution) as the Commissioner is satisfied could, immediately before the transaction for the disposal of such share or interest by the seller took effect, have been distributed by the company and have accrued to the seller by way of a dividend, be deemed to be a dividend received by or accrued to the seller at the said time, if—

(a) at that time the company was not carrying on business or, if the company was carrying on business at that time, it had entered into an agreement for the disposal of its business assets or it had cash, claims or other assets not directly employed in its business, excluding any claim or asset (other than a debt owed by any shareholder of the company) which the Commissioner is satisfied could not be disposed of or realized at the said time and so much of any



Act No. 96, 1981

## INCOME TAX ACT, 1981

cash, or the cash equivalent of any claims or assets, not so employed as the Commissioner is satisfied was required by the company to meet its obligations; and

- (b) the Commissioner, having regard to the circumstances, is satisfied that the sole purpose or one of the principal purposes of the seller in disposing of his share or interest therein was to derive an amount or benefit substantially similar to the accrual to him of a dividend from the company.

(2) For the purposes of subsection (1), where any advance, loan or payment granted or made by a private company is under the provisions of section 8B deemed to be a dividend received by a shareholder of that company, the amount or value of such advance, loan or payment shall, to the extent that it has not been extinguished by the set-off of a dividend under subsection (2) of that section, be deducted from the amount of the profits and reserves which may be regarded as being available for distribution by that company.

(3) For the purposes of subsection (1) (a), if prior to the relevant time the company held investments for the purpose of earning interest, rent or dividends thereon on a regular or continuous basis the company shall, as respects such investments, be deemed to have been carrying on business.

(4) Any decision of the Commissioner under this section shall be subject to objection and appeal.

Inclusion in income of dividends distributed on certain shares constituting trading stock.

8D. For the purposes of this Part, where the trading stock held by any person on or after 2 October 1981 includes or consists of any share, or any interest in any share, in a private company, there shall be included in the income derived by such person—

- (a) during the year of assessment during which such share is disposed of by him; or  
(b) if the share is not disposed of by him, during the year of assessment during which such company is placed in liquidation or is deregistered or otherwise ceases to exist,

so much of the amounts of any dividends received by or accrued to him in respect of such share or interest during the period during which the share or interest was held by him as, by reason of the provisions of section 10 (1) (k) or 19 (3), were not includable in his taxable income for the current or any previous year of assessment, but excluding any portion of a dividend distributed more than four years prior to the year of assessment in question or out of profits derived by the company during the year of assessment of the company during which such dividend was distributed or during the immediately preceding year of assessment of the company.

(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 2 October 1981.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962,

8. (1) Section 10 of the principal Act is hereby amended—  
(a) by the substitution for subparagraph (i) of paragraph (c) of subsection (1) of the following subparagraph:  
“(i) the salary and emoluments payable to the State President and the Vice State President;”;

## Act No. 96, 1981

## INCOME TAX ACT, 1981

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  
and section 7 of  
Act 104 of 1980.

- (b) by the substitution for subparagraph (ii) of the said paragraph (c) of the following subparagraph:  
“(ii) any amount which becomes or became payable on or after 1 March 1973 by way of any pension which is payable or continues to be payable in terms of section 15 of the Republic of South Africa Constitution Act, 1961 (Act No. 32 of 1961), or that section as applied by section 15A of that Act, or section 13 of the Pension Laws Amendment Act, 1971 (Act No. 93 of 1971), or section 8 of the Pension Laws Amendment Act, 1975, to any person who has occupied the office of State President or Vice State President or to the widow of any such person or to the widow of any person who occupied the office of Governor-General”;
- (c) by the insertion after paragraph (cD) of subsection (1) of the following paragraph:  
“(cE) the receipts and accruals of any political party registered under the provisions of section 36 of the Electoral Act, 1979 (Act No. 45 of 1979)”;
- (d) by the insertion after paragraph (gA) of subsection (1) of the following paragraph:  
“(gB) any disability pension paid under section 39 (1) (c) or (d) of the Workmen’s Compensation Act, 1941 (Act No. 30 of 1941)”;
- (e) by the substitution for subparagraph (i) of paragraph (i) of subsection (1) of the following subparagraph:  
“(i) so much of the interest received by or accrued to any one person from deposits in ordinary savings accounts in the Post Office Savings Bank as is derived on so much of the total amount held by him in such accounts as does not exceed the sum of [two hundred rand] R5 000”;
- (f) by the substitution for subparagraph (ii) of the said paragraph (i) of the following subparagraph:  
“(ii) so much of the interest [on] received by or accrued to any one person from Post Office Savings Bank Certificates [held by any one person as does not exceed the interest which would be derived in the year of assessment on an amount of R10 000 invested in such 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”;
- (g) by the insertion after subparagraph (xiDA) of the said paragraph (i) of the following subparagraphs:  
“(xiDB) so much of the interest on Republic of South Africa Second Series 8 per cent Treasury Bonds as in the case of any taxpayer is derived in respect of that portion of the total amount invested in such bonds which is equal to the amount of R40 000 less the total amount invested in Republic of South Africa 8 per cent Treasury Bonds and Republic of South Africa 7 per cent Treasury Bonds;  
(xiDC) so much of the interest on Republic of South Africa Indefinite Period Treasury Bonds as in the case of any taxpayer is derived in respect of that portion of the total amount invested in such bonds which is equal to the amount of R60 000 less the total amount invested in Republic of South Africa 8 per cent Treasury Bonds, Republic of South Africa 7 per cent Treasury Bonds and Republic of South Africa Second Series 8 per cent Treasury Bonds”;

Act No. 96, 1981

## INCOME TAX ACT, 1981

(h) by the substitution for the proviso to subparagraph (xii) of the said paragraph (i) of the following proviso: "Provided that this exemption shall not apply in respect of any such dividend the rate of which exceeds [7,5 per cent per annum] a rate approved by the Minister of Finance from time to time for the purposes of this exemption;" 5

(i) by the substitution for subparagraph (xiii) of the said paragraph (i) of the following subparagraph: 10

"(xiii) in the case of a taxpayer who is a natural person, dividends received or accrued on so much of the [aggregate of the amounts received or accrued as dividends on] amount invested in Special Tax-Free Indefinite Period Shares in building societies as does not [in any year of assessment exceed— 15

(aa) in the case of such shares as were applied for on or before 30 September 1978, R800;

(bb) in the case of such shares as were or are applied for after 30 September 1978, so much of the dividends on such shares as are derived in respect of that portion of the total amount invested in such shares which is equal to the amount of R10 000 less the total amount invested in such shares as were applied for on or before 30 September 1978] 20

exceed the amount of R20 000: Provided that this exemption shall not apply in respect of any such dividend the rate of which [exceeds— 25

(i) in the case of such shares applied for on or before 30 September 1978, 8 per cent per annum; or 30

(ii) in the case of such shares applied for after 30 September 1978, 7 per cent per annum]

exceeds a rate approved by the Minister of Finance from time to time;" 35

(j) by the addition at the end of paragraph (cc) of the proviso to subparagraph (i) of paragraph (k) of subsection (1) of the word "or" and by the addition to the said proviso of the following paragraph: 40

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

(k) by the substitution in paragraph (x) of subsection (1) for the expression "R15 000" of the expression "R20 000". 45

(2) For the purposes of assessments under the principal Act—

(a) the amendments effected by subsection (1) (a), (b), (h) and (i) shall be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 28 February 1981; 50

(b) the amendment effected by subsection (1) (d) shall be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 28 February 1979; and

(c) the amendment effected by subsection (1) (j) shall be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 2 October 1981. 55

Amendment of section 11 of Act 58 of 1962,

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

(a) by the insertion after paragraph (b) of the following paragraph: 60

## Act No. 96, 1981

## INCOME TAX ACT, 1981

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  
 and section 8 of  
 Act 104 of 1980.

- “(bA) any interest (including related finance charges) which is not otherwise allowable as a deduction under this Act, which has been actually incurred by the taxpayer on any loan, advance or credit utilized by him for the acquisition, installation, erection or construction of any machinery, plant or building, or any improvements to a building, to be used by him for the purposes of his trade, and which has been so incurred in respect of a period prior to such machinery, plant, building or improvements being brought into use for the purposes of the taxpayer’s trade, such deduction to be allowed in the year of assessment during which such machinery, plant, building or improvements is or are brought into use for the said purposes;”;
- (b) by the insertion after paragraph (iii) of the proviso to paragraph (e) of the following paragraph:  
 “(iiiA) no allowance shall be made under this paragraph in respect of any machinery, implement, utensil or article of which the cost has been allowed as a deduction from the taxpayer’s income under the provisions of section 24D;”;
- (c) by the substitution in subparagraph (i) of paragraph (k) for the words preceding the proviso of the following words:  
 “any sum contributed during the year of assessment to any pension fund by way of current contribution by any person who holds any office or employment, where [the making of] such [a] contribution is [a condition] made by reason of the holding of such office or employment, or by any person who is a partner referred to in subparagraph (v) of paragraph (b) of the proviso to the definition of ‘pension fund’;”;
- (d) by the substitution for the proviso to subparagraph (ii) of paragraph (k) of the following proviso:  
 “Provided that—  
 (aa) the deduction to be allowed in respect of any sums so paid shall not in the year of assessment exceed the sum of [one thousand rand] R1 500;”;
- (e) by the addition after paragraph (aa) of the proviso to subparagraph (ii) of paragraph (k) of the following paragraph:  
 “(bb) any amount, being a portion of a sum so paid, which has been disallowed solely by reason of the fact that it exceeds the amount 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 sum so paid in the next succeeding year of assessment;”;
- (f) by the substitution in the proviso to paragraph (m) for the expression “one thousand rand” of the expression “R2 000”; and
- (g) by the addition to the proviso to paragraph (o) of the following paragraph:  
 “(vi) no allowance shall be made under this paragraph in respect of any machinery, implement, utensil or article of which the cost has been allowed as a deduction from the taxpayer’s income under the provisions of section 24D;”;

(2) The amendments effected by subsection (1) (b), (e) 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 28 February 1978.

## Act No. 96, 1981

## INCOME TAX ACT, 1981

Amendment of section 11bis 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 and section 10 of Act 113 of 1977.

10. (1) Section 11bis of the principal Act is hereby amended—
- (a) by the insertion after the definition of “current export turnover” in subsection (1) of the following definition:  
 “‘Director-General’ means the Director-General: Industries, Commerce and Tourism or any officer in his Department acting under his control, direction or supervision;” 5
- (b) by the substitution for the definition of “exported” in subsection (1) of the following definition:  
 “‘exported’ means sold and consigned or sold and delivered to any purchaser at any address in any export country, or sold and delivered to the owner or charterer of any ship or aircraft for use in such ship or aircraft outside the Republic, the territory (including the Eastern Caprivi Zipfel), Botswana, Lesotho and Swaziland;” 10
- (c) by the deletion of the definition of “exporters’ allowance”; 15
- (d) by the insertion after the definition of “export country” in subsection (1) of the following definition:  
 “‘export incentive scheme’ means any scheme, as in force at the relevant time, which, together with any changes therein, has been approved and has not been withdrawn by the Minister of Industries, Commerce and Tourism in consultation with the Minister of Finance;” 20
- (e) by the substitution for subsection (2) of the following subsection:  
 “(2) If any exporter has during any year of assessment incurred marketing expenditure, determined as provided in subsection (4), there shall be allowed to be deducted from his income for that year an [exporters’ allowance (to be known as the marketing allowance) the amount of which shall be determined as provided in subsection (3).” 25
- (f) by the substitution in subsection (4) for the words preceding paragraph (a) of the following words:  
 “For the purposes of subsection (3) the marketing expenditure on which the [exporters’] marketing allowance is to be calculated shall be [the sum of such amounts granted by the exporter by way of special discounts during the year of assessment as have been determined under subsection (4E) and] so much of the expenditure incurred by the exporter during [such] the year of assessment and allowed to be deducted from his income under sections 11 and 17 as is proved to the satisfaction of the Commissioner to have been incurred directly—” 30
- (g) by the deletion of subsections (4D) and (4E); 35
- (h) by the substitution for the expression “Secretary for Commerce”, wherever it occurs, and for the expression “said Secretary”, wherever it is used in relation to the expression “Secretary for Commerce”, of the expression “Director-General”; 40
- (i) by the substitution for the expression “exporters’ allowance”, wherever it occurs, of the expression “marketing allowance”; and 45
- (j) by the addition of the following subsections:  
 “(6) Subject to the provisions of subsection (7), where under any export incentive scheme the Director-General has determined an amount to which any person is entitled in respect of any year of assessment ending on or after 1 September 1980 by way of compensation under such scheme in respect of inputs or value added, the Director-General shall notify such person and the Commissioner accordingly and there 50  
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## Act No. 96, 1981

## INCOME TAX ACT, 1981

shall, in respect of the relevant year of assessment and on the application of the said person, be allowed—

- (a) in the case of a person other than a person referred to in paragraph (b), the deduction from his income for such year of an allowance (to be known as the compensation allowance) the amount of which shall be such sum as is sufficient to provide him with a saving in normal tax of the amount so notified by the Director-General: Provided that where such amount exceeds the normal tax which would otherwise be payable by the said person, the compensation allowance shall be limited to an amount which is sufficient to result in no normal tax becoming payable by him in the relevant year of assessment, and the amount by which such saving exceeds such normal tax which would otherwise be payable shall be carried forward and be deemed to be a saving in normal tax to which the taxpayer is entitled in the following year of assessment; or
- (b) in the case of a person carrying on a mining enterprise under a lease granted or deemed to be granted under section 25 of the Mining Rights Act, 1967 (Act No. 20 of 1967), a credit against the normal tax payable by that person (to be known as the compensation credit) the amount of which shall be equal to the amount so notified by the Director-General: Provided that where such amount exceeds the normal tax payable by the said person, the compensation credit shall be limited to an amount equal to such normal tax payable and the excess shall be carried forward and be deemed to be an amount so notified by the Director-General in respect of the following year of assessment.
- (7) (a) The duty imposed upon any person to render any return under the provisions of this Act shall not be suspended by reason of the fact that an amount contemplated in subsection (6) to which the taxpayer is or may become entitled has not been notified by the Director-General.
- (b) Any decision of the Director-General in the determination of any such amount shall be final and conclusive and no taxpayer shall be entitled to make any claim for relief under the said subsection unless and until an amount upon which such a claim may be founded has been notified by the Director-General: Provided that the Director-General may, if he is satisfied that such decision was based on false or incorrect information or an arithmetical error, withdraw such decision and substitute a fresh decision therefor.
- (c) Where any person becomes entitled to such relief after an assessment has been raised in respect of the relevant year of assessment, the Commissioner may notwithstanding the provisions of section 81 (5) revise such assessment in order to grant such relief.
- (d) Where the Director-General has amended or withdrawn any determination of any amount previously notified by him as contemplated in subsection (6), the Commissioner may notwithstanding the provisions of section 81 (5) revise any assessment already raised by him in respect of the relevant year of assessment or, notwithstanding the provisions of section 79, raise an additional

Act No. 96, 1981

## INCOME TAX ACT, 1981

assessment in respect of that year in order to give effect to a further notification by the Director-General of the amount so amended or withdrawn.

(8) Where the Commissioner has reason to believe that any decision of the Director-General has been based on incorrect information he may, notwithstanding the provisions of section 4, disclose to the Director-General such information as may be relevant for the purposes of the proviso to subsection (7) (b) of this section.”

(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 September 1980.

Amendment of section 11*sept* of Act 58 of 1962, as substituted by section 9 of Act 104 of 1979.

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

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

“(1) For the purposes of this section—

‘employee’ means [(a) in relation to any Black, an employee as defined in section 1 of the Black Employees’ In-Service Training Act, 1976 (Act No. 86 of 1976); (b) in relation to any person other than a Black] an employee as defined in section 1 of the [In-Service Training Act, 1979] Manpower Training Act, 1981 (Act No. 56 of 1981);

‘registrar’ means the registrar of [Training Schemes] manpower training appointed under section [6] 12 of the [In-Service Training Act, 1979] Manpower Training Act, 1981 (Act No. 56 of 1981);

‘training premises’ means any building or other premises used wholly or mainly for the purposes of any training centre of scheme;

‘training centre or scheme’ means—

(a) a centre or scheme for the training of employees which is [established, approved or recognized under the Black Employees’ In-Service Training Act, 1976 (Act No. 86 of 1976), or the In-Service Training Act, 1979, or is deemed to have been established, approved or recognized under the provisions of the former Act] registered or deemed to be registered under the Manpower Training Act, 1981 (Act No. 56 of 1981); or

(b) a centre in respect of which an agreement has in terms of section 48 of the Labour Relations Act, 1956 (Act No. 28 of 1956), been declared binding, if the registrar is satisfied that such centre would, if such agreement had not been so declared binding, have been registered or have been deemed to be registered as a training centre under the provisions of the Manpower Training Act, 1981:

Provided that—

[(a)] (i) the training provided in such centre or under such scheme has been approved by the [Secretary for Education and Training or the] registrar for the purposes of this section; and

[(b)] (ii) such centre or scheme has not, as it concerns the taxpayer, ceased to be a training centre or scheme as contemplated in subsection (2).”;

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

Act No. 96, 1981

INCOME TAX ACT, 1981

“(2) For the purposes of this section, where the [Secretary for Education and Training or the] registrar has [by way of a written notification addressed to the administrator, manager or controller of a training centre or scheme or to the employer concerned, notified 5 such person that the training provided in such centre or under such scheme is no longer approved as contemplated in paragraph (a) of the definition of ‘training centre or scheme’ in subsection (1), or where, under the provisions of the Black Employees’ In-Service Training 10 Act, 1976, or the In-Service Training Act, 1979, any training centre has been closed or the approval or recognition] withdrawn the registration of any training centre or scheme [has been withdrawn], the registration of such training centre or scheme [in question] 15 shall, as it concerns any taxpayer, be deemed to have [ceased to be a training centre or scheme] been withdrawn as from the beginning of the first year of assessment of the taxpayer succeeding the year of assessment of the taxpayer during which the [said 20 notification was issued or such training centre was closed or the approval or recognition] registration of such training centre or scheme was withdrawn [as the case may be].”;

(c) by the substitution for paragraph (e) of subsection (5) 25 of the following paragraph:

“(e) the cost of materials, fuel or power consumed for the purposes of a training centre or scheme, less so much of the cost as may, on the basis of a fair and reasonable apportionment, be regarded as 30 having been incurred in respect of materials, fuel or power consumed in respect of productive work done by the trainees in such centre or under such scheme;”;

(d) by the substitution for paragraph (f) of subsection (5) 35 of the following paragraph:

“(f) travelling expenses incurred in the operation of, or for the purpose of attending, a training centre or scheme;”;

(e) by the substitution for subsection (7) of the following 40 subsection:

“(7) Any amount which has been received by or has accrued to any taxpayer from a fund which has under an industrial council agreement been established as contemplated in section 48 (1) (d) of the Labour 45 Relations Act, 1956 (Act No. 28 of 1956), 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 50 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.”;

(f) by the deletion of subsection (8). 55

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

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,

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

(a) by the substitution for subsection (1B) of the following 60 subsection:

“(1B) For the purposes of subsection (1A) the cost to a taxpayer of machinery or plant qualifying for the machinery initial allowance shall be deemed to be the cost thereof as established to the satisfaction of the 65

## Act No. 96, 1981

## INCOME TAX ACT, 1981

section 11 of  
Act 88 of 1971,  
section 11 of  
Act 90 of 1972,  
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  
and section 9 of  
Act 104 of 1980.

- Commissioner, or in the case of machinery or plant referred to in subsection (3A), as determined under that subsection or, where the machinery or plant has been acquired to replace machinery or plant which was damaged or destroyed, the cost so established or determined less any amount which has been recovered or recouped in respect of the damaged or destroyed machinery or plant 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.”; 5
- (b) by the substitution in subparagraph (iv) of subsection (2) for the expression “1983” of the expression “1985”;
- (c) by the substitution in subsection (2A) for the words preceding paragraph (a) of the following words:  
“The machinery investment allowance under subsection (2) shall be calculated on the cost (as established to the satisfaction of the Commissioner, or in the case of machinery or plant referred to in subsection (3A), as determined under that subsection) to the taxpayer concerned of the machinery or plant which qualifies for the allowance and the rate of such allowance shall be—”; 10
- (d) by the substitution in subparagraph (iiB) of paragraph (c) of subsection (2A) for the expression “1983” of the expression “1985”; 15
- (e) by the substitution in subparagraph (iii) of paragraph (c) of subsection (2A) for the expression “1983” of the expression “1985”;
- (f) by the substitution in subparagraph (iv) of paragraph (d) of subsection (2A) for the expression “1983” of the expression “1985”; 20
- (g) by the insertion after subsection (3) of the following subsection:  
“(3A) (a) The cost of machinery or plant referred to in paragraph (b) shall, for the purpose of determining the allowance to be deducted in respect thereof under subsection (1) or (2), be deemed to be the cost which, in the opinion of the Commissioner, a person would, if he had acquired such machinery or plant under a cash transaction concluded at arm's length on the date on which the transaction for the acquisition of such machinery or plant was in fact concluded, have incurred in respect of the direct cost of the acquisition of such machinery or plant, including the direct cost of the installation or erection thereof. 25  
(b) The provisions of paragraph (a) shall apply in respect of machinery or plant brought into use on or after 24 August 1981, except machinery or plant delivered to a purchaser thereof under an agreement concluded not later than that date, by which the purchaser became obliged to take delivery of the machinery or plant in question at a price fixed in such agreement or a price determinable under such agreement without any adjustment for taxation under this Act.”; 30
- (h) by the addition to subsection (4) of the following proviso:  
“Provided that where the cost of any such machinery or plant, when new or unused, was determined in accordance with the provisions of subsection (3A), the actual cost thereof shall for the purposes of this subsection be deemed to be the cost so determined.”; and 35

Act No. 96, 1981

## INCOME TAX ACT, 1981

(i) by the addition of the following subsection:

“(5) (a) The machinery initial allowance and the machinery investment allowance shall not be granted to any lessor of machinery or plant under a lease concluded on or after 2 October 1981 unless the period for which the machinery or plant is let under such lease is at least 5 years or, in the case of machinery or plant which in the opinion of the Commissioner has a shorter useful life, such shorter period as the Commissioner may approve.

(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, 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 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 if the Commissioner is satisfied that the circumstances warrant such allowance.”

(2) The amendments effected by subsection (1) (a), (c), (g), (h) and (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 24 August 1981.

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 and section 12 of Act 69 of 1975.

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

(a) by the substitution in subsection (2) for the words following paragraph (b) of the following words:

“there shall be allowed to be deducted from the income of such taxpayer for the year of assessment [(not being a year of assessment ending earlier than that ending on the twenty-eighth day of February, 1967)] during which such hotel equipment is so brought into use, an allowance equal to fifteen per cent of the cost (as determined to the satisfaction of the Commissioner or, in the case of hotel equipment referred to in subsection (3A), as determined under that subsection) to the taxpayer of such hotel equipment.”;

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

“an allowance, to be known as the hotel equipment investment allowance, for the year of assessment during which such equipment is so brought into use, equal to twenty per cent of the cost (as determined to the satisfaction of the Commissioner or, in the case of hotel equipment referred to in subsection (3A), as determined under that subsection) to the taxpayer of such equipment.”;

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



Act No. 96, 1981

## INCOME TAX ACT, 1981

“(3A) (a) The cost of hotel equipment referred to in paragraph (b) shall, for the purpose of determining the allowance to be deducted in respect thereof under subsection (2), be deemed to be the cost which, in the opinion of the Commissioner, a person would, if he had acquired such hotel equipment under a cash transaction concluded at arm’s length on the date on which the transaction for the acquisition of such hotel equipment was in fact concluded, have incurred in respect of the direct cost of the acquisition of such hotel equipment, including the direct cost of the installation or erection thereof. 5 10

(b) The provisions of paragraph (a) shall apply in respect of hotel equipment brought into use on or after 24 August 1981, except hotel equipment delivered to a purchaser thereof under an agreement concluded not later than that date, by which the purchaser became obliged to take delivery of the hotel equipment in question at a price fixed in such agreement or a price determinable under such agreement without any adjustment for taxation under this Act.”; 15 20

(d) by the deletion of subsection (4); and 25

(e) by the addition of the following subsection: 25

“(5) (a) The allowance under subsection (2) and the hotel equipment investment allowance under subsection (3) shall not be granted to any lessor of hotel equipment under a lease concluded on or after 2 October 1981 unless the period for which the hotel equipment is let under such lease is at least five years or, in the case of hotel equipment which in the opinion of the Commissioner has a shorter useful life, such shorter period as the Commissioner may approve. 30 35

(b) Where a lessor under a lease of hotel equipment concluded on or after the said date has, within a period of five 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, 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 if the Commissioner is satisfied that the circumstances warrant such allowance.”. 40 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 years of assessment ended or ending on or after 24 August 1981. 55

Amendment of section 13 of Act 58 of 1962, as amended by section 12 of Act 90 of 1962, section 5 of Act 6 of 1963,

14. Section 13 of the principal Act is hereby amended—

- (a) by the substitution in paragraph (e) of subsection (5) for the expression “1983”, wherever it occurs, of the expression “1985”; 60
- (b) by the substitution in paragraph (ii) of the proviso to subsection (6) for the expression “1984” of the expression “1986”;

## Act No. 96, 1981

## INCOME TAX ACT, 1981

section 11 of Act 72 of 1963, section 12 of Act 90 of 1964, section 14 of Act 88 of 1965, section 17 of Act 55 of 1966, section 13 of Act 52 of 1970, section 13 of Act 88 of 1971, section 12 of Act 90 of 1972, section 13 of Act 65 of 1973, section 16 of Act 85 of 1974, section 13 of Act 69 of 1975, section 7 of Act 101 of 1978 and section 10 of Act 104 of 1980.

Amendment of section 18 of Act 58 of 1962, as inserted by section 12 of Act 104 of 1980.

Substitution of section 18A of Act 58 of 1962, as inserted by section 15 of Act 52 of 1970 and amended by section 16 of Act 88 of 1971, section 13 of Act 90 of 1972, section 14 of Act 65 of 1973, section 16 of Act 69 of 1975 and section 13 of Act 104 of 1980.

- (c) by the substitution in subparagraph (i) of paragraph (a) of subsection (6A) for the expression "1983" of the expression "1985";
- (d) by the substitution in subparagraph (ii) of paragraph (a) of subsection (6A) for the expression "1984" of the expression "1986"; and
- (e) by the substitution in subparagraph (iiA) of paragraph (a) of subsection (6A) for the expression "1983", wherever it occurs, of the expression "1985", and for the expression "1984" of the expression "1986".

## 15. Section 18 of the principal Act is hereby amended—

- (a) by the substitution for subparagraph (i) of paragraph (b) of subsection (1) of the following subparagraph:
- “(i) medical practitioner, dentist, optometrist, homeopath, naturopath, osteopath, herbalist, physiotherapist, chiropractor or orthoptist for professional services rendered or medicines (other than medicines the cost of which has been deducted from the taxpayer's income under section 21<sup>quat</sup>) supplied to; or”; and
- (b) by the addition at the end of the said paragraph (b) of the word “and” and the insertion after that paragraph of the following paragraph:
- “(c) any amounts (other than amounts recoverable by the taxpayer) which the Commissioner is satisfied were paid by the taxpayer during the year of assessment in respect of expenditure incurred outside the Republic on services rendered or medicines supplied to the taxpayer or his wife or his children or stepchildren referred to in section 6 (3) (a), which the Commissioner is satisfied are substantially similar to the services and medicines in respect of which a deduction may be made under paragraph (b) of this subsection:”

## 16. (1) The following section is hereby substituted for section 18A of the principal Act:

- “Deduction of donations to universities, colleges and certain educational funds.
- 18A. (1) For the purposes of this section—
- (a) a [college for advanced technical education] technikon established or deemed to have been established or declared to be such under the Advanced Technical Education Act, 1967 (Act No. 40 of 1967), or any other Act of Parliament, or established as such under any law of, and situated in, an independent State whose territory formerly formed part of the Republic; or
- (b) any other educational institution established by or under any law of the Republic or established under any law of, and situated in, any such independent

Act No. 96, 1981

## INCOME TAX ACT, 1981

State, if the Commissioner, in consultation with the [Secretary for National Education or with the Secretary for Education and Training in the case of an institution established for Black persons] officer in the public service of the Republic or, as the case may be, of the independent State in question, upon or to whom powers, duties or functions are or may be conferred, imposed or assigned in terms of the law in question, is satisfied that such institution is in all material respects similar to any [aforesaid college; and] technikon referred to in paragraph (a);

'educational fund' means—

- (a) the National Study Loan and Bursary Fund established by section 2 of the National Study Loans and Bursaries Act, 1964 (Act No. 89 of 1964); or
- (b) 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, if such fund is administered and controlled by—
  - (i) any education authority which provides secondary education in any school; or
  - (ii) the principal or governing body of any school which provides secondary school education; or
  - (iii) the principal or governing body of any teachers' training institution; or
  - (iv) the principal or governing body of any permanent institution approved by the Minister of Finance which has been formed—
    - (aa) for the promotion of adult education, vocational training or technical education other than education or training provided in any training centre or under any training scheme referred to in section 11*sept*; or
    - (bb) to promote the education and training of religious or social workers; or
    - (cc) for the education or training of physically or mentally handicapped persons, for the benefit of pupils or students of the school or institution in question; or
- (c) any special fund established in the Republic for the sole purpose of receiving donations to be devoted exclusively—
  - (i) towards the carrying out of any specified educational project for any school or institution referred to in paragraph (b), 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

Act No. 96, 1981

## INCOME TAX ACT, 1981

- power of undertaking, promoting or financing such specified educational project; or
- (ii) for the benefit of any university or college for purposes other than the defraying of students' fees or the granting of bursaries; or
- (iii) 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, if—
- (aa) the Minister of Finance is satisfied that such institution provides educational facilities similar to those provided by a university or college; and
- (bb) the said Minister, having regard to the nature and objects of such institution and the persons benefiting from the educational facilities provided by such institution, has approved such institution for the purposes of this section,

but excluding any such fund established and controlled by any educational institution the profits of which accrue in whole or in part for the benefit of or are distributable to any proprietor, partner or shareholder of such institution;

'specified educational project' means—

- (a) the erection of buildings and the purchase or construction of fittings and fixtures of a permanent nature; or
- (b) the acquisition or development of land (including land upon which any building has been erected) or the acquisition of any right or interest in land; or
- (c) the purchase of movables in the nature of any classroom furniture, laboratory, sports or workshop equipment, libraries or library equipment, any electronic, visual or audio-visual aids or any motor vehicle with seating capacity for more than six persons; or
- (d) the repayment of any loan utilized for any purpose contemplated in paragraph (a), (b) or (c) and the payment of interest on any such loan,

if such buildings, fittings and fixtures, land or movables are used wholly or mainly for educational purposes;

'taxable income', in relation to any taxpayer, means the taxpayer's taxable income as calculated before allowing any deductions under this section and section 21<sup>quat</sup> and, in the case of any company carrying on mining operations, before allowing any deduction under section 15 (a) and before allowing any set-off of any part of the balance of assessed loss under section 20 (1) (a) which the Commissioner determines to have arisen from any deduction made under the said section 15 (a);

'university' means a university established by an Act of Parliament or established by any law of, and situated in, any independent State whose territory formerly formed part of the Republic, and a university college established under the Extension of University Education Act, 1959 (Act No. 45 of 1959).

(2) Notwithstanding anything to the contrary in this Act, there shall be allowed to be deducted from

Act No. 96, 1981

## INCOME TAX ACT, 1981

the taxable income of the taxpayer so much of the sum of any donations made by the taxpayer during the year of assessment—

(a) to any university or college for purposes other than the defraying of students' fees or the granting of bursaries; and 5

[(b) to any college; and]

[(c)] (b) to [the] any educational fund [established under the National Study Loans and Bursaries Act, 1964 (Act No. 89 of 1964), for the purpose of granting study loans or bursaries or both study loans and bursaries to students in need of financial assistance to enable them to continue or complete their studies at universities, declared institutions or schools in the Republic], 15

as does not exceed—

(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 20

(bb) in the case of a company, five per cent of its taxable income as calculated before allowing any deduction under this section.

(3) Any claim for a deduction in respect of any donation under subsection (2) [(a) or (b)], shall not be allowed unless supported by a receipt issued by the university, [or] college or person in control of the educational fund concerned [in such form as the Commissioner may prescribe] on which the following particulars are given, namely— 30

(a) the date of the receipt of the donation;

(b) the name of the university, college or educational fund which received the donation together with an address to which enquiries may be directed in connection therewith; 35

(c) the name and address of the donor;

(d) the amount of the donation; and

(e) a certification to the effect that the receipt is issued for the purposes of section 18A of the Income Tax Act, 1962, and that the donation has been or will be used exclusively for the purposes of the university, college or educational fund concerned. 40

(4) Where the taxable income of any company for any year of assessment (as calculated before allowing any deduction under subsection (2)) includes taxable income in the form of dividends, so much of the amount to be deducted under subsection (2) from the company's taxable income as exceeds five per cent of the company's taxable income for such year derived otherwise than in the form of dividends (as calculated before allowing any deduction under subsection (2)) shall not be deducted from such last-mentioned taxable income but shall be deducted from the company's taxable income for such year derived in the form of dividends. 55

(5) [(a) The Minister of Finance may from time to time and when Parliament is not in session by notice in the *Gazette* amend the provisions of this section so as to apply those provisions to donations made to any such educational institution (other than a university or a college) as may be specified in such amendment. 60



Act No. 96, 1981

## INCOME TAX ACT, 1981

- (b) Any amendment made under the provisions of paragraph (a) which is in force immediately before the date of promulgation of an Act of Parliament fixing rates of normal tax for any year of assessment shall, unless Parliament otherwise provides, lapse on that date, and in such case it shall as from that date cease to have the force of law.] 5

Any books of account, records or other documents relating to any fund referred to in subsection (6) shall— 10

- (a) where kept in book form, be retained and carefully preserved by any person in control of such fund for a period of five years from the date of the last entry in any book; or 15

- (b) where not kept in book form, be retained and carefully preserved by any person in control of such fund for a period of five years after completion of the transactions, acts or operations to which they relate. 20

(6) 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 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— 25

- (a) to answer any questions relating to such fund; or 30

- (b) to make available for inspection by the Commissioner or any person appointed by him, any books of account, records or other documents relating to such fund; or

- (c) to attend at the time and place appointed by the Commissioner for the purposes of— 35

- (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 40

- (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. 45

(7) If after acting as contemplated in subsection (6), the Commissioner has reasonable grounds for believing that the administrator of any fund referred to in that subsection has in any way failed to carry out the objects for which the fund was established or has expended moneys belonging to the fund for purposes not covered by such objects, the Commissioner may by notice in writing addressed to that administrator direct that donations to such fund shall not qualify for deduction under the provisions of subsection (2) in respect of any year of assessment specified in such notice, and any claim by any taxpayer for such deduction shall accordingly be disallowed." 50 55

(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 any year of assessment ended or ending on or after 1 January 1981. 60

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

- (a) by the substitution for subsection (1) of the following subsection: 65

"(1) The provisions of section 11 (a), [and] (b), (i) and (j) and section 20 shall, subject to the provisions of subsection (2) of this section, *mutatis mutandis* apply in

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,

## Act No. 96, 1981

## INCOME TAX ACT, 1981

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  
and section 14 of  
Act 104 of 1980.

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  
and section 15 of  
Act 104 of 1980.

Amendment of  
section 21*quat* of  
Act 58 of 1962,  
as inserted by  
section 17 of  
Act 65 of 1973  
and amended by  
section 22 of  
Act 85 of 1974  
and section 17 of  
Act 104 of 1980.

Insertion of  
section 24D in  
Act 58 of 1962.

relation to any income derived by any person in the form of dividends [Provided that an assessed loss (or any balance thereof) incurred by a company in relation to dividends shall not be set off against income derived by the company in any form other than dividends, nor shall an assessed loss (or any balance thereof) incurred by a company in relation to income other than dividends be set off against dividends derived by the company].”;

- (b) by the substitution in subsection (2) for the expression “paragraphs (a) and (b) of section *eleven*” of the expression “section 11 (a), (b), (i) and (j)”; and
- (c) by the substitution in subsection (3) for the expression “(other than dividends referred to in paragraph (s) of section *eleven*)” of the expression “(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))”.

18. Section 20A of the principal Act is hereby amended by the substitution in subsection (1) for the expression “R1 200”, 20 wherever it occurs, of the expression “R1 400”.

19. Section 21*quat* of the principal Act is hereby amended—

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

“(1) Notwithstanding the provisions of section 23 (a) and (b), where the taxpayer or his child or stepchild in respect of whom he is entitled to a rebate under section 6 (3) (a) suffers from any physical disability or, if he is a married person, his wife suffers from any physical disability, there shall be allowed to be deducted from his taxable income an allowance in respect of so much of the expenditure incurred during the year of assessment by the taxpayer or his wife (not being such expenditure as is referred to in section 11 or fees in respect of medical, dental, nursing or hospital services or amounts incurred in respect of medicines (other than medicines required in respect of a chronic physical disability)) as the Commissioner is satisfied was necessarily incurred by him or her in consequence of [his or her] such physical disability [as the case may be].”;

- (b) by the substitution in subsection (3) for the expression “R1 200” of the expression “R2 400”.

20. (1) The following section is hereby inserted in the principal Act after section 24C:

“Deduction of certain expenditure incurred in respect of any National Key Point or specified important place or area.

24D. (1) There shall be allowed to be deducted from the income of any taxpayer for any year of assessment so much of any expenditure actually incurred by the taxpayer as the Commissioner is satisfied was so incurred during such year—

(a) directly in the performance of any act ordered, performed or executed under the provisions of the National Key Points Act, 1980 (Act No. 102

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## Act No. 96, 1981

## INCOME TAX ACT, 1981

of 1980), in respect of any National Key Point or Key Point as defined in section 1 of that Act; or

- (b) directly in providing efficient security against loss, damage, disruption or immobilization of any specified important place or area (being a place or area as defined in section 1 of the said Act) which, although not declared a National Key Point under the provisions of the said Act, has been evaluated and approved by the Minister of Defence or any person or committee appointed by him as such a place or area in respect of which measures for the efficient security thereof ought to be taken by such taxpayer.

(2) The amount of any expenditure allowed to be deducted under the provisions of subsection (1) shall be restricted to expenditure—

- (a) actually incurred by the taxpayer on or after 1 September 1978; and  
 (b) which was or is not otherwise allowable as a deduction under the provisions of this Act, and no claim by the taxpayer for the deduction of any expenditure under the provisions of this section shall be admitted by the Commissioner unless confirmation has been received by him from the Minister of Defence or any person or committee appointed by that Minister to the effect that it was deemed necessary or expedient that the expenditure in question be incurred by the taxpayer concerned.”

(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 which commenced or commence on or after 1 September 1978.

Amendment of section 27 of Act 58 of 1962, as amended by section 17 of Act 113 of 1977, section 11 of Act 101 of 1978 and section 19 of Act 104 of 1980.

21. (1) Section 27 of the principal Act is hereby amended—

- (a) by the substitution in paragraph (c) of subsection (2) for the expression “1983”, wherever it occurs, of the expression “1985”;  
 (b) by the substitution in paragraph (d) of subsection (2) for the words preceding the proviso of the following words:

“an allowance, to be known as the special machinery initial allowance, equal to twenty-five per cent of the cost (as established to the satisfaction of the Commissioner or, in the case of machinery or plant referred to in subsection (2A), as determined under that subsection) to such agricultural co-operative of any new or unused machinery or plant which is brought into use by such co-operative during any year of assessment commencing on or after 1 April 1977 and is used by it directly for storing or packing pastoral, agricultural or other farm products of its members (including any person who is for the purposes of the definition of ‘storage building’ in subsection (9) deemed to be a member of such co-operative) or for subjecting such products to a primary process, such allowance to be granted for the year of assessment during which such machinery or plant is so brought into use.”;

- (c) by the substitution in paragraph (e) of subsection (2) for the words preceding the proviso of the following words:

“an allowance, to be known as the special machinery investment allowance, equal to thirty per cent of the cost (as established to the satisfaction of the Commissioner or, in the case of machinery or plant referred to in subsection (2A), as determined under that subsection) to such agricultural co-operative of any new or unused machinery or plant which is brought into use by such co-operative during any year of assessment of such co-operative commencing on or after 1 April 1977 and is brought into use not later than 30 June [1983] 1985 and used by it directly for storing or packing pastoral, agricultural or other farm products of its members (including any person who is for the purposes of the definition of ‘storage building’ in subsection (9) deemed to be a member of such co-operative) or for subjecting such products to a primary process, such allowance to be granted for the year of assessment during which such machinery or plant is so brought into use.”;

- (d) by the insertion after subsection (2) of the following subsection:

“(2A) (a) The cost of machinery or plant referred to in paragraph (b) shall, for the purpose of determining the allowance to be deducted in respect thereof under subsection (2) (d) or (e), be deemed to be the cost which, in the opinion of the Commissioner, a person would, if he had acquired such machinery or plant under a cash transaction concluded at arm’s length on the date on which the transaction for the acquisition of such machinery or plant was in fact concluded, have incurred in respect of the direct cost of the acquisition of such machinery or plant, including the direct cost of the installation or erection thereof.

- (b) The provisions of paragraph (a) shall apply in respect of machinery or plant brought into use on or after 24 August 1981, except machinery or plant delivered to a purchaser thereof under an agreement concluded not later than that date, by which the purchaser became obliged to take delivery of the machinery or plant in question at a price fixed in such agreement or a price determinable under such agreement without any adjustment for taxation under this Act.”;

- (e) by the substitution for subsection (5A) of the following subsection:

“(5A) Where any agricultural co-operative has on or after 1 April 1977 and before the date of commencement of the Co-operatives Act, 1981, been constituted by an amalgamation under section 94 of the Co-operative Societies Act, 1939, of two or more other agricultural co-operatives, the said co-operative and such other co-operatives shall, for the purposes of assessments under this Act, be deemed to be and to have been one and the same agricultural co-operative.”;

- (f) by the insertion after subsection (5A) of the following subsection:

“(5B) Where any co-operative has on or after the date of commencement of the Co-operatives Act, 1981, come into being in pursuance of a conversion or

## Act No. 96, 1981

## INCOME TAX ACT, 1981

amalgamation in terms of Chapter VIII of that Act, such co-operative and any company, co-operative or co-operatives out of which it so came into being shall, for the purposes of assessments under this Act for the year of assessment during which such co-operative came into being and subsequent years of assessment but subject to such conditions as the Commissioner may impose, be deemed to be and to have been one and the same co-operative.”;

- (g) by the substitution in the proviso to subsection (6) for the expression “1984” of the expression “1986”; and  
 (h) by the substitution in paragraph (c) of subsection (7) for the expression “1983”, wherever it occurs, of the expression “1985”.

(2) The amendments effected by subsection (1) (b), (c) 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 24 August 1981.

Amendment 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 and section 21 of Act 104 of 1980.

22. (1) Section 49 of the principal Act is hereby amended by the substitution in paragraph (iiA) of the definition of “distributable income” for the expression “thirty-five per cent” of the expression “fifty per cent”.

(2) The amendment effected by subsection (1) shall, for the purposes of assessments of undistributed profits tax under the principal Act, be deemed to have come into operation as from the commencement of years of assessment ended or ending on or after 1 April 1981.

Amendment of section 56 of Act 58 of 1962, as amended by section 18 of Act 90 of 1964, section 25 of Act 55 of 1966, section 33 of Act 89 of 1969, section 38 of Act 85 of 1974, section 21 of Act 113 of 1977 and section 13 of Act 101 of 1978.

23. Section 56 of the principal Act is hereby amended—

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

“(h) by or to any person (including any government) referred to in paragraph (a), (b), (cA), (cB), (cC), (cD), (cE), (d) or (e) of subsection (1) of section 10;”;

- (b) by the substitution for paragraph (a) of subsection (2) of the following paragraph:

“(a) so much of the sum of the values of all casual gifts made by the donor during any year of assessment as does not exceed R2 000: Provided that where the year of assessment exceeds or is less than 12 months, the amount in respect of which the tax shall not be payable in terms of this paragraph shall be an amount which bears to R2 000 the same ratio as that year of assessment bears to twelve months.”

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,

24. Section 64C of the principal Act is hereby amended by the substitution for the proviso to paragraph (fA) of the following proviso:



## Act No. 96, 1981

## INCOME TAX ACT, 1981

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 and section 22 of Act 104 of 1980.

Amendment of section 108 of Act 58 of 1962, as amended by section 15 of Act 101 of 1978.

Amendment of paragraph 5 of 1st Schedule to Act 58 of 1962, as substituted by section 18 of Act 72 of 1963 and amended by section 23 of Act 52 of 1970, section 30 of Act 88 of 1971, section 28 of Act 103 of 1976 and section 23 of Act 104 of 1980.

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, section 24 of Act 113 of 1977 and section 24 of Act 104 of 1980.

“Provided that this exemption shall not apply in respect of any such dividend the rate of which exceeds a rate approved from time to time by the Minister of Finance;”

25. Section 108 of the principal Act is hereby amended by the deletion in subsection (4) of the words “in the Senate and”. 5

26. Paragraph 5 of the First Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

“(1) The value to be placed upon livestock for the purposes of this Schedule shall, subject to the provisions of paragraph 4 (1) and subparagraph (2) of this paragraph—

(a) as respects livestock held and not disposed of at the end of the year of assessment ending on 28 February 1982—

(i) in respect of purchased breeding stock, as defined in subparagraph (1A), which was acquired by the farmer during the year of assessment ended on 28 February 1981 or ending on 28 February 1982, be the purchase price incurred by the farmer in respect of such stock, less an amount [not exceeding such purchase price calculated for each year of assessment during which the stock in question has been held and has not been disposed of by the farmer, at the rate of twenty-five] equal to—

(aa) seventy-five per cent of such purchase price, [for each such year of assessment] if such stock was acquired by the farmer during the year of assessment ended on 28 February 1981; or

(bb) fifty per cent of such purchase price, if such stock was acquired by the farmer during the year of assessment ending on 28 February 1982; and

[(b)] (ii) in respect of livestock other than livestock referred to in [item (a)] subitem (i), be the standard value applicable to the livestock; and

(b) as respects livestock held and not disposed of at the end of the year of assessment ending on 28 February 1983 or any succeeding year of assessment, be the standard value applicable to the livestock.” 40

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

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

“Subject to the provisions of subparagraphs (2) (3) (4) (5) (6), inclusive, there shall be [allowable] allowed as deductions in the determination of the taxable income derived by any farmer the expenditure incurred by him during the year of assessment in respect of—”;

Act No. 96, 1981

## INCOME TAX ACT, 1981

- (b) by the substitution for item (f) of subparagraph (1) of the following item:  
 “(f) the erection of, or extensions, additions or improvements (other than repairs) to, buildings used in connection with farming operations, other than those used for the domestic purposes of persons who are not employees of such farmer;”
- (c) by the substitution for item (j) of subparagraph (1) of the following item:  
 (j) the acquisition of machinery, implements, utensils and articles used by the farmer for farming purposes, except any motor vehicle the sole or primary function of which is the conveyance of persons or any caravan or any aircraft (other than an aircraft used solely or mainly for the purpose of crop-spraying) or any office furniture or equipment or anything the cost of which is deductible from the farmer's income under the preceding items of this paragraph or under any other provision of this Act.”
- (d) by the substitution for subparagraph (2) of the following subparagraph:  
 “(2) No deduction under section 11 (e) or (o) of this Act shall be allowed in respect of any machinery, implements, utensils or articles [or plant] for which a deduction [has been allowed] is allowable under subparagraph (1) or (1A) of this paragraph or the corresponding provisions of a previous Income Tax Act [or under paragraph 12 (1) of the Second Schedule to the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory or the corresponding provisions of a previous Income Tax Ordinance of the territory] and no deduction under section 11 (q) of this Act shall be allowed in respect of expenditure of a capital nature for which a deduction [has been allowed] is allowable under subparagraph (1) or (1A) of this paragraph or [the said paragraph 12 (1) or any of] the said corresponding provisions.”
- (e) by the substitution for subparagraph (3) of the following subparagraphs:  
 “(3) [The total amount allowable as deductions to any farmer under items (c) to (j) inclusive, of subparagraph (1) and under subparagraph (1A) in any year of assessment shall not exceed the taxable income (as calculated before allowing the said deductions) derived by him from farming operations during that year of assessment: Provided that the] The amount by which the total expenditure incurred by any farmer during any year of assessment in respect of the matters referred to in [the said] items (c) to (j), inclusive, of subparagraph (1) exceeds the taxable income (as calculated [as aforesaid] before allowing the deduction of such expenditure and before the inclusion as hereinafter provided of the said amount in the farmer's income) derived by him from farming operations during that year of assessment shall be included in his income from such operations for that year and be carried forward and be deemed for the purposes of subparagraph (1) to be expenditure which has been incurred by him during the next succeeding year of assessment in respect of the matters referred to in the said items. [and for]  
 (3A) For the purposes of [this proviso] subparagraph (3) [(a)] any amount which has been carried forward

Act No. 96, 1981

## INCOME TAX ACT, 1981

from the year of assessment ended 30 June 1961 in terms of the proviso to paragraph 17 (3) of the Third Schedule to the Income Tax Act, 1941 [or (b) any amount which, in the case of any company, was in terms of the proviso to paragraph 12 (3) of the Second Schedule to the Income Tax Ordinance, 1961, of the territory, available to be carried forward from the year of assessment under that Ordinance which ended on the thirtieth day of June, 1968] shall be deemed to be an amount which has been so carried forward in terms of [this proviso] the said subparagraph.”;

- (f) by the insertion after subparagraph (3A) of the following subparagraph:

“(3B) Where an amount (hereinafter referred to as the recoupment) falls to be included in a farmer’s income for any year of assessment under the provisions of subparagraph (1B) and an amount (hereinafter referred to as the qualifying balance) has in terms of subparagraph (3) been carried forward to the year of assessment in question from the preceding year of assessment the recoupment shall to the extent that it does not exceed the qualifying balance be deducted therefrom, and in such case—

- (a) the recoupment shall, to the extent that it has been deducted from the qualifying balance, not be included in the farmer’s income under subparagraph (1B); and
- (b) only so much of the qualifying balance as remains after the deduction therefrom of the recoupment shall be taken into account for the purposes of subparagraph (3) as expenditure incurred during the year of assessment in question in respect of the matters mentioned in that subparagraph.”;

- (g) by the substitution for subparagraph (5) of the following subparagraph:

“(5) The aggregate of all the deductions allowed under item (f) of subparagraph (1) or the corresponding provisions of any previous Income Tax Act to any farmer in respect of the erection of, or extensions, additions or improvements (other than repairs) to, any buildings used for the domestic purposes of any one of his employees shall not exceed the sum of R5 000.”.

(2) The amendments effected by subsection (1), (a), (d), (e) and (f) shall for the purposes of assessments under the principal Act be deemed to have taken effect as from the commencement of the year of assessment which ended on the last day of February 1978: Provided that—

- (a) if on assessment of the liability for tax of any farmer in respect of a year of assessment which ended on the last day of February 1978, 1979, 1980 or 1981, a deduction in respect of any machinery, implements, utensils or articles has been made under the provisions of section 11 (e) or (o) of the principal Act in lieu of a deduction under paragraph 12 (1) or (1A) of the First Schedule to that Act, the assessment made on the farmer for the year in question shall, as respects such deduction, not be revised; and
- (b) where the provisions of paragraph (a) are applicable in respect of any machinery, implements, utensils or articles held by a farmer at the commencement of the year of assessment following the latest year of assessment referred to in that paragraph in respect of which the farmer’s liability for tax has been assessed—

- (i) any deduction in respect thereof made under the said section 11 (e) shall for the purposes of the

## Act No. 96, 1981

## INCOME TAX ACT, 1981

said paragraph 12 be deemed to have been made under the provisions of subparagraph (1) or (1A) of that paragraph; and

- (ii) the amount (if any) by which the expenditure incurred by the farmer in respect of the acquisition of such machinery, implements, utensils or articles exceeds the aggregate of the deductions made in respect thereof under the said section 11 (e), shall be deemed to be an amount of such expenditure which has been carried forward from 10 such latest year of assessment under the provisions of subparagraph (3) of the said paragraph 12.

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 and section 27 of Act 104 of 1980.

28. (1) Paragraph 1 of the Second Schedule to the principal Act is hereby amended by the substitution in the definition of 15 "formula A" for the factor " $\frac{10}{1}$ ", in the formula of the factor " $\frac{15}{1}$ ".

(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 20 assessment ended or ending on or after 28 February 1981.

Amendment of paragraph 14 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972 and amended by section 37 of Act 65 of 1973 and section 67 of Act 65 of 1973.

29. (1) Paragraph 14 of the Sixth Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for the words "two thousand rand", wherever they occur in items (c), (d) (ii), (e) (i) and (ii) and (f), of the expression "R4 000". 25

(2) The amendments effected by subsection (1) shall take effect on the date of promulgation of this Act.

Commencement of section 21 of Act 104 of 1980.

30. Section 21 of the Income Tax Act, 1980, shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of 30 assessment ended or ending on or after 1 April 1980.

Standardized deductions and small income relief for year of assessment ending 28 February 1983.

31. (1) For the purposes of determining the normal tax payable by any natural person under the principal Act in respect of the year of assessment ending on 28 February 1983—

- (a) the amount which may be allowed as a deduction from 35 such person's income or taxable income under the provisions of that Act (excluding contributions referred to in section 11 (k) and (n) and expenditure incurred in carrying on any business enterprise) shall be deemed to be not less than R300 in the case of a married person 40 or R200 in the case of a person who is not a married person;
- (b) the maximum amount which may be allowed as a deduction from such person's income under the provisions of section 20A of the said Act shall be deemed to 45 be R1 600; and
- (c) the rebate which may be allowed to such person under the provisions of section 6 (3) (b) of the said Act shall be deemed to be not less than R30 in the case of a married person or R25 in the case of a person who is 50 not a married person.

(2) The normal tax payable in respect of the said year by a natural person whose taxable income for that year (as deter-

## Act No. 96, 1981

## INCOME TAX ACT, 1981

mined before applying the provisions of subsection (1)) does not exceed R7 000, shall not exceed the sum of—

- (a) an amount which in the case of a married person is equal to 10 per cent of his taxable income for that year (as determined after applying the said provisions), less the sum of the rebates allowable to him under section 6 of the principal Act (including any rebate allowed under subsection (3) (b) of that section as applied by subsection (1) (c) of this section), and a further rebate of R120; and
- (b) in the case of a person who is not a married person, a further amount equal to 20 per cent of the said amount.

(3) The Commissioner for Inland Revenue shall, when prescribing employees tax tables under the provisions of paragraph 9 of the Fourth Schedule to the principal Act in respect of remuneration which any employer pays or becomes liable to pay on or after 1 March 1982, have regard to the provisions of this section.

Repeal of section 170 of Co-operatives Act, 1981.

32. (1) Section 170 of the Co-operatives Act, 1981, is hereby repealed.

(2) Subsection (1) shall come into operation on the date of commencement of the Co-operatives Act, 1981.

Commencement of certain amendments.

33. 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 1982.

Short title.

34. This Act shall be called the Income Tax Act, 1981.



Act No. 96, 1981

INCOME TAX ACT, 1981

## Schedule

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING 28 FEBRUARY 1982 AND 30 JUNE 1982, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING 31 MARCH 1982.

(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 as 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 R6 000 .....	8 per cent of each R1 of the taxable income;
exceeds R6 000 but does not exceed R7 000	R480 plus 10 per cent of the amount by which the taxable income exceeds R6 000;
„ R7 000 „ „ R8 000	R580 plus 12 per cent of the amount by which the taxable income exceeds R7 000;
„ R8 000 „ „ R9 000	R700 plus 14 per cent of the amount by which the taxable income exceeds R8 000;
„ R9 000 „ „ R10 000	R840 plus 16 per cent of the amount by which the taxable income exceeds R9 000;
„ R10 000 „ „ R11 000	R1 000 plus 18 per cent of the amount by which the taxable income exceeds R10 000;
„ R11 000 „ „ R12 000	R1 180 plus 20 per cent of the amount by which the taxable income exceeds R11 000;
„ R12 000 „ „ R13 000	R1 380 plus 22 per cent of the amount by which the taxable income exceeds R12 000;
„ R13 000 „ „ R14 000	R1 600 plus 24 per cent of the amount by which the taxable income exceeds R13 000;
„ R14 000 „ „ R15 000	R1 840 plus 26 per cent of the amount by which the taxable income exceeds R14 000;
„ R15 000 „ „ R16 000	R2 100 plus 28 per cent of the amount by which the taxable income exceeds R15 000;
„ R16 000 „ „ R18 000	R2 380 plus 30 per cent of the amount by which the taxable income exceeds R16 000;
„ R18 000 „ „ R20 000	R2 980 plus 32 per cent of the amount by which the taxable income exceeds R18 000;
„ R20 000 „ „ R22 000	R3 620 plus 34 per cent of the amount by which the taxable income exceeds R20 000;
„ R22 000 „ „ R24 000	R4 300 plus 36 per cent of the amount by which the taxable income exceeds R22 000;
„ R24 000 „ „ R26 000	R5 020 plus 38 per cent of the amount by which the taxable income exceeds R24 000;
„ R26 000 „ „ R28 000	R5 780 plus 40 per cent of the amount by which the taxable income exceeds R26 000;
„ R28 000 „ „ R30 000	R6 580 plus 42 per cent of the amount by which the taxable income exceeds R28 000;
„ R30 000 „ „ R32 000	R7 420 plus 44 per cent of the amount by which the taxable income exceeds R30 000;

## Act No. 96, 1981

## INCOME TAX ACT, 1981

Taxable Income	Rates of Tax
<b>Where the taxable income—</b>	
exceeds R32 000 but does not exceed R34 000	R8 300 plus 46 per cent of the amount by which the taxable income exceeds R32 000;
„ R34 000 „ „ R36 000	R9 220 plus 47 per cent of the amount by which the taxable income exceeds R34 000;
„ R36 000 „ „ R38 000	R10 160 plus 48 per cent of the amount by which the taxable income exceeds R36 000;
„ R38 000 „ „ R40 000	R11 120 plus 49 per cent of the amount by which the taxable income exceeds R38 000;
„ R40 000 .....	R12 100 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)), forty 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 five 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 forty thousand rand, 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 forty thousand rand, 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 two thousand five

hundred rand by which the said taxable income exceeds forty thousand rand: 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 five 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 forty thousand rand, the rate of tax shall not exceed a percentage determined in accordance with the formula:

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

## Act No. 96, 1981

## INCOME TAX ACT, 1981

and if such taxable income exceeds forty thousand rand, 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 two thousand five hundred rand by which the said taxable income exceeds forty thousand rand: 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 five per cent of such amount;

- (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 thirty-five 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, forty-five 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 five 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), forty 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 five per cent of such amount.

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 the 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.