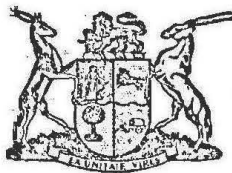


Please note that most Acts are published in English and another South African official language. Currently we only have capacity to publish the English versions. This means that this document will only contain even numbered pages as the other language is printed on uneven numbered pages.



# STAATSKOERANT

## VAN DIE REPUBLIEK VAN SUID-AFRIKA

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### REPUBLIC OF SOUTH AFRICA

# GOVERNMENT GAZETTE

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[No. 5665

DEPARTEMENT VAN DIE EERSTE MINISTER

DEPARTMENT OF THE PRIME MINISTER

No. 1355.

29 Julie 1977.

No. 1355.

29 July 1977.

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

No. 113 van 1977: Inkomstebelastingwet, 1977.

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

No. 113 of 1977: Income Tax Act, 1977.

Act No: 113, 1977

INCOME TAX ACT, 1977.

# 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 1978 and 30 June 1978 and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending on 31 March 1978; to provide for the payment of a portion of the normal tax payable by certain companies into the Revenue Fund of the territory of South West Africa; to provide for the repayment to the taxpayers concerned of a certain portion of the normal tax paid by those taxpayers; to amend the Income Tax Act, 1962; and to provide for incidental matters.

(Afrikaans text signed by the State President.)  
(Assented to 11 July 1977.)

**BE IT ENACTED** by the State President, the Senate 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 1978 or 30 June 1978; and
- (b) the taxable income of any company for any year of assessment ending during the period of twelve months ending on 31 March 1978;

shall be as set forth in the Schedule to this Act.

Portion of normal tax payable by certain companies to be paid into the Revenue Fund of the territory of South West Africa.

2. (1) Notwithstanding the provisions of section 5 (1) of the principal Act but subject to the provisions of any law providing for the payment of moneys into the Rehoboth Revenue Fund, a portion equal to one-seventh of any amount of tax calculated in accordance with item (i) of subparagraph (b) of paragraph 1 of the Schedule to this Act, before the addition of the surcharge referred to in the proviso to the said subparagraph, shall accrue for the benefit of the Revenue Fund of the territory of South West Africa and shall be paid into the said fund in the manner prescribed in section 22 (2) (c) of the South West Africa Affairs Act, 1969 (Act No. 25 of 1969).

(2) The provisions of subsection (1) shall be deemed to have come into operation on 1 April 1977.

Certain portion of the normal tax to be repayable to taxpayers.

3. The portion of the normal tax determined in accordance with the provisions of paragraph 1 (h) or (i) of the Schedule to this Act shall be a loan portion of that tax.

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## INCOME TAX ACT, 1977.

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 95 of 1967, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969, section 6 of Act 52 of 1970, section 4 of Act 88 of 1971, section 4 of Act 90 of 1972, section 4 of Act 65 of 1973, section 4 of Act 85 of 1974, section 4 of Act 69 of 1975 and section 4 of Act 103 of 1976.

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

- (a) by the substitution for the words preceding paragraph (a) of the definition of “dividend” of the following words:

“‘dividend’ means any amount distributed by a company (not being a permanent building society or an association or institution to which section 10 (1) (d) applies) to its shareholders or any amount distributed out of the assets pertaining to any unit portfolio referred to in paragraph (e) of the definition of ‘company’ in this section to shareholders in relation to such unit portfolio, (including, in the case of any co-operative society or company referred to in section 27, any amount distributed on or after 1 April 1977 to its members, whether divided among the members in accordance with their rights as shareholders or according to the value of business transactions between individual members and such society or company or on some other basis), and in this definition the expression ‘amount distributed’ includes—”;

- (b) by the insertion after paragraph (h) of the said definition of “dividend” of the following paragraph:

- “(i) (i) any amount distributed by any co-operative society or company referred to in section 27 by way of a bonus out of its profits for any year of assessment of such society or company commencing before 1 April 1977, if such amount is divided among the members according to the value of the business transactions between the society or company and the members and is distributed not later than twelve months after the end of such year of assessment;
- (ii) any amount distributed by such society or company by way of a bonus, to the extent that such amount is allowable as a deduction from the income of such society or company under the provisions of section 27; and
- (iii) any amount distributed out of the stabilization fund referred to in section 27 (2) (h);”;

- (c) by the substitution for paragraph (l) of the definition of “gross income” of the following paragraph:

“(l) any amount received or accrued by way of grant or subsidy in respect of any soil erosion works referred to in section 17A (1) or any of the matters mentioned in items (a) to (j), inclusive, of paragraph 12 (1) of the First Schedule;” and

- (d) by the insertion after the definition of “specified date” of the following definition:

“‘specified period’, in relation to a year of assessment of any company commencing on or after 1 April 1977, means—

(a) where such year of assessment is the first financial year of such company, the period commencing on the first day of such year and ending six months after the specified date in respect of such year; and

(b) where such year of assessment is a subsequent financial year of such company, the period commencing the day after the end of the specified period in respect of the immediately preceding year of assessment and ending six months after the specified date in respect of the year of assessment in question;”

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(2) The amendments effected by subsection (1) (a) and (b) shall, for the purposes of assessments under the principal Act in respect of years of assessment ending on or after 1 April 1977, be deemed to have taken effect on that date.

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 and section 5 of Act 103 of 1976.

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

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

“(2) Subject to the provisions of subsections (2A) and (3) to (7), inclusive, and the provisions of the Fourth Schedule, the rates of tax chargeable in respect of taxable income shall be fixed annually by Parliament, but the rates fixed by Parliament in respect of any year of assessment or financial year or, if the rates so fixed have been varied by the Minister of Finance by way of an amendment made under subsection (3) which is still in force, the rates as so varied, shall be deemed to continue in force until the next such determination or variation of rates and shall be applied for the purposes of calculating the tax payable in respect of any such taxable income received by or accrued to or in favour of any person during the next succeeding year of assessment or financial year, as the case may be, if in the opinion of the Secretary the calculation and collection of the tax chargeable in respect of such taxable income cannot without risk of loss of revenue be postponed until after the rates for that year have been determined.”; and

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

“(2A) (a) In the case of any company which derives taxable income from mining for natural oil, the normal tax payable in respect of such taxable income shall be determined separately in respect of—

(i) taxable income which is derived by the company from mining for natural oil (excluding gas); and

(ii) taxable income which is derived by the company from mining for natural oil in the form of gas.

(b) In addition to the amount of normal tax payable by any company in respect of taxable income referred to in paragraph (a) (i), as determined in accordance with the rates referred to in subsection (2) which are in force in respect of the year of assessment in question, there shall in respect of such taxable income be paid by such company, by way of additional normal tax, an amount equal to forty per cent of the amount remaining after deducting the said amount of normal tax from such taxable income.

(c) The normal tax chargeable in respect of taxable income referred to in subparagraph (i) or (ii) of paragraph (a), and the additional normal tax referred to in paragraph (b), shall be reduced to or by such an amount, and on such conditions, as the Minister of Mines, in consultation with the Minister of Finance, may determine.

(d) For the purposes of this subsection where sulphur, salt or any other mineral is won by any company in the course of mining for natural oil (excluding gas) or natural oil in the form of gas, the income derived from the mining of such sulphur, salt or other mineral shall be deemed to be derived from mining for natural oil (excluding gas) or natural oil in the form of gas, as the case may be.”



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Amendment of section 5A of Act 58 of 1962, as inserted by section 6 of Act 88 of 1971 and amended by section 5 of Act 85 of 1974 and section 5 of Act 69 of 1975.

6. Section 5A of the principal Act is hereby amended by the substitution for paragraph (d) of subsection (3) of the following paragraph:

- “(d) an amount equal to the aggregate of—
- (i) premiums paid by the taxpayer during the year of assessment upon policies under which he or his wife or any children or stepchildren referred to in paragraph (a) is or are insured against death, accident or sickness;
  - (ii) fees, subscriptions or contributions paid by him during that year to any provident fund or benefit fund;
  - (iii) contributions made by him during that year as an employee to any fund established under any law in force in the Republic relating to unemployment insurance; and
  - (iv) any amounts (other than amounts recoverable by the taxpayer) which the Secretary is satisfied were paid by the taxpayer during the year of assessment to—
    - (aa) any dentist or medical practitioner for dental and medical services rendered to; or
    - (bb) any duly registered nursing home or hospital or any duly registered or enrolled nurse, midwife or nursing assistant (or to any nursing agency in respect of the services of such a nurse, midwife or nursing assistant) in respect of the illness or confinement of; or
    - (cc) any duly registered pharmacist for medicines (other than medicines the cost of which has been deducted from the taxpayer's income under section 21*quat*) supplied on the prescription of any dentist or medical practitioner for,
      - the taxpayer or his wife or his children or stepchildren referred to in paragraph (a),

but subject to a maximum abatement under this paragraph of one thousand rand where the taxpayer is a married person or is entitled to the further abatement referred to in paragraph (dd) of the proviso to paragraph (a) or an abatement under paragraph (f), or seven hundred and fifty rand in any other case: Provided that no abatement shall be allowed in respect of insurance under a policy of motor insurance, nor under any other policy if the amount paid as premium for such other policy has been allowed as a deduction from the income of the taxpayer under the provisions of section 11: Provided further that any amount paid by the estate of a deceased taxpayer or by the estate of a taxpayer's deceased wife which would, if it had been paid by the taxpayer, have been taken into account for an abatement under this paragraph, shall for the purposes of this paragraph be deemed to have been paid by the taxpayer on the day before his or his wife's death, as the case may be;”

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962, section 6 of Act 90 of 1964, section 9 of Act 88 of 1965, section 10 of Act 55 of 1966, section 10 of

7. (1) Section 8 of the principal Act is hereby amended—

- (a) by the substitution for paragraph (a) of subsection (4) of the following paragraph:

“(4) (a) There shall be included in the taxpayer's income all amounts allowed to be deducted or set off under the provisions of sections 11 to 20, inclusive, and section 27 (2) (b) and (d) of this Act, except section 11 (k); (p) and (q), section 11*quin*, section 12 (2) or section 12 (2) as applied by section 12 (3), section 12A (3), section 13 (5), or

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Act 89 of 1969,  
section 6 of  
Act 90 of 1972,  
section 8 of  
Act 85 of 1974  
and section 7 of  
Act 69 of 1975.

section 13 (5) as applied by section 13 (8), or section 13*bis* (7), or section 15 (a), or section 15A, or under the corresponding provisions of any previous Income Tax Act, or, in the case of a company, under the said provisions or the provisions of section 11 (2), except paragraph (r) thereof, of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or section 11 (3) of that Ordinance, or the corresponding provisions of any previous Income Tax Ordinance of the territory, whether in the current or any previous year of assessment or any year of assessment under any such Ordinance, which have been recovered or recouped during the current year of assessment.”; and

(b) by the substitution for paragraph (e) of the said subsection of the following paragraph:

“(e) If any amount which was deducted under the provisions of section 11 (e), or section 12 (1) or section 12 (1) as applied by section 12 (3) or the corresponding provisions of any previous Income Tax Act or section 27 (2) (d) or, in the case of a company, under any of the said provisions or the provisions of section 11 (2) (e) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory or the corresponding provisions of any previous Income Tax Ordinance of the territory, in respect of machinery or plant which was used by the taxpayer directly in a process of manufacture, or directly in any other process carried on by him on or after 15 March 1961, which in the opinion of the Secretary was of a similar nature, or in respect of machinery or plant which was used by an agricultural co-operative (as defined in section 27 (9)) directly for storing or packing pastoral, agricultural or other farm products or for subjecting such products to a primary process as defined in the said section 27 (9), has as a result of damage or destruction (hereinafter referred to as ‘the event’) been recovered or recouped during any year of assessment, and if the taxpayer satisfies the Secretary—

(i) that he has concluded or will within a period of one year (or such longer period as the Secretary in the circumstances of the case may allow) from the date of the event conclude a contract for the acquisition by him of further new or unused machinery or plant (hereinafter referred to as the ‘further machinery or plant’) to replace the aforesaid machinery or plant; and

(ii) that the further machinery or plant has been or will be brought into use within a period of three years from the date of the event and will be used by him directly in a process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, or, in the case of such co-operative, directly for storing or packing pastoral, agricultural or other farm products or for subjecting such products to a primary process, as defined in section 27 (9), for a period of not less than five years or until the further machinery or plant is scrapped or disposed of in the ordinary

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course of the taxpayer's trade prior to the expiry of such period of five years, the said amount shall, notwithstanding the provisions of paragraph (a) of this subsection, not be included in the income of the taxpayer for the aforesaid year of assessment: Provided that if, owing to any occurrence or because of any circumstance arising during any year of assessment the Secretary is no longer satisfied in regard to the matters in regard to which in terms of the preceding provisions of this paragraph he is required to be satisfied, the said amount shall be included in the income of the taxpayer for the year of assessment during which such occurrence takes place or such circumstance arises."

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect in respect of years of assessment commencing on or after 1 April 1977.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 7 of Act 90 of 1972, section 7 of Act 65 of 1973, section 10 of Act 85 of 1974, section 8 of Act 69 of 1975 and section 9 of Act 103 of 1976.

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

- (a) by the substitution in subparagraph (xiii) of paragraph (i) of subsection (1) for the words "seven hundred and fifty" of the words "eight hundred"; and
- (b) by the substitution in paragraph (aa) of the proviso to the said subparagraph (xiii) of the said paragraph (i) of the said subsection for the words "seven and a half" of the word "eight".

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect from the commencement of years of assessment ended or ending on or after 28 February 1977.

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963, section 9 of Act 90 of 1964, section 11 of Act 88 of 1965, section 12 of Act 55 of 1966, section 11 of Act 95 of 1967, section 9 of Act 76 of 1968, section 14 of Act 89 of 1969, section 10 of Act 52 of 1970, section 10 of Act 88 of 1971, section 8 of Act 90 of 1972, section 9 of

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

- (a) by the substitution for paragraph (iv) of the proviso to paragraph (e) of the following paragraph:

"(iv) the value of new or unused machinery, implements, utensils or articles which—

- (aa) were used by the taxpayer directly in a process of manufacture or, if brought into use on or after 15 March 1961, in any other process which in the opinion of the Secretary is of a similar nature or, where the taxpayer is an agricultural co-operative (as defined in section 27 (9)), for storing or packing pastoral, agricultural or other farm products or for subjecting such products to a primary process as defined in the said section 27 (9); and
- (bb) were acquired to replace machinery, implements, utensils or articles which were damaged or destroyed,

shall be reduced by any amount which has been recovered or recouped as contemplated in para-

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Act 65 of 1973,  
section 12 of  
Act 85 of 1974  
and section 11 of  
Act 69 of 1975.

graph (a) of subsection (4) of section 8 or the corresponding provisions of any previous Income Tax Act in respect of the damaged or destroyed machinery, implements, utensils or articles and has been excluded from the taxpayer's income in terms of paragraph (e) of the said subsection or the corresponding provisions of any previous Income Tax Act, and not included in the taxpayer's income in terms of the proviso to the said paragraph or the corresponding provisions of any previous Income Tax Act in the current or any previous year of assessment;";

(b) by the substitution for paragraph (vi) of the said proviso of the following paragraph:

"(vi) the value of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade shall be reduced by the amount of any deduction made under subsection (1) of section 12 or under that subsection as applied by subsection (3) of the said section, or under the corresponding provisions of any previous Income Tax Act or under section 12A (2) or under section 27 (2) (d);";

(c) by the substitution for paragraph (iv) of the proviso to paragraph (g) of the following paragraph:

"(iv) the aggregate of the allowances under this paragraph in respect of any building or improvements referred to in section 13 (1) or (4) or 27 (2) (b) shall not exceed the cost (after the deduction of any amount which has been set off against the cost of such building or improvements under section 13 (3) or section 27 (4)) to the taxpayer of such building or improvements less the aggregate of the allowances in respect of such building or improvements made to the taxpayer under the said section 13 (1) or (4) or 27 (2) (b) or the corresponding provisions of any previous Income Tax Act;";

(d) by the insertion after paragraph (gB) of the following paragraph:

"(gC) in the case of any taxpayer who is an exporter as defined in section 11bis (1), expenditure (including search and application fees) actually incurred by him in obtaining in any export country, as defined in the said section, the registration of any patent or the restoration of any patent or the registration of any design or trade mark or the extension of the term or registration period of, or the renewal of the registration of, any patent, design or trade mark;";

(e) by the substitution for paragraph (k) of the following paragraph:

"(k) (i) any sum contributed during the year of assessment to any pension fund by way of current contribution by any person holding any office or employment, where the making of such a contribution is a condition of the holding of such office or employment: Provided that the deduction to be allowed in respect of contributions to a pension fund not established by law or for the benefit of employees of a local authority shall not exceed the sum of one thousand seven hundred and fifty rand;

(ii) any sum paid during the year of assessment to any pension fund by any person who, as a

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member of such fund, has in terms of the rules governing such fund undertaken to pay such sum in respect of any past period which is to be reckoned as pensionable service of that member: Provided that the deduction to be allowed in respect of any sums so paid shall not in respect of the year of assessment exceed the sum of one thousand rand:";

(f) by the substitution for paragraph (n) of the following paragraph:

"(n) (aa) so much of the current contributions to any retirement annuity fund made by any person as a member of such fund during a year of assessment during which such person has carried on any trade as does not exceed three thousand five hundred rand in the case of the taxpayer or, where the taxpayer is entitled to a deduction under paragraph (k) (i), the amount by which the amount of the deduction under the said paragraph is less than three thousand five hundred rand: Provided that—

- (i) where any person has become a member of a retirement annuity fund before the date of commencement of the Income Tax Act, 1968, such person's contributions to such fund during the year of assessment shall qualify for deduction under this paragraph in the same manner as the aforesaid contributions if the Secretary is satisfied that the contributions would, in accordance with the general practice prevailing immediately prior to the said date, have qualified for deduction under this paragraph before the amendment thereof by the said Act;
- (ii) the deductions under the foregoing provisions of this paragraph shall not exceed an amount equal to the amount remaining after deducting from the income derived by the taxpayer from trade during the year of assessment the deductions admissible against such income under this Act, excluding this paragraph, section 17A of this Act and paragraph 12 (1) (c) to (j), inclusive, of the First Schedule;
- (iii) any amount disallowed as a deduction solely under proviso (ii) shall be carried forward and be deemed for the purposes of this paragraph to be current contributions made to the fund in question during the next succeeding year of assessment;

(bb) any contributions, not exceeding one thousand rand in the case of the taxpayer, to any retirement annuity fund made by any person as a member of such fund during a year of assessment during which such person has carried on any trade, where such contributions are made under conditions prescribed in the rules of such fund whereby a member who has discontinued his contributions prematurely is entitled to be reinstated as a full member thereof:";

(g) by the substitution in paragraph (o) for the words preceding the proviso of the following words:



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“(o) save as provided in paragraph 12 (2) of the First Schedule, an allowance in respect of any building (or portion thereof) referred to in section 13 (1) or (4) or section 13bis (1) or section 27 (2) (b) or of any improvements (or portion thereof) to such building or of any shipbuilding structure referred to in section 13 (8) or of any improvements to such shipbuilding structure or of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade which have been scrapped by such taxpayer during the year of assessment, such allowance to be the excess of the original cost to such taxpayer of such building (or portion thereof) or such improvements (or portion thereof) to such building or such shipbuilding structure or such improvements to such shipbuilding structure or such machinery, implements, utensils or articles over the total amount arrived at by adding all the allowances made in respect thereof under the provisions of paragraph (e) of this section, or section 12 (1), or section 12 (1) as applied by section 12 (3), or section 12A (2), or section 13 (1), or section 13 (1) as applied by section 13 (4) or (8), or section 13bis (1), (2) or (3), or section 14 (1) (a) or (b), or the corresponding provisions of any previous Income Tax Act, or section 14bis (1) (a) or (b), or section 27 (2) (b) or (d), or, in the case of a company, any of the said provisions or the provisions of section 11 (2) (e) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or the corresponding provision of any previous Income Tax Ordinance of the territory, to any amount or the value of any advantage accruing to the taxpayer in respect of the sale or other disposal of such building, shipbuilding structure, improvements, machinery, implements, utensils or articles:” and

(h) by the substitution for paragraph (ii) of the proviso to paragraph (t) of the following paragraph:

“(ii) the aggregate of all the allowances made under this paragraph or the corresponding provisions of any previous Income Tax Act in respect of the erection of any one dwelling shall not exceed the sum of three thousand rand;”

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

- (a) the amendments effected by subsection (1) (a), (b), (c) and (g) shall be deemed to have taken effect as from the commencement of years of assessment commencing on or after 1 April 1977;
- (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 1 January 1977.

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

- (a) by the substitution for the definition of “goods” in subsection (1) of the following definition:

“‘goods’ means anything (excluding specie, gold or silver bullion, any other precious metals contemplated in the definition of ‘precious metals’ in section 1 of the Mining Rights Act, 1967 (Act No. 20 of 1967), and uncut diamonds, not being manufactured diamonds, but including pastoral, agricultural and other farming produce) which has

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.

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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  
and section 10 of  
Act 103 of 1976.

- been produced in the Republic or which has undergone in the Republic any process of manufacture or any other process which in the opinion of the Secretary is of a similar nature.”;
- (b) by the substitution in subsection (4) for the words preceding paragraph (a) of the following words:  
“(4) For the purposes of subsection (3) the marketing expenditure on which the exporters’ 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 year and allowed to be deducted from his income under sections 11 and 17 as is proved to the satisfaction of the Secretary to have been incurred directly—”;
- (c) by the substitution for paragraph (a) of the said subsection (4) of the following paragraph:  
“(a) in research into or obtaining information (including the remuneration of consultants, agents or representatives) in regard to—  
(i) the marketing of goods in any export country;  
or  
(ii) in the case of an exporter carrying on any trade defined or recognized under subsection (4B) as an export service industry, the rendering of services or the supply of goods in the course of such trade to persons based in an export country;”;
- (d) by the substitution for paragraph (d) of the said subsection (4) of the following paragraph:  
“(d) in bringing prospective customers from any export country to the Republic;”;
- (e) by the substitution for paragraph (e) of the said subsection (4) of the following paragraph:  
“(e) in connection with the preparation or submission of tenders or quotations in respect of—  
(i) goods to be exported to any export country; or  
(ii) in the case of an exporter carrying on any trade defined or recognized under subsection (4B) as an export service industry, the rendering of services or the supply of goods in the course of such trade to persons based in an export country;”;
- (f) by the substitution for paragraph (f) of the said subsection (4) of the following paragraph:  
“(f) in respect of commission or other remuneration in respect of the sale of goods exported to any export country and, in the case of an exporter who carries on any trade defined or recognized under subsection (4B) as an export service industry, any commission or other remuneration in respect of orders for services or goods obtained in the course of such trade from persons based in an export country;”;
- (g) by the insertion after paragraph (f) of the said subsection (4) of the following paragraph:  
“(fA) in respect of the appointment of agents in any export country;”;
- (h) by the deletion of paragraph (j) of the said subsection (4);
- (i) by the deletion of paragraph (m) of the said subsection (4);
- (j) by the substitution for paragraph (o) of the said subsection (4) of the following paragraph:  
“(o) in maintaining any depot or warehouse in any export country which is used for the purpose of storing exported goods or goods intended to be exported.”;

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- (k) by the addition to the said subsection (4) of the following proviso:

“Provided that where any amount included in such marketing expenditure has been recovered or recouped, whether in the current or a following year of assessment, such amount shall not be included in the taxpayer's income under the provisions of section 8 (4) (a) as an amount allowed as a deduction under this section which has been recovered or recouped, but shall be deducted from the said expenditure, and notwithstanding anything to the contrary contained in this Act the Secretary shall raise an assessment in respect of such amount.”;

- (l) by the substitution for subsection (4A) of the following subsection:

“(4A) Where it is proved to the satisfaction of the Secretary that any expenditure of the nature referred to in subsection (4) has been incurred in connection with the export of pastoral, agricultural or other farming produce and that such expenditure was incurred or controlled by—

- (a) the South African Sugar Association; or
- (b) a marketing committee appointed by the Wattle Bark Industry Board under section 2 (2) (f) of the Wattle Bark Industry Act, 1960 (Act No. 23 of 1960); or
- (c) any control board established under the Marketing Act, 1968 (Act No. 59 of 1968); or
- (d) any co-operative agricultural society or company or farmers' special co-operative company as defined in the Co-operative Societies Act, 1939 (Act No. 29 of 1939); or
- (e) the South African Canned Fruit Export Board established by the Canned Fruit Export Marketing Act, 1967 (Act No. 100 of 1967),

so much of such expenditure as the Secretary is satisfied was in effect borne by any producer of any pastoral, agricultural or other farming produce exported by the said Association or by any such committee, board, society or company or by some other person under marketing arrangements controlled by the said Association or by such committee, board, society or company, shall for the purposes of this section be deemed to be marketing expenditure incurred by such producer, provided such expenditure, had it been incurred directly by such producer, would have ranked for deduction from his income under section 11 or 17, and, where such expenditure was incurred by any such co-operative agricultural society or company or farmers' special co-operative company, the expenditure shall be excluded from any marketing expenditure taken into account for the purposes of any allowance to such society or company under this section.”; and

- (m) by the substitution for paragraph (a) of subsection (4E) of the following paragraph:

“(a) Where the Secretary for Commerce, having regard to the circumstances of the case, is satisfied that an exporter has, in respect of goods exported by him, granted special discounts on the prices of such goods to agents, distributors or purchasers in any export country, and such discounts have been granted instead of commissions or have been granted at an abnormally high rate in order to penetrate or maintain a market in an export country, the said Secretary shall determine the amounts of such discounts to be included in the

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exporter's marketing expenditure under subsection (4): Provided that no determination shall be made under this paragraph in respect of any application for such determination received by the said Secretary after 30 June 1977."

(2) The amendments effected by subsection (1), except paragraphs (a), (b), (h), (i) and (m) thereof, shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1977, and the amendment effected by subsection (1) (m) shall take effect on 1 July 1977.

Amendment of section 11quin of Act 58 of 1962, as inserted by section 10 of Act 90 of 1964 and substituted by section 12 of Act 88 of 1965.

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

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

"(1) If—

(a) any person (hereinafter referred to as the industrialist) carries on in any economic development area, the trade of a manufacturer or any trade which in the opinion of the Secretary is of a similar nature, and in the course of such trade incurs expenditure in connection with the erection or acquisition of any dwelling for the exclusive occupation of persons or the households of persons who are the industrialist's employees and are employed by him for the purposes of such trade; or

(b) any person who is engaged in the provision of housing facilities for employees employed by the industrialist in such trade, incurs such expenditure, there shall, if the Minister of Finance, having regard to the circumstances of the case so directs, but subject to the provisions of subsections (2) and (3), be deducted from the income of the industrialist (if such expenditure was incurred by him) or the said person (if such expenditure was incurred by him) an allowance (in lieu of any allowance in respect of such expenditure under the provisions of paragraph (t) of section 11)—

(i) for the year of assessment during which the erection of such dwelling is completed or such dwelling is acquired, of such amount, not exceeding thirty-five per cent of such expenditure, as the Minister of Finance may direct; and

(ii) for each of the succeeding nine years of assessment, of such amount, not exceeding ten per cent of such expenditure, as the Minister of Finance may direct"; and

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

"(a) prior to or during such year the industrialist or the person by whom such expenditure was incurred ceased to control such dwelling, whether as owner or as lessee; or"

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect in respect of years of assessment ending on or after 1 January 1977.

Amendment of section 11sept of Act 58 of 1962, as inserted by section 14 of Act 85 of 1974 and amended by section 11 of Act 103 of 1976.

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

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

"(2) For the purposes of this section, where the Secretary for Bantu Education 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 such person that the

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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 Bantu Employees' In-Service Training Act, 1976 (Act No. 86 of 1976), any training centre has been closed or the approval or recognition of any training centre or scheme has been withdrawn, the training centre or scheme in question shall, as it concerns any taxpayer, be deemed to have ceased to be a training centre or scheme 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 notification was issued or recognition of such training centre or scheme was withdrawn, as the case may be."; and

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

"(e) the cost of materials, fuel or power consumed for the purposes of a training scheme, less so much of such cost as may, on the basis of a fair and reasonable apportionment, be regarded as 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;"

(2) The amendments effected by subsection (1) shall be deemed to have taken effect from the commencement of years of assessment ended or ending on or after the date of commencement of the Bantu Employees' In-Service Training Act, 1976 (Act No. 86 of 1976).

Amendment of section 12 of Act 58 of 1962, as substituted by section 15 of Act 55 of 1966 and amended by section 12 of Act 52 of 1970, section 11 of Act 88 of 1971, section 11 of Act 90 of 1972, section 12 of Act 65 of 1973, section 15 of Act 85 of 1974 and section 11 of Act 69 of 1975.

13. Section 12 of the principal Act is hereby amended—

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

"(1) In respect of new or unused machinery or plant—

(a) which is brought into use by any taxpayer for the purposes of his trade (other than mining or farming) and is used by him directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Secretary is of a similar nature; or

(b) which was or is first let by any taxpayer on or after 17 August 1966 and is brought into use by the lessee for the purposes of the lessee's trade (other than mining or farming) and is used by the lessee directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Secretary is of a similar nature,

there shall be allowed to be deducted from the income of such taxpayer for the year of assessment during which such machinery or plant is so brought into use an allowance, to be known as the 'machinery initial allowance'."; and

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

"(2) Where any new or unused machinery or plant—

(a) is brought into use by any taxpayer for the purposes of his trade (other than mining or farming) and is used by him directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Secretary is of a similar nature; or



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(b) was or is first let by any taxpayer on or after 17 August 1966 and is brought into use by the lessee for the purposes of the lessee's trade (other than mining or farming) and is used by the lessee directly in a process of manufacture carried on by him or any other process carried on by him which in the opinion of the Secretary is of a similar nature,

there shall further be allowed to be deducted from the income of such taxpayer for the year of assessment during which such machinery or plant is so brought into use an allowance, to be known as the 'machinery investment allowance', if—"

Substitution of section 17 of Act 58 of 1962, as substituted by section 14 of Act 90 of 1962.

14. (1) The following section is hereby substituted for section 17 of the principal Act:

"Deduction of expenses incurred in appointing agents outside the Republic.

17. (1) There shall be allowed to be deducted from the income of any taxpayer who in the course of any trade (other than mining or farming) carried on by him in the Republic manufactures goods or who is authorized by any other person to sell or to obtain orders for the purchase of any goods so manufactured by such other person, any expenditure actually incurred by him during the year of assessment in connection with the appointment of any agent outside the Republic for the sale of such goods to persons outside the Republic or for the obtaining from such persons of orders for the purchase of such goods.

(2) There shall be allowed to be deducted from the income of any taxpayer derived in the course of any trade carried on by him in the Republic which is defined or recognized under section 11*bis* (4B) as an export service industry, any expenditure actually incurred by him during the year of assessment in connection with the appointment of any agent in an export country (as defined in section 11*bis* (1)) for the obtaining from persons in such country or in any other export country of orders for the supply of services or goods supplied in the course of such trade."

(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 January 1977.

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 and section 17 of Act 69 of 1975.

15. (1) Section 20A of the principal Act is hereby amended—

(a) by the substitution in paragraph (b) of subsection (2) for paragraph (i) of the definition of "earnings" of the following paragraph:

"(i) income derived from the letting of any property;"

and

(b) by the insertion after the said paragraph (i) of the said definition of the following paragraph:

"(iA) income derived from the use of or the grant of permission to use any patent, design, trade mark or copyright or other property of a similar nature contemplated in the definition of 'trade' in section 1, unless such income was derived by such woman in the course of any business, employment, calling or occupation carried on by her;"

(2) The amendments effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect from the commencement of the year of assessment ended 28 February 1977.

Amendment of section 21*ter* of Act 58 of 1962,

16. (1) Section 21*ter* of the principal Act is hereby amended by the substitution in subsection (3A) for the words preceding paragraph (a) of the following words:

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

Amendment of section 27 of Act 58 of 1962.

“(3A) Where it is shown to the satisfaction of the Minister that an industrialist on or after 1 March 1961—”  
 (2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect from the commencement of years of assessment ended or ending on or after 1 April 1976.

17. (1) Section 27 of the principal Act is hereby amended by the substitution for subsections (2) and (3) of the following subsections:

“(2) In the determination of the taxable income of any agricultural co-operative, there shall be allowed as deductions from the income of such agricultural co-operative for the year of assessment in question—

(a) the amounts of any profits distributed by it during the specified period in relation to the year of assessment by way of bonuses (other than bonuses distributed out of the stabilization fund referred to in paragraph (h)) to persons entitled to participate in such distribution: Provided that the amounts allowed as deductions under this paragraph shall not in the aggregate exceed an amount equal to the taxable income of such agricultural co-operative for the year of assessment, as calculated before allowing any deductions under this paragraph, paragraphs (c), (e) and (f) of this subsection and sections 11*bis*, 11*ter*, 11*quat*, 11*quin*, 11*sept*, 12 (2), 12A (3), 13 (5), 13*bis* (7), 15A and 21*ter* and before setting off any balance of assessed loss brought forward from a previous year of assessment;

(b) subject to the provisions of subsections (3), (4) and (5), an allowance equal to two per cent of the cost (after the deduction of any amount referred to in subsection (4)) to such agricultural co-operative of—

(i) any building which was during the year of assessment wholly or mainly used by such co-operative as a storage building, if such building was erected by such co-operative or by any other co-operative agricultural society or company or farmers' special co-operative company as defined in the Co-operative Societies Act, 1939, and the erection of such building was commenced on or after 25 March 1959; or

(ii) any improvements (other than repairs) to any building referred to in subparagraph (i) which was during the year of assessment used as contemplated in that subparagraph; or

(iii) any improvements (other than repairs) to any other building which was during the year of assessment used as a storage building by such co-operative, if such improvements were commenced on or after 1 April 1971:

Provided that no allowance shall be granted under this paragraph in respect of the cost of any building or improvements if an allowance in respect of such cost has been granted in respect of the year of assessment under the provisions of section 13 (1): Provided further that no allowance shall be made under this paragraph in respect of such portion of the cost of any building or of any improvements as has been taken into account in the calculation of any allowance to such co-operative under

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section 11 (g), whether in the current or any previous year of assessment;

(c) an allowance, to be known as the storage building investment allowance, in respect of the cost to such agricultural co-operative—

(i) of any building erected and brought into use by such co-operative as a storage building, if the erection of such building was commenced on or after 13 August 1970 but not later than 30 June 1979 and such building was first used during any year of assessment commencing on or after 1 April 1977; or

(ii) of any improvements (other than repairs) to any building used by such co-operative as a storage building, if such improvements were or are commenced on or after 13 August 1970 but not later than 30 June 1979 and are completed during any year of assessment commencing on or after 1 April 1977,

such allowance to be made in respect of the year of assessment referred to in subsection (6) and to be calculated at the relevant rate prescribed in subsection (7): Provided that no allowance shall be granted under this paragraph in respect of any building or improvements on any premises not owned by the agricultural co-operative, unless such co-operative at the date on which the erection of such building or the effecting of such improvements is commenced, is entitled to the occupation of such premises for a period ending not less than ten years after such date: Provided further that no allowance shall be granted under this paragraph in respect of the cost of any building or improvements if an allowance in respect of such cost has been granted under the provisions of section 13 (5);

(d) 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 Secretary) 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: Provided that no allowance shall be granted under this paragraph in respect of the cost of any machinery or plant if an allowance in respect of such cost has been granted under the provisions of section 12 (1);

(e) 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 Secretary) 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 1979 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

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'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: Provided that no allowance shall be granted under this paragraph in respect of the cost of any machinery or plant if an allowance in respect of such cost has been granted under the provisions of section 12 (2);

(f) any amount actually expended by such agricultural co-operative during the year of assessment in repayment or reduction of a loan or advance obtained from any person (other than any company controlled directly or indirectly by such co-operative) and used by it in order to finance the cost of erecting any storage building or the cost of acquiring from any person (other than any company controlled directly or indirectly by such co-operative) any storage building (excluding the cost, as established to the satisfaction of the Secretary, of the land upon which that building is erected) or the cost of any improvements (other than repairs) to any storage building or the cost of acquiring any immovable machinery or plant wholly or mainly used by such co-operative for storing or packing pastoral, agricultural or other farm products produced by 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, if the Secretary is satisfied that the repayment or reduction of such loan or advance has not been financed out of other borrowed funds: Provided that—

(i) the aggregate of the deductions allowed under this paragraph in respect of amounts expended in repayment or reduction of loans or advances relating to any such building, improvements, machinery or plant shall not exceed the cost thereof to the agricultural co-operative, less the amount of any investment allowance in respect thereof granted in respect of any year of assessment to such co-operative under paragraph (c) or (e) of this subsection or section 12 (2) or section 13 (5) and any amounts expended by such co-operative during years of assessment which commenced before 1 April 1977 in repayment or reduction of such loans or advances;

(ii) the amounts of any deductions allowed under this paragraph in respect of any year of assessment shall not in the aggregate exceed an amount equal to the taxable income of such agricultural co-operative for such year of assessment, as calculated before allowing any deductions under this paragraph, paragraphs (c) and (e) of this subsection and sections 11*bis*, 11*ter*, 11*quat*, 11*quin*, 11*sept*, 12 (2), 12A (3), 13 (5), 13*bis* (7), 15A and 21*ter* and before setting off any balance of assessed loss brought forward from a previous year of assessment;

(iii) no deduction shall be allowed under this paragraph except in respect of the first year of assessment of such agricultural co-operative commencing on or

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- after 1 April 1977 or any of the nine succeeding years of assessment of such co-operative;
- (iv) where an agricultural co-operative formed on or after 1 April 1977 has taken over any undertaking from any other agricultural co-operative, whether by purchase or under a scheme for the amalgamation of two or more agricultural co-operatives or otherwise; no deduction shall be allowed under this paragraph in respect of any year of assessment in respect of which such deduction would, in the opinion of the Secretary, not have been made if the co-operative so formed and such other co-operative had at all material times been one co-operative;
- (g) such allowance in respect of the year of assessment as the Secretary may make in respect of losses suffered by such agricultural co-operative in consequence of physical damage to or deterioration of pastoral, agricultural and other farm products held by such agricultural co-operative on behalf of any control board established under the provisions of the Marketing Act, 1968 (Act No. 59 of 1968): Provided that such allowance shall be included in the income of such agricultural co-operative in the following year of assessment; and
- (h) in the case of the vereniging defined in section 1 of the Wine and Spirit Control Act, 1970 (Act No. 47 of 1970), an allowance equal to so much of any amount which the said vereniging has, within the specified period in relation to the year of assessment, transferred from its profits for such year to a price stabilization fund for distribution to its members or winegrowers within a period not exceeding five years reckoned from the end of such year of assessment, as does not exceed an amount equal to that portion of the profits derived by such vereniging for that year of assessment as the Secretary is satisfied was derived by the vereniging in the exercise of its functions relating to the control of, and the stabilization of prices in, the wine industry.

(3) The aggregate of the allowances under subsection (2) (b) and section 13 (1) in respect of any building or improvements shall not exceed the cost (after the deduction of any amount referred to in subsection (4)) of such building or improvements, as the case may be, less the aggregate of any allowances made to the agricultural co-operative concerned in respect of such building or improvements, as the case may be, under section 11 (g).

(4) If in any year of assessment there falls to be included in an agricultural co-operative's income in terms of paragraph (a) of section 8 (4) an amount, which has been recovered or recouped, in respect of any allowance made under subsection (2) (b) in respect of any building or improvements, such portion of the amount so recovered or recouped as is set off against the cost of a further building as hereinafter provided shall, notwithstanding the provisions of the said paragraph, at the option of such co-operative, to be notified by it in writing to the Secretary when submitting its return of income for the year of assessment during which the recovery or recoupment occurred, and provided it erects within twelve months or such further period as the Secretary may allow from the date on which the event giving rise to the recovery or recoupment occurred, any other building to which the provisions of subsection (2) (b) apply, not be included in its income for such year of assessment, but shall be set off against so much of the cost to it of such further building erected by it as remains after the deduction of any portion of such cost in respect of which an allowance has been granted to such co-operative under section 11 (g), whether in the current or any previous year of assessment.



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(5) Where any agricultural co-operative (hereinafter referred to as the new co-operative) has been constituted by an amalgamation under section 94 of the Co-operative Societies Act, 1939, of two or more other agricultural co-operatives and by reason of such amalgamation the ownership of any building used as a storage building by one of such other co-operatives (hereinafter referred to as the other co-operative) has passed from the other co-operative to the new co-operative—

- (a) an allowance may in the appropriate circumstances be granted under subsection (2) (b) to the new co-operative in respect of such building or any improvements (other than repairs) thereto if the Secretary is satisfied that such allowance would have been granted to the other co-operative if the amalgamation had not been effected;
- (b) a deduction may in the appropriate circumstances be allowed to the new co-operative under subsection (2) (f) in respect of any amount actually expended by the new co-operative in repaying or reducing the amount of any debt owed by it, if such debt was owing by the other co-operative at the time of the amalgamation and by reason of the amalgamation it became a debt owing by the new co-operative and the Secretary is satisfied that such deduction would have been allowed to the other co-operative if the amalgamation had not been effected;
- (c) where an allowance or deduction may be granted or allowed as contemplated in paragraph (a) or (b), the provisions of subsections (2) (b) and (f), (3) and (4) shall be applied as though the other co-operative and the new co-operative had at all relevant times been one co-operative.

(6) The storage building investment allowance shall be made for the year of assessment (being a year of assessment commencing on or after 1 April 1977) during which—

- (a) in the case of the cost of erection of a storage building, the building was first used;
- (b) in the case of the cost of any improvements to a storage building, the improvements were completed:

Provided that the allowance shall not be made in respect of any building brought into use or in respect of any improvements completed after 30 June 1980.

(7) The storage building investment allowance shall be calculated on the cost to the agricultural co-operative of the relevant building or improvements and the rate of such allowance shall be—

- (a) if the erection of such building was commenced on or before 31 March 1973, or such improvements were commenced on or before that date, ten per cent of such cost; or
- (b) if the erection of such building was commenced on or after 1 April 1973 and on or before 26 March 1975, or such improvements were commenced on or after 1 April 1973 and on or before 26 March 1975, fifteen per cent of such cost; or
- (c) if the erection of such building was commenced on or after 27 March 1975 and on or before 30 June 1979, or such improvements were commenced on or after 27 March 1975 and on or before 30 June 1979, twenty per cent of such cost.

- (8) (a) The full amount of any bonus distributed by any agricultural co-operative shall, to the extent that such amount qualifies for deduction from the income of such co-operative under subsection (2) (a) or, if it is distributed out of the stabilization fund referred to in subsection (2) (h), be included in the gross income of the person who has become entitled thereto and shall be deemed to have accrued to such person on the date of the distribution of the bonus by such co-operative.

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(b) For the purposes of this section the amount of any bonus distributed by way of capitalization shares or bonus debentures or securities shall be deemed to be the nominal value of such shares, debentures or securities, as the case may be.

(9) In this section—

'agricultural co-operative' means any co-operative agricultural society or company or any farmers' special co-operative company, as defined in the Co-operative Societies Act, 1939;

'bonus' means any amount distributed by any co-operative society or company referred to in this section out of its profits or surplus for any year of assessment or, in the case of the vereniging referred to in paragraph (h) of subsection (2), out of the stabilization fund referred to in that paragraph, whether such amount is distributed in cash or by way of a credit or an award of capitalization shares or bonus debentures or securities, if such amount—

(a) is divided among the persons entitled thereto in such manner that the amount accruing to each such person is determined in accordance with the value of the business transactions between such society or company and such person; and

(b) is distributed during the specified period in relation to such year of assessment or is distributed out of the stabilization fund referred to in subsection (2) (h);

'improvements', in relation to any storage building, means any extension, addition or improvements (other than repairs) to a storage building which is or are effected for the purpose of increasing the capacity of the building for storing or packing pastoral, agricultural or other farm products or for carrying on therein any primary process in respect of any such products;

'primary process', in relation to any product produced in the course of pastoral, agricultural or other farming operations, means the first process to which such product is subjected by an agricultural co-operative in order to render such product marketable or to convert such product into a marketable commodity, and includes any further process carried on by such co-operative which is shown to the satisfaction of the Secretary to be so connected with the said first process that such first process and such further process or processes may be regarded as one process and to be necessary to convert such product into a marketable commodity;

'storage building', in relation to any agricultural co-operative, means a building which is at any relevant time or during any relevant period wholly or mainly used by such co-operative for storing or packing pastoral, agricultural or other farm products produced by such co-operative's members or for carrying on therein any primary process in respect of any such products: Provided that for the purposes of this definition the members of a central co-operative agricultural company or central farmers' special co-operative company or federal co-operative agricultural company or federal farmers' special co-operative company, as defined in the Co-operative Societies Act, 1939, shall be deemed to include the members of any agricultural co-operative which itself is a member of such company."

(2) The amendments effected by subsection (1) shall, for the purposes of assessments made upon co-operative societies and companies under the principal Act, be deemed to have taken effect from the commencement of years of assessment commencing on or after 1 April 1977.

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Amendment of section 28bis of Act 58 of 1962, as inserted by section 19 of Act 88 of 1965 and amended by section 25 of Act 89 of 1969 and section 25 of Act 85 of 1974.

18. (1) Section 28bis of the principal Act is hereby amended by the substitution for paragraph (b) of subsection (1) of the following paragraph:

“(b) that at the time the arrangement was implemented, all the issued shares of the subsidiary were held for its own benefit by the foreign company or a company which was incorporated, managed and controlled outside the Republic and was controlled by or controlled the foreign company, or that the arrangement was implemented in order to meet the requirements of section 3quat of the Insurance Act, 1943, (Act No. 27 of 1943).”

(2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect from the commencement of years of assessment ended or ending on or after 1 January 1976.

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

19. (1) Section 42 of the principal Act is hereby amended—

(a) by the addition to subsection (2) of the following paragraphs:

“(i) any dividend declared on or after 31 March 1976 and accruing to any company (not being a South African company and not being a mutual insurer as defined in the Insurance Act, 1943 (Act No. 27 of 1943)), hereinafter referred to as the insurance company, in respect of shares included in the assets of the insurance company relating to any insurance business carried on by it in the Republic, if—

(i) in compliance with the provisions of section 3quat of the said Act, a South African company has been formed to acquire such business and has acquired all the assets and assumed all the liabilities of the insurance company relating to such business; and

(ii) the Secretary is satisfied that such dividend accrued to the insurance company for the benefit of the said business and has not been remitted by it to any address outside the Republic, whether in cash or by way of a remittance of profits or a transfer of assets or otherwise;

Provided that if the Secretary is satisfied as to the matters referred to in subparagraph (ii), save only that such dividend has in part been remitted to an address outside the Republic, the exemption under this paragraph shall apply, but only in respect of such portion of the said dividend as the Secretary is satisfied has not been remitted to any address outside the Republic, whether in cash or by way of a remittance of profits or a transfer of assets or otherwise;

(j) any dividend declared on or after 31 March 1976 and accruing to any company (other than a South African company) which is a mutual insurer as defined in the Insurance Act, 1943, in respect of shares included in the assets of such company relating to any insurance business carried on by it in the Republic, if such company has become a domestic insurer in terms of section 3quat of the said Act, and the Secretary is satisfied—

(i) that such dividend accrued to such company before the date on which it became a domestic insurer as aforesaid and that such dividend accrued for the benefit of the said business and

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was not before the said date remitted by it to any address outside the Republic, whether in cash or by way of a remittance of profits or a transfer of assets or otherwise; or

- (ii) that such dividend accrued to such company on or after the date referred to in subparagraph (i) and that such dividend accrued for the benefit of the said business:

Provided that if the Secretary is satisfied as to the matters referred to in subparagraph (i), save only that the dividend in question has in part been remitted to an address outside the Republic, the exemption under this paragraph in respect of such dividend shall apply, but only in respect of such portion of such dividend as the Secretary is satisfied has not been remitted to any address outside the Republic, whether in cash or by way of a remittance of profits or otherwise; and

- (b) by the addition of the following subsections:

“(6) For the purposes of this Part, where any company which is a mutual insurer—

- (a) has in terms of section 3quat of the Insurance Act, 1943, become a domestic insurer for the purposes of that Act;

- (b) has derived any dividends which have been exempted from non-resident shareholders tax in terms of subsection (2) (j); and

- (c) has after becoming a domestic insurer remitted any amount to any address outside the Republic, such amount (less so much thereof as the Secretary is satisfied does not consist of profits earned by such company) shall, to the extent that it does not exceed the sum of the amounts of the dividends referred to in paragraph (b) which such company has derived during the period commencing on 31 March 1976 and ending on the date on which the said amount is remitted as contemplated in paragraph (c) (less any amounts previously subjected to non-resident shareholders tax in terms of this subsection), be subject to non-resident shareholders tax in the hands of such company at the rate of non-resident shareholders tax in force in respect of a dividend declared by a company on the date on which the said amount is remitted as aforesaid.

- (7) The non-resident shareholders tax payable in terms of subsection (6) shall be assessed by the Secretary and shall be payable by and be recoverable from the company in whose hands it is subject to tax as contemplated in the said subsection.”

- (2) The amendments effected by subsection (1) shall be deemed to have taken effect on 31 March 1976.

20. (1) Section 49 of the principal Act is hereby amended by the deletion of the definition of “specified period”.

(2) The amendment effected by subsection (1) shall, for the purposes of assessments of undistributed profits tax under the principal Act, apply with effect from the commencement of years of assessment commencing on or after 1 April 1977.

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 and section 23 of Act 69 of 1975.

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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 and section 38 of Act 85 of 1974.

Amendment of section 64C of Act 58 of 1962, as inserted by section 20 of Act 95 of 1967 and amended by section 15 of Act 76 of 1968, section 36 of Act 89 of 1969, section 21 of Act 52 of 1970, section 26 of Act 88 of 1971, section 20 of Act 90 of 1972 and section 42 of Act 85 of 1974.

Amendment of paragraph 7 of 1st Schedule to Act 58 of 1962.

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

21. Section 56 of the principal Act is hereby amended by the substitution for subparagraph (ii) of paragraph (g) of subsection (1) of the following subparagraph:

“(ii) by inheritance, from a person who at the date of his death was not ordinarily resident in the Republic or by a donation if at the date of the donation the donor was a person (other than a company) not ordinarily resident in the Republic; or”.

22. (1) Section 64C of the principal Act is hereby amended by the substitution in paragraph (i) of the proviso to paragraph (fA) for the words “seven and a half” of the word “eight”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on 1 June 1976.

23. (1) Paragraph 7 of the First Schedule to the principal Act is hereby amended by the substitution for the expression “sub-item (ii) of item (b)” of the expression “subparagraph (1) (b) (ii), (1) (c) (ii) or (1) (d) (ii)”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1977.

24. Paragraph 12 of the First Schedule to the principal Act is hereby amended—

(a) by the addition to 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 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.”;

(b) by the insertion after subparagraph (1) of the following subparagraphs:

“(1A) Where, at the commencement of the year of assessment ending on 28 February 1978, a farmer held for farming purposes any machinery, implements, utensils or articles (except any motor vehicle the sole or primary function of which is the conveyance of persons or any caravan or any aircraft or any office furniture or equipment) which had not previously been disposed of or scrapped by him and in respect of which any allowances had been granted under section 11 (e) of this Act for years of assessment preceding the said year, there shall, subject to the provisions of subparagraphs (1B) (c) and (3), be allowable as a deduction in the determination of the taxable income derived by the farmer for each of the years of assessment ending on the last day of February, 1978, 1979 and 1980, an amount equal to one-third of the amount by which the original cost to the farmer of such machinery, implements, utensils or articles exceeds the sum of the allowances granted as aforesaid.



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- (1B) (a) Where any asset in respect of which any deduction has been allowed to a farmer under the provisions of subparagraph (1) or (1A) (whether in the current or any previous year of assessment) and which is or has become a movable asset, is disposed of by the farmer, there shall be included in his income so much of the amounts received by or accrued to or in favour of the farmer in respect of such disposal as does not exceed the expenditure in respect of such asset allowed under subparagraph (1) or the original cost to him of such asset taken into account under subparagraph (1A), as the case may be, less any amounts which in terms of item (c) of this subparagraph are not allowable as deductions under subparagraph (1A) in respect of such asset in respect of the succeeding year or years of assessment referred to in the said item.
- (b) Where any allowance was granted in respect of such asset under the provisions of section 11 (e) of this Act the provisions of section 8 (4) (a) of this Act shall not apply in respect of any amount recovered or recouped in respect of such allowance.
- (c) Where such asset is disposed of during the year of assessment ending on 28 February 1978 or the year of assessment ending on 28 February 1979, no deduction in respect of such asset shall be made under subparagraph (1A) in respect of the succeeding year or years of assessment.

(1C) For the purposes of this paragraph, where any asset in respect of which any deduction has been allowed to a farmer under the provisions of subparagraph (1) or (1A) (whether in the current or any previous year of assessment) and which is or has become a movable asset, is disposed of by the farmer to any other person by way of donation or for a consideration, which, in the opinion of the Secretary, is not an adequate consideration or is not readily capable of valuation, a consideration equal in value to an amount determined by the Secretary as the fair value of such asset shall be deemed to have been received by the farmer in respect of his disposal of the asset and to have been paid by such other person in respect of his acquisition of the asset: Provided that the amount so determined shall not exceed the cost to the farmer of such asset.”;

- (c) 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, articles or plant for which a deduction has been allowed 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 under subparagraph (1) or (1A) of this paragraph or the said paragraph 12 (1) or any of the said corresponding provisions.”; and

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(d) by the substitution in subparagraph (3) for the words preceding the proviso of the following words:

“(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.”

Amendment of paragraph 20 of 1st Schedule to Act 58 of 1962, as added by section 33 of Act 69 of 1975 and amended by section 31 of Act 103 of 1976.

25. Paragraph 20 of the First Schedule to the principal Act is hereby amended by the insertion after subparagraph (1) of the following subparagraph:

“(1A) Where it is shown by the taxpayer to the satisfaction of the Secretary that the land referred to in subparagraph (1) was acquired as contemplated in item (a) of that subparagraph within the period of twelve months after the owner accepted an offer to purchase the land, it shall be deemed for purposes of that subparagraph that such land was acquired on the date on which the offer was accepted.”

Amendment of paragraph 1 of Second 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 and section 34 of Act 69 of 1975.

26. Paragraph 1 of the Second Schedule to the principal Act is hereby amended—

- (a) by the substitution in the definition of “formula A” for the words “twenty thousand” of the words “twenty-two thousand five hundred”; and
- (b) by the substitution in paragraph (b) of the definition of “formula B” for the words “forty thousand” of the words “forty-five thousand”.

Amendment of paragraph 5 of Second Schedule to Act 58 of 1962, as amended by section 31 of Act 90 of 1962, section 21 of Act 72 of 1963, section 25 of Act 90 of 1964, section 35 of Act 88 of 1971 and section 35 of Act 69 of 1975.

27. Paragraph 5 of the Second Schedule to the principal Act is hereby amended—

- (a) by the substitution in item (a) of subparagraph (2) for the words “eight thousand” of the words “nine thousand”;
- (b) by the substitution in item (b) of the said subparagraph for the words “twenty thousand”; wherever they occur, of the words “twenty-two thousand five hundred”; and
- (c) by the substitution in item (d) of the said subparagraph for the words “forty thousand” of the words “forty-five thousand”.

Amendment of paragraph 2 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 23 of Act 72 of 1963, section 29 of Act 55 of 1966, section 38 of Act 88 of 1971 and section 48 of Act 85 of 1974.

28. Paragraph 2 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (4) for the expression “11 (k)” of the expression “11 (k) (i)” and for the expression “11 (n)” of the expression “11 (n) (aa)”.

Amendment of paragraph 13 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963.

29. (1) Paragraph 13 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (5) for the word “sub-section” of the word “subparagraph”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect from the commencement of the Income Tax Amendment Act, 1963.

Commencement of certain amendments.

30. 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

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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 1978.

Application of Act  
in South West  
Africa.

31. This Act shall apply also in the territory of South West Africa.

Short title.

32. This Act shall be called the Income Tax Act, 1977.

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## Schedule

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING 28 FEBRUARY 1978 AND 30 JUNE 1978, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING 31 MARCH 1978.

(Section 1 of this Act)

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

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

(i) where, in the case of any person (other than a natural person who is over the age of sixty years on the last day of the year of assessment and whose taxable income for that year of assessment does not exceed five thousand rand), the amount of tax calculated in accordance with the said tables is not less than one hundred and fifty rand, there shall be added to the amount of tax so calculated a surcharge equal to ten per cent of that amount;

(ii) any fraction of a rand of the surcharge calculated under paragraph (i) of this proviso shall be disregarded:

## Tables

Taxable Amount	Rates of tax in respect of married persons
Where the taxable amount—	
does not exceed R1 000 .....	9 per cent of each R1 of the taxable amount;
exceeds R 1 000 but does not exceed R 2 000	R90 plus 10 per cent of the amount by which the taxable amount exceeds R1 000;
“ R 2 000 “ “ “ “ R 3 000	R190 plus 10 per cent of the amount by which the taxable amount exceeds R2 000;
“ R 3 000 “ “ “ “ R 4 000	R290 plus 11 per cent of the amount by which the taxable amount exceeds R3 000;
“ R 4 000 “ “ “ “ R 5 000	R400 plus 12 per cent of the amount by which the taxable amount exceeds R4 000;
“ R 5 000 “ “ “ “ R 6 000	R520 plus 14 per cent of the amount by which the taxable amount exceeds R5 000;
“ R 6 000 “ “ “ “ R 7 000	R660 plus 16 per cent of the amount by which the taxable amount exceeds R6 000;
“ R 7 000 “ “ “ “ R 8 000	R820 plus 18 per cent of the amount by which the taxable amount exceeds R7 000;
“ R 8 000 “ “ “ “ R 9 000	R1 000 plus 20 per cent of the amount by which the taxable amount exceeds R8 000;
“ R 9 000 “ “ “ “ R10 000	R1 200 plus 22 per cent of the amount by which the taxable amount exceeds R9 000;
“ R10 000 “ “ “ “ R11 000	R1 420 plus 24 per cent of the amount by which the taxable amount exceeds R10 000;
“ R11 000 “ “ “ “ R12 000	R1 660 plus 26 per cent of the amount by which the taxable amount exceeds R11 000;
“ R12 000 “ “ “ “ R13 000	R1 920 plus 28 per cent of the amount by which the taxable amount exceeds R12 000;
“ R13 000 “ “ “ “ R14 000	R2 200 plus 30 per cent of the amount by which the taxable amount exceeds R13 000;

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Taxable Amount	Rates of tax in respect of married persons
Where the taxable amount— exceeds R14 000 but does not exceed R15 000	R2 500 plus 32 per cent of the amount by which the taxable amount exceeds R14 000;
" R15 000 " " " " R16 000	R2 820 plus 34 per cent of the amount by which the taxable amount exceeds R15 000;
" R16 000 " " " " R17 000	R3 160 plus 36 per cent of the amount by which the taxable amount exceeds R16 000;
" R17 000 " " " " R18 000	R3 520 plus 38 per cent of the amount by which the taxable amount exceeds R17 000;
" R18 000 " " " " R19 000	R3 900 plus 40 per cent of the amount by which the taxable amount exceeds R18 000;
" R19 000 " " " " R20 000	R4 300 plus 42 per cent of the amount by which the taxable amount exceeds R19 000;
" R20 000 " " " " R21 000	R4 720 plus 44 per cent of the amount by which the taxable amount exceeds R20 000;
" R21 000 " " " " R22 000	R5 160 plus 46 per cent of the amount by which the taxable amount exceeds R21 000;
" R22 000 " " " " R23 000	R5 620 plus 48 per cent of the amount by which the taxable amount exceeds R22 000;
" R23 000 " " " " R24 000	R6 100 plus 50 per cent of the amount by which the taxable amount exceeds R23 000;
" R24 000 " " " " R25 000	R6 600 plus 52 per cent of the amount by which the taxable amount exceeds R24 000;
" R25 000 " " " " R26 000	R7 120 plus 54 per cent of the amount by which the taxable amount exceeds R25 000;
" R26 000 " " " " R27 000	R7 660 plus 56 per cent of the amount by which the taxable amount exceeds R26 000;
" R27 000 " " " " R28 000	R8 220 plus 58 per cent of the amount by which the taxable amount exceeds R27 000;
" R28 000.....	R8 800 plus 60 per cent of the amount by which the taxable amount exceeds R28 000;



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Taxable Amount	Rates of tax in respect of persons who are not married persons
Where the taxable amount—	
does not exceed R1 000 .....	12 per cent of each R1 of the taxable amount;
exceeds R 1 000 but does not exceed R 2 000	R120 plus 12 per cent of the amount by which the amount exceeds R1 000;
" R 2 000 " " " " R 3 000	R240 plus 13 per cent of the amount by which the amount exceeds R2 000;
" R 3 000 " " " " R 4 000	R370 plus 14 per cent of the amount by which the amount exceeds R3 000;
" R 4 000 " " " " R 5 000	R510 plus 17 per cent of the amount by which the amount exceeds R4 000;
" R 5 000 " " " " R 6 000	R680 plus 20 per cent of the amount by which the amount exceeds R5 000;
" R 6 000 " " " " R 7 000	R880 plus 23 per cent of the amount by which the amount exceeds R6 000;
" R 7 000 " " " " R 8 000	R1 110 plus 26 per cent of the amount by which the amount exceeds R7 000;
" R 8 000 " " " " R 9 000	R1 370 plus 28 per cent of the amount by which the amount exceeds R8 000;
" R 9 000 " " " " R10 000	R1 650 plus 30 per cent of the amount by which the amount exceeds R9 000;
" R10 000 " " " " R11 000	R1 950 plus 32 per cent of the amount by which the amount exceeds R10 000;
" R11 000 " " " " R12 000	R2 270 plus 34 per cent of the amount by which the amount exceeds R11 000;
" R12 000 " " " " R13 000	R2 610 plus 36 per cent of the amount by which the amount exceeds R12 000;
" R13 000 " " " " R14 000	R2 970 plus 38 per cent of the amount by which the amount exceeds R13 000;
" R14 000 " " " " R15 000	R3 350 plus 40 per cent of the amount by which the amount exceeds R14 000;
" R15 000 " " " " R16 000	R3 750 plus 42 per cent of the amount by which the amount exceeds R15 000;
" R16 000 " " " " R17 000	R4 170 plus 44 per cent of the amount by which the amount exceeds R16 000;
" R17 000 " " " " R18 000	R4 610 plus 46 per cent of the amount by which the amount exceeds R17 000;
" R18 000 " " " " R19 000	R5 070 plus 48 per cent of the amount by which the amount exceeds R18 000;
" R19 000 " " " " R20 000	R5 550 plus 50 per cent of the amount by which the amount exceeds R19 000;

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Taxable Amount	Rates of tax in respect of persons who are not married persons
Where the taxable amount— exceeds R20 000 but does not exceed R21 000	R6 050 plus 52 per cent of the amount by which the taxable amount exceeds R20 000;
“ R21 000 ” ” ” ” R22 000	R6 570 plus 54 per cent of the amount by which the taxable amount exceeds R21 000;
“ R22 000 ” ” ” ” R23 000	R7 110 plus 56 per cent of the amount by which the taxable amount exceeds R22 000;
“ R23 000 ” ” ” ” R24 000	R7 670 plus 58 per cent of the amount by which the taxable amount exceeds R23 000;
“ R24 000 .....	R8 250 plus 60 per cent of the amount by which the taxable amount exceeds R24 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)) which is determined under the principal Act to be derived—

(i) within the territory of South West Africa, thirty-five cents;

(ii) elsewhere than within the said territory, 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 seven and a half 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 Secretary determines to be attributable to the inclusion in the gross income of any amount under the provisions of 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 the conditions in respect of an assisted gold mine imposed by the Minister of Mines under section 2 (2) of the Gold Mines Assistance Act, 1968 (Act No. 82 of 1968), have been complied with by the company concerned during the year of assessment, the rate of tax in respect of taxable income derived by the company from mining for gold on such 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 ten 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 Secretary determines to be attributable to the inclusion in the gross income of any amount

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under the provisions of 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:

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

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 ten 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 Secretary determines to be attributable to the inclusion in its gross income of any amount under the provisions of 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 the higher;
- (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 ten 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)—
- (i) within the territory of South West Africa, thirty-five cents;
  - (ii) elsewhere than within the said territory, 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 seven and a half per cent of such amount;

- (h) in respect of the taxable income of any person other than a company, a sum equal to ten per cent of the amount of tax determined in accordance with subparagraph (a) before the addition of the surcharge referred to in the proviso to the said subparagraph, if such tax is not less than one hundred and fifty rand: Provided that any fraction of a rand of the tax calculated under this subparagraph shall be disregarded;
- (i) in respect of the taxable income of any company, a sum equal to fifteen per cent of the aggregate of the amounts of tax determined under subparagraphs (b), (c), (d), (f) and (g), before the addition of the surcharges referred to in the proviso to subparagraph (b), the third proviso to subparagraph (c), the second proviso to subparagraph (d), the proviso to subparagraph (f) and the proviso to subparagraph (g): Provided that any fraction of a rand of the tax calculated under this subparagraph shall be disregarded: Provided further that the tax calculated in terms of this subparagraph shall not be payable by any company whose liability under this subparagraph would, but for this proviso, be less than five rand.

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 Secretary, results directly from mining for gold.

(2) For the purposes of subparagraph (e) of paragraph 1 the average rate of normal tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with the said subparagraph for the period assessed) paid by the company concerned 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.

(3) 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.