

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.

*BUITENGEWONE*



*EXTRAORDINARY*

# STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

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REPUBLIC OF SOUTH AFRICA

# GOVERNMENT GAZETTE

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[No. 2119.

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DEPARTMENT OF THE PRIME MINISTER.

No. 1162.]

[5th July, 1968.

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

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No. 76, 1968.]

**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 the twenty-eighth day of February, 1969, and the thirtieth day of June, 1969, and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending the thirty-first day of March, 1969; to provide for the payment of a portion of the normal tax payable by certain companies into provincial revenue funds; to provide for the basis of calculation of any tax levied by a provincial council on the incomes of persons other than companies; to provide for the repayment to the taxpayers concerned of certain portions of the normal tax paid by those taxpayers; to amend the Income Tax Act, 1962; and to provide for incidental matters.

*(English text signed by the State President.)*

*(Assented to 20th June, 1968.)*

**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 any year of assessment ending—

(a) in the case of any person other than a company, on the twenty-eighth day of February, 1969, or the thirtieth day of June, 1969; and

(b) in the case of any company, during the period of twelve months ending on the thirty-first day of March, 1969, shall be as set forth in the Schedule to this Act.

Portions of normal tax payable by certain companies to be paid into provincial revenue funds.

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 Transkeian Revenue Fund, a portion equal to fifteen per cent of any amount of tax determined in accordance with item (b) of paragraph 1 of the Schedule to this Act, before the addition of the sum referred to in the proviso to that item, shall accrue for the benefit of the respective provincial revenue funds in the proportions set forth in Proclamation No. 310 of 1957, but subject to such modifications as may be determined by the State President by proclamation in the *Gazette*, and shall in the said proportions be paid into the said provincial revenue funds in accordance with the laws relating to the collection, banking and custody of provincial revenues as though it were a tax imposed by the provincial councils of the said provinces on the incomes of companies.

(2) The provisions of this section shall be deemed to have come into operation on the first day of March, 1968.

Calculation of provincial income taxes in respect of year of assessment ending 28th February, 1969, or 30th June, 1969.

3. For the purposes of assessing any tax imposed by a provincial council in the exercise of its powers under the Financial Relations Consolidation and Amendment Act, 1945 (Act No. 38 of 1945), on the incomes of persons, the amount of normal tax payable under this Act by any person other than a company for the year of assessment ending the twenty-eighth day of February, 1969, or the thirtieth day of June, 1969, whichever is applicable, shall, notwithstanding the provisions of the first-mentioned Act, be deemed to be equal to the amount payable as normal tax in terms of paragraph 1 (a) of the Schedule to this Act, after the deduction of the rebates provided for in sections 6 and 6bis of the principal Act.

Certain portions of the normal tax to be repayable to the taxpayers concerned.

4. (1) Notwithstanding the provisions of section 5 (1) of the principal Act, the portion of the normal tax (hereinafter referred to as the loan portion of the normal tax) determined in accordance with the provisions of paragraph 1 (h) or (i) of the Schedule to this Act and paid by the person concerned shall be repayable to such person in the manner and at the time hereinafter provided.

(2) (a) The liability for the payment of any unpaid amount of the loan portion of the normal tax due by any person shall cease—

(i) upon the death, insolvency or liquidation (in the case of a company) of that person; or

(ii) if such person leaves the Republic or ceases to carry on business in the Republic in circumstances which, in the opinion of the Secretary for Inland Revenue (hereinafter referred to as the Secretary), indicate that such person will not be ordinarily resident nor carrying on business in the Republic; or

(iii) in the case of a woman who marries, in respect of any period of assessment ending before her marriage,

and the estate of a deceased or insolvent person or a company in liquidation shall not be liable for the payment of the loan portion of the normal tax in respect of any income received by or accrued to or in favour of such estate or such company in liquidation: Provided that nothing in this paragraph contained shall be construed as relieving any trust created under the will of a deceased person from liability for the payment of the loan portion of the normal tax in respect of any income received by or accrued to or in favour of such trust.

(b) A person to whom the provisions of section 33 of the principal Act apply and who has no recognized agent in the Republic other than the master of the ship concerned or the pilot of the aircraft concerned, shall not be liable for the payment of the loan portion of the normal tax in respect of his taxable income determined in accordance with the said provisions.

(c) No person (other than a company) not ordinarily resident nor carrying on business in the Republic and no company not registered nor carrying on business in the Republic, shall be liable for the payment of the loan portion of the normal tax: Provided that any person (other than a company) who proves to the satisfaction of the Secretary that his business operations in the Republic are of a temporary and non-recurrent nature shall for the purposes of this paragraph be deemed not to be carrying on business in the Republic.

(3) The provisions of section 76 of the principal Act and paragraph 20 of the Fourth Schedule to that Act shall not apply in relation to the loan portion of the normal tax.

(4) (a) There shall from time to time be paid to the credit of the loan account referred to in the General Loans Act, 1961 (Act No. 16 of 1961), amounts equal to the amounts which the Secretary determines to have been collected in respect of the loan portion of the normal tax, whether by way of employees tax, provisional tax or otherwise.

(b) The amounts accruing from time to time under any law to the Consolidated Revenue Fund or the Transkeian Revenue Fund in respect of normal, provincial income or personal taxes shall, notwithstanding the provisions of such law, be reduced by so much of such amounts as the Secretary determines to be payable to the credit of the said loan account, and any amounts (other than amounts repayable under the provisions of subsection (6)) refunded by the Secretary in respect of the loan portion of the normal tax shall be paid as a drawback from amounts accruing to the said loan account.

(c) The amounts repayable under the provisions of subsection (6) shall be charged to the said loan account.

(5) (a) The Secretary shall, at such time as he may decide, but not later than the date referred to in subsection (6), issue to every person who has paid the loan portion of the normal tax, a statement of the amount so paid by such person: Provided that such statement need not be issued if such loan portion has been repaid before such date.

(b) A statement issued in terms of paragraph (a) shall not be redeemable or transferable.

(6) The Minister of Finance shall determine a date, not being later than the twenty-ninth day of February, 1976, after which the loan portion of the normal tax shall be repaid to the person by whom it was paid: Provided that if in the opinion of the Secretary the circumstances of the case warrant such action, he may, subject to such conditions as he may impose, make such repayment to a person other than the person by whom such loan portion was paid: Provided further that in the event of the death, insolvency or liquidation (in the case of a company) of the person concerned before the date so determined, the Secretary may, before such date, repay to the estate of such person or to the company in liquidation the amount paid by the person concerned in respect of such loan portion, together with simple interest determined as hereinafter provided.

(7) Where the loan portion of the normal tax is repaid as provided in subsection (6) simple interest at the rate of five per cent per annum shall be paid for the period from the date on which such loan portion is paid to the date determined by the Minister of Finance under subsection (6) or, if repayment is made under the second proviso to that subsection, the date of repayment, but such interest shall not be payable until such time as the loan portion is repaid to the person concerned.

(8) (a) The Secretary may appropriate to the loan portion of the normal tax for which any person is liable in respect of the year of assessment for which such loan portion is payable, so much of—

(i) any employees tax deducted or withheld from such person's remuneration and set off in whole or part against his liability for normal and provincial taxes in respect of the said year under

- the provisions of paragraph 28 of the Fourth Schedule to the principal Act; and
- (ii) any payments made by such person by way of provisional tax in respect of such year and set off in whole or part against his said liability under the provisions of the said paragraph; and
  - (iii) any other payments made by such person in respect of normal, provincial income or personal tax, whether for the said year or any other year of assessment, to the extent that the Secretary deems it necessary to appropriate such other payments in order to discharge in whole or part the said person's liability for the said loan portion, as does not exceed such loan portion: Provided that the Secretary may adjust any appropriation made by him under this paragraph if the said person's liability for such loan portion is increased or reduced on assessment of such liability by the Secretary under the principal Act or in order to rectify any calculation or accounting error.
- (b) A person shall for the purposes of this section be deemed to have paid the amounts finally appropriated to the loan portion of the normal tax for which he is liable in respect of the year of assessment for which such loan portion is payable—
- (i) if employees tax has during such year of assessment been deducted or withheld from his remuneration as required by the principal Act and he either is not required under that Act to pay provisional tax in respect of such year of assessment or has made arrangements to the satisfaction of the Secretary for increased deductions by way of employees tax to cover his liability for provisional tax in respect of such year, on the first day of September, 1968; or
  - (ii) if during such year of assessment he has paid directly by way of provisional tax in respect of such year of assessment the amount payable by him in terms of paragraph 21 (1) (a), 22 (1) or 23 (a) of the Fourth Schedule to the principal Act, on the first day of the month during which he paid such amount; or
  - (iii) if the provisions of subparagraph (i) or (ii) do not apply, on such date as the Secretary, having regard to the payments made by the said person, may determine.
- (9) Notwithstanding anything to the contrary in any other law contained, no stamp duty shall be payable in respect of any receipt given by any person for the repayment to him of the loan portion of the normal tax.
- (10) The State President may make regulations as to all matters which he considers it necessary or expedient to prescribe in order that the objects of this section may be achieved, and may in such regulations prescribe penalties for any contravention thereof or failure to comply therewith not exceeding a fine of fifty rand.
- (11) The State President may by proclamation in the *Gazette* determine a date after which assessments for the payment of the loan portion of the normal tax shall not be issued by the Secretary.
- (12) The provisions of this section shall be deemed to have come into operation on the first day of March, 1968.

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 and section 5 of Act 95 of 1967.

5. Section 1 of the principal Act is hereby amended—

- (a) by the insertion after the definition of "assessment" of the following definition:  
 "assisted gold mine" means an assisted gold mine as defined in the Gold Mines Assistance Act, 1968;" ;  
 and
- (b) 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 (i), inclusive, of paragraph 12 (1) of the First Schedule;" .

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 and section 6 of Act 95 of 1967.

6. Section 5 of the principal Act is hereby amended by the substitution for subsection (4) of the following subsection:

"(4) For the purposes of subsection (3) the rating amount shall be deemed to be the aggregate of—

- (a) the greater of the sums remaining after deducting from the husband's and the wife's portions (determined in accordance with the provisions of subsections (5) and (6)) of the taxable income of the taxpayer for the period of assessment the respective amounts (if any) allowed to be deducted in terms of subsection (7), or if such sums are equal in value, either such sum; and
- (b) if the taxable income of the taxpayer for the period of assessment exceeds three thousand rand, an amount equal to two-fifths of the lesser of the sums referred to in paragraph (a), or if such sums are equal in value, two-fifths of either such sum; and
- (c) an amount equal to the amount (if any) by which the taxable income of the taxpayer exceeds eight thousand rand:

Provided that where the said aggregate exceeds the taxable income of the taxpayer the rating amount shall be deemed to be an amount equal to such taxable income."

Amendment of section 6 of Act 58 of 1962, as amended by section 4 of Act 90 of 1962, section 3 of Act 6 of 1963, section 5 of Act 72 of 1963, section 8 of Act 55 of 1966 and section 7 of Act 95 of 1967.

7. Section 6 of the principal Act is hereby amended by the substitution for paragraph (c) of subsection (1) of the following paragraph:

- "(c) in respect of each child or stepchild of the taxpayer who was alive during any portion of the year of assessment for which the assessment is made, and who—
- (i) on the last day of that year of assessment was unmarried and was not or would not had he lived have been over the age of eighteen years, or, if he was wholly dependent for his maintenance upon the taxpayer, over the age of twenty-one years, or, if he was wholly dependent for his maintenance upon the taxpayer and the Secretary is satisfied that he was a full-time student at an educational institution of a public character, over the age of twenty-six years; or
- (ii) in the case of any other child or stepchild was incapacitated by mental or physical infirmity from maintaining himself and was wholly dependent for his maintenance upon the taxpayer, the sum of thirty-five rand: Provided that—
- (aa) where the taxpayer is in terms of this paragraph entitled to a deduction in respect of more than two children, the deduction to be allowed in respect of each child in excess of two shall be forty-five rand;

- (bb) a parent who has been divorced or separated under an order of divorce or judicial separation granted in consequence of proceedings instituted not later than the twenty-first day of March, 1962, or separated under a written agreement of separation entered into not later than that date, shall not be allowed the deduction in respect of any child born of the marriage which has been dissolved by the order of divorce or to which the order or agreement of separation relates, unless he has maintained such child during such period and the cost of such maintenance has not in terms of section 21 been deducted from his taxable income;
- (cc) where the taxpayer is not a married person, and is entitled to a deduction in terms of this paragraph in respect of any one or more children born to him who are proved to the satisfaction of the Secretary to have been wholly or mainly dependent for their maintenance upon the taxpayer from resources of the taxpayer derived otherwise than by way of any alimony or allowance or maintenance received by the taxpayer from the other parent of any such child, and who are not children in respect of whose maintenance the taxpayer's taxable income has been reduced in terms of section 21 there shall further be deducted the sum of sixteen rand irrespective of the number of such children;".

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 and section 10 of Act 95 of 1967.

8. (1) Section 10 of the principal Act is hereby amended—
- (a) by the substitution for paragraph (i) of subsection (1) of the following paragraph:
    - „(i) (i) so much of the interest received by or accrued to any one person from deposits in the Post Office Savings Bank as does not exceed the sum of two hundred rand;
    - (ii) so much of the interest on Post Office Savings Bank Certificates held by any one person as does not exceed the sum of four hundred rand;
    - (iii) so much of the interest on Tax Redemption Certificates held by any one person as does not exceed the sum of fifty rand;
    - (iv) interest on Union Loan Certificates or National Savings Certificates;
    - (v) interest on any loan portion of the normal or super tax imposed under the Income Tax Act, 1953, or any subsequent Act of Parliament;
    - (vi) so much of the annual interest on First Series Savings Bonds as in the case of any taxpayer does not exceed the sum of six thousand seven hundred and sixty-four rand and forty cents;
    - (vii) so much of the annual interest on Five per cent Five Year Treasury Bonds as in the case of any taxpayer does not exceed the sum of one thousand rand;
    - (viii) so much of the annual interest on Five per cent Seven Year Treasury Bonds and Four and a half per cent Seven Year Treasury Bonds as in the case of any taxpayer does not exceed the sum of one thousand rand in the aggregate;
    - (ix) so much of the annual interest on Four and a half per cent Seven Year Treasury Bonds (Conversion Issue) as in the case of any taxpayer does not exceed the sum of nine hundred rand;

- (x) so much of the annual interest on Five per cent Five Year (Second Series) Treasury Bonds as in the case of any taxpayer does not exceed the sum of one thousand rand;
  - (xi) so much of the annual interest on Six per cent Treasury Bonds as in the case of any taxpayer does not exceed the sum of two thousand four hundred rand;
  - (xii) any amount credited as interest in respect of any subscription share in any building society;
  - (xiii) in the case of a taxpayer who is a natural person, so much of the aggregate of the amounts received or accrued as dividends on Six and a half per cent Special Tax-Free Indefinite Period shares in building societies as does not exceed four hundred rand in any year of assessment: Provided that this exemption shall not apply in respect of any such dividend which becomes payable by a building society after the thirty-first day of March, 1971;”;
- (b) by the substitution for paragraph (r) of the said subsection of the following paragraph:
- “(r) any gratuity (other than a leave gratuity) received by or accrued to any person from public funds upon his retirement from any office or employment under the Government, including the Railway Administration and any provincial administration, or from the funds of the Land and Agricultural Bank of South Africa upon his retirement as a member of the board of the said Bank, which the Treasury declares to be free of tax;”;
- (c) by the substitution, with effect from the sixth day of August, 1964, for paragraph (t) of the said subsection of the following paragraph:
- “(t) the receipts and accruals—
- (i) of the Council for Scientific and Industrial Research;
  - (ii) of the South African Inventions Development Corporation;
  - (iii) of the South African Gas Distribution Corporation Limited, registered under the Companies Act, 1926 (Act No. 46 of 1926), on the sixth day of August, 1964;”;
- (d) by the substitution for paragraph (x) of the said subsection of the following paragraph:
- “(x) so much of any amount (being a lump sum) referred to in paragraph (i) or (iii) of the proviso to paragraph (c) of the definition of ‘gross income’ in section 1 or in paragraph (d) of the said definition as does not exceed six thousand rand less the sum of any other amounts which have been excluded from the taxpayer’s income by virtue of the exemption conferred by this paragraph, whether in the current or any previous year of assessment: Provided that the exemption under this paragraph shall not apply in respect of any amount received by or accrued to any person upon or because of the termination or because of the impending termination of the services required to be rendered by him as the holder of any office or employment or in respect of the relinquishment, termination, loss, repudiation, cancellation or variation of his office or employment or in respect of his appointment (or right or claim to be appointed) to any office or employment, unless—



- (i) such person has attained the age of fifty-five years in the case of a male or fifty years in the case of a female; or
  - (ii) the Secretary is satisfied that the termination or impending termination of such person's services or the relinquishment, termination, loss, repudiation, cancellation or variation of his office or employment or of his appointment (or right or claim to be appointed) to any office or employment is due to superannuation, ill-health or other infirmity; or
  - (iii) in the case of a female, the Secretary is satisfied that she relinquished or terminated her office or services in order to marry;"; and
- (e) by the addition to the said subsection of the following paragraph:

"(y) any amount received by or accrued to any company in respect of an assisted gold mine under the provisions of the Gold Mines Assistance Act, 1968."

(2) The amendments effected by subsection (1) (a) and (e) shall be deemed to have first taken effect in respect of assessments for the year of assessment ended on the twenty-ninth day of February, 1968.

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 and section 11 of Act 95 of 1967.

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

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

"(n) 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 two thousand rand in the case of the taxpayer or, where the taxpayer is entitled to a deduction under paragraph (k), the amount by which the amount of the deduction under the said paragraph is less than two thousand 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 deduction 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 (I) (c) to (i), 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;"; and

(b) by the substitution for paragraph (t) of the following paragraph:

“(t) in the case of any taxpayer (excluding any taxpayer who derives income from the sale of immovable property to persons who are not employed by him) who during any year of assessment within the period commencing on the first day of July, 1961, and ending on the thirty-first day of December, 1971, incurs expenditure in connection with the erection of any dwelling or who, for the purpose of financing in whole or in part the erection by any person during the said period of any dwelling, advances or donates to any person any amount during any such year of assessment, and who satisfies the Secretary that that dwelling will be occupied exclusively by persons or the households of persons who are his employees and are employed by him for the purposes of his trade (other than mining or farming), an allowance in respect of the said year of assessment equal to twenty-five per cent of the expenditure so incurred or of the amount so advanced or donated: Provided that—

- (i) where any company is mainly engaged in the provision of housing facilities for the employees of its sole or principal shareholder, the employees of such shareholder shall for the purposes of this paragraph be deemed to be the employees also of the said company;
- (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 one thousand rand;
- (iii) if in any year of assessment any dwelling in relation to the erection of which an allowance has been made to any taxpayer under this paragraph or the corresponding provisions of any previous Income Tax Act, whether in the current or any previous year of assessment, is occupied by any person or by the household of any person who is not an employee of that taxpayer, there shall be included in the income of the said taxpayer for the current year of assessment the amount of such allowance less an amount equal to one-tenth of the said allowance in respect of each completed period of one year, but not exceeding ten years, during which such dwelling was occupied by an employee or the household of an employee of that taxpayer,

and for the purposes of this paragraph “employee” in relation to any taxpayer does not include any person who is a relative of that taxpayer or who, if the taxpayer is a company, is a shareholder (or a relative of a shareholder) in that company or in any company which is associated with that company by virtue of shareholding, not being a shareholder who holds all his shares in that company solely because he is employed by that company and who will, in terms of the articles of association of that company, not be entitled to continue to hold those shares after he ceases to be so employed;”.

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 and section 12 of Act 95 of 1967.

10. Section 11bis of the principal Act is hereby amended by the substitution for subsection (3) of the following subsection:

“(3) The exporters' allowance shall be an amount equal to fifty per cent of the market development expenditure (determined as provided in subsection (4)) incurred by the taxpayer during the year of assessment or, where in relation to the year of assessment the taxpayer has a current export turnover and a basic export turnover and such current export turnover exceeds such basic export turnover by more than ten per cent of such basic export turnover, an amount equal to—

- (a) sixty-two and a half per cent of such market development expenditure if such current export turnover exceeds such basic export turnover by more than ten per cent but not more than twenty-five per cent of that basic export turnover; or
- (b) seventy-five per cent of such market development expenditure if such current export turnover exceeds such basic export turnover by more than twenty-five per cent of that basic export turnover:

Provided that for the purposes of this subsection the current export turnover of an associated company in relation to any year of assessment shall be deemed to be the sum of the current export turnovers in relation to that year of all the associated companies of which that company is one, and the basic export turnover of that company in relation to that year shall be deemed to be the sum of the basic export turnovers of all the said associated companies in relation to that year.”

Insertion of section 17A in Act 58 of 1962.

11. The following section is hereby inserted in the principal Act after section 17:

“Expenditure incurred by a lessor of land let for farming purposes, in respect of soil erosion works.

17A. (1) Subject to the provisions of subsection (2), there shall be allowed to be deducted from the income derived by any taxpayer from letting any land on which *bona fide* pastoral, agricultural or other farming operations were carried on during the year of assessment, the expenditure incurred by him during such year in respect of the construction of soil erosion works, provided a certificate by the Secretary for Agricultural Technical Services is produced to the effect that such works have been approved under the provisions of the Soil Conservation Act, 1946 (Act No. 45 of 1946).

(2) Where expenditure incurred by the taxpayer during any year of assessment and ranking for deduction from income under subsection (1) exceeds the taxable income (as calculated before allowing any deduction under that subsection) derived by the taxpayer from letting land on which *bona fide* pastoral, agricultural or other farming operations were carried on during such year, the amount allowed to be deducted under subsection (1) in respect of the said year shall be limited to an amount equal to such taxable income (calculated as aforesaid), and the excess shall be carried forward and be deemed for the purposes of this section to be expenditure incurred by the taxpayer during the next succeeding year of assessment in respect of the construction of soil erosion works.”

Substitution of section 18 of Act 58 of 1962, as substituted by section 15 of Act 95 of 1967.

12. The following section is hereby substituted for section 18 of the principal Act:

“Deduction in respect of fees paid to dentists, medical practi-

18. Notwithstanding the provisions of section 23 (a), (b) and (g) there shall be allowed to be deducted from the income of any taxpayer an allowance not exceeding in the aggregate the sum of two hundred and fifty rand, or if a child is born to

tioners,  
nursing  
homes or  
hospitals.

the taxpayer during the year of assessment, three hundred and fifty rand, in respect of—

- (a) any sum contributed by him during the year of assessment by way of current contributions due by him, as a member, to any fund recognized by the Secretary as a benefit fund established for the sole purpose of defraying in whole or in part any nursing home, hospital, medical and dental expenditure which may be incurred by its members; and
- (b) any fees which the Secretary is satisfied were paid by the taxpayer during the year of assessment to any nursing home in connection with any confinement of his wife, or to—
- (i) any dentist or medical practitioner for dental and medical services rendered to, or
- (ii) any duly registered nursing home or hospital in respect of the illness of, the taxpayer or his wife or his children or step-children referred to in section 6 (1) (c)."

Amendment of section 20 of Act 58 of 1962, as amended by section 13 of Act 90 of 1964 and section 18 of Act 88 of 1965.

13. (1) Section 20 of the principal Act is hereby amended by the addition of the following subsection:

"(3) Where any company has in respect of any year of assessment incurred a mining loss, as determined under the provisions of the Gold Mines Assistance Act, 1968, in carrying on mining operations on any assisted gold mine, any assessed loss incurred during such year by such company in carrying on such operations shall for the purposes of this section be reduced by the amount of such mining loss".

(2) The amendment effected by subsection (1) shall apply in respect of assessments for years of assessment ended on or after the first day of April, 1968.

Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963, section 15 of Act 90 of 1964, section 20 of Act 88 of 1965, section 23 of Act 55 of 1966 and section 16 of Act 95 of 1967.

14. (1) Section 36 of the principal Act is hereby amended—

(a) by the insertion in subsection (3)*bis* after the word "mine" where it occurs for the first time of the expression "(not being an assisted gold mine)";

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

"(3)*ter* The amount to be deducted under section 15 (a) from income derived from the working of an assisted gold mine shall be—

(a) in respect of the year of assessment during which the mine became an assisted gold mine, the sum of the unredeemed balance of capital expenditure at the beginning of that year of assessment and the actual capital expenditure incurred during that year; and

(b) in respect of any subsequent year of assessment, the actual capital expenditure incurred during such subsequent year.";

(c) by the substitution in subsection (4) for the expression "(3) or (3)*bis*" of the expression "(3), (3)*bis* or (3)*ter*"; and

(d) by the addition to the proviso to paragraph (c) of the definition of "capital expenditure" in subsection (11) of the following paragraph:

"(ff) in the case of any such mine which becomes an assisted gold mine, no amount shall be calculated under this paragraph in respect of any year of assessment during which the mine is an assisted gold mine;"

(2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ended on or after the first day of April, 1968.

Amendment of section 64C of Act 58 of 1962, as inserted by section 20 of Act 95 of 1967.

15. (1) Section 64C of the principal Act is hereby amended by the insertion after paragraph (f) of the following paragraph:

“(fA) any amount accruing on or before the thirty-first day of March, 1971, to any natural person as a dividend on Six and a half per cent Special Tax-Free Indefinite Period shares in any building society;”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of March, 1968.

Amendment of section 67 of Act 58 of 1962.

16. Section 67 of the principal Act is hereby amended by the addition of the following subsection:

“(5) Where in terms of the provisions of the Gold Mines Assistance Act, 1968, a mine has during a year of assessment ceased to be classified as an assisted gold mine, the company concerned shall furnish separate returns of income—

a) for the period from the commencement of such year of assessment to the day preceding the day from which the mine ceased to be classified as an assisted gold mine; and

(b) for the remainder of such year of assessment, and such returns shall for the purposes of this Act be separately assessed as though the periods covered thereby were separate years of assessment.”.

Commencement of certain amendments.

17. 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 first take effect in respect of assessments for the year of assessment ending the twenty-eighth day of February, 1969.

Short title.

18. This Act shall be called the Income Tax Act, 1968.

#### Schedule.

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING THE TWENTY-EIGHTH DAY OF FEBRUARY, 1969, AND THE THIRTIETH DAY OF JUNE, 1969, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING THE THIRTY-FIRST DAY OF MARCH, 1969.

(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, as prescribed in the tables below:

#### TABLES.

Taxable Income.	Rates of Tax in Respect of Married Persons.
Where the taxable income— does not exceed R600 .. .. .	6 per cent of each R1 of taxable income;
exceeds R600, but does not exceed R1,000	R36 plus 7 per cent of the amount by which the taxable income exceeds R600;
“ R1,000, “ “ R1,200	R64 plus 8 per cent of the amount by which the taxable income exceeds R1,000;
“ R1,200, “ “ R2,400	R80 plus 8 per cent of the amount by which the taxable income exceeds R1,200;
“ R2,400, “ “ R3,000	R176 plus 8 per cent of the amount by which the taxable income exceeds R2,400;
“ R3,000, “ “ R4,600	R224 plus 9 per cent of the amount by which the taxable income exceeds R3,000;

Taxable Income.	Rates of Tax in Respect of Married Persons.
Where the taxable income— exceeds R4,600, but does not exceed R5,000	R368 plus 10 per cent of the amount by which the taxable income exceeds R4,600;
„ R5,000, „ „ R6,000	R408 plus 20 per cent of the amount by which the taxable income exceeds R5,000;
„ R6,000, „ „ R7,000	R608 plus 29 per cent of the amount by which the taxable income exceeds R6,000;
„ R7,000, „ „ R8,000	R898 plus 32 per cent of the amount by which the taxable income exceeds R7,000;
„ R8,000, „ „ R9,000	R1,218 plus 34 per cent of the amount by which the tax- able income exceeds R8,000;
„ R9,000, „ „ R10,000	R1,558 plus 38 per cent of the amount by which the tax- able income exceeds R9,000;
„ R10,000, „ „ R12,000	R1,938 plus 39 per cent of the amount by which the tax- able income exceeds R10,000;
„ R12,000, „ „ R14,000	R2,718 plus 40 per cent of the amount by which the tax- able income exceeds R12,000;
„ R14,000, „ „ R16,000	R3,518 plus 44 per cent of the amount by which the tax- able income exceeds R14,000;
„ R16,000, „ „ R18,000	R4,398 plus 47 per cent of the amount by which the tax- able income exceeds R16,000;
„ R18,000 „ „ „ „	R5,338 plus 50 per cent of the amount by which the tax- able income exceeds R18,000.

Taxable Income.	Rates of Tax in Respect of Persons who are not Married Persons.
Where the taxable income— does not exceed R600 .. .. .	7½ per cent of each R1 of taxable income;
exceeds R600, but does not exceed R1,000	R45 plus 9 per cent of the amount by which the taxable income exceeds R600;
„ R1,000, „ „ R1,200	R81 plus 9 per cent of the amount by which the taxable income exceeds R1,000;
„ R1,200, „ „ R2,400	R99 plus 9 per cent of the amount by which the taxable income exceeds R1,200;
„ R2,400, „ „ R3,000	R207 plus 10 per cent of the amount by which the taxable income exceeds R2,400;
„ R3,000, „ „ R4,600	R267 plus 11 per cent of the amount by which the taxable income exceeds R3,000;

Taxable Income.	Rates of Tax in Respect of Persons who are not Married Persons.
Where the taxable income— exceeds R4,600, but does not exceed R5,000	R443 plus 12 per cent of the amount by which the taxable income exceeds R4,600;
„ R5,000, „ „ R6,000	R491 plus 21 per cent of the amount by which the taxable income exceeds R5,000;
„ R6,000, „ „ R7,000	R701 plus 30 per cent of the amount by which the taxable income exceeds R6,000;
„ R7,000, „ „ R8,000	R1,001 plus 33 per cent of the amount by which the taxable in- come exceeds R7,000;
„ R8,000, „ „ R9,000	R1,331 plus 35 per cent of the amount by which the taxable in- come exceeds R8,000;
„ R9,000, „ „ R10,000	R1,681 plus 39 per cent of the amount by which the taxable in- come exceeds R9,000;
„ R10,000, „ „ R12,000	R2,071 plus 41 per cent of the amount by which the taxable in- come exceeds R10,000;
„ R12,000, „ „ R14,000	R2,891 plus 42 per cent of the amount by which the taxable in- come exceeds R12,000;
„ R14,000, „ „ R16,000	R3,731 plus 45 per cent of the amount by which the taxable in- come exceeds R14,000;
„ R16,000, „ „ R18,000	R4,631 plus 48 per cent of the amount by which the taxable in- come exceeds R16,000;
„ R18,000 „ „ „ „	R5,591 plus 50 per cent of the amount by which the taxable in- come exceeds R18,000.

- (b) on each rand of the taxable income of any company (excluding so much as is derived from mining operations and, in the case of any company referred to in item (e), so much as the Secretary for Inland Revenue determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act), thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten 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 for Inland Revenue determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act), a percentage determined in accordance with the formula:

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

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

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

and if such taxable income exceeds forty thousand rand, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula

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

by one for each completed amount of two thousand five hundred rand by which the said taxable income exceeds forty thousand rand: Provided further that where a certificate is given by the Government Mining Engineer to the effect that 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, 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 item, excluding the second proviso, a sum equal to five per cent of such amount;

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

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

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

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

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 item a sum equal to five per cent of such amount;

- (e) on each rand of the taxable income of any company, the sole or principal business of which in the Republic is or has been mining for gold and the determination of the taxable income of which for the period assessed does not result in an assessed loss, which the Secretary for Inland Revenue determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, the average rate of normal tax or twenty-eight and one-third cents, whichever is 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 item a sum 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, diamonds or natural oil), thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;



(h) in respect of the taxable income of any person other than a company, a sum equal to fifteen per cent of the amount of tax determined in accordance with item (a) after the deduction of the rebates provided for in section 6 of the principal Act: Provided that any fraction of a rand of the tax calculated under this item shall be disregarded: Provided further that the tax calculated under this item shall not be payable by any taxpayer whose liability under this item would, but for this proviso, be less than fifteen rand;

(i) in respect of the taxable income of any company—

(i) a sum equal to ten per cent of the aggregate of the amounts of tax determined under items (b), (f) and (g) before the addition of the sum referred to in the proviso to item (b), the sum referred to in the proviso to item (f) and the sum referred to in the proviso to item (g); and

(ii) a sum equal to five per cent of the aggregate of the amounts of tax determined under items (c) and (d) before the addition of the sum referred to in the third proviso to item (c) and the sum referred to in the second proviso to item (d): Provided that any fraction of a rand of the tax calculated under this item shall be disregarded: Provided further that the tax calculated under this item shall not be payable by any company whose liability under this item 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 for Inland Revenue, results directly from mining for gold.

(2) For the purposes of item (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 item for the period assessed) paid by the company concerned in respect of its aggregate taxable income from gold mining for the period from the first day of July, 1916, to the end of the period assessed, by the number of rand contained in the said aggregate taxable income.

(3) The tax determined in accordance with any of the items (a) to (i), inclusive, of paragraph 1 shall be payable in addition to the tax determined in accordance with any other of the said items.