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STAATSKOERANT

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[No. 3204.

DEPARTEMENT VAN DIE EERSTE MINISTER.

DEPARTMENT OF THE PRIME MINISTER.

No. 1223.

16 Julie 1971.

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

No. 88 van 1971: Inkomstebelastingwet, 1971.

No. 1223.

16th July, 1971.

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

No. 88 of 1971: Income Tax Act, 1971.

Act No. 88, 1971

INCOME TAX ACT, 1971.

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 the twenty-ninth day of February, 1972, and the thirtieth day of June, 1972, and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending on the thirty-first day of March, 1972; 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 certain portions 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 18th June, 1971.*)

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 the twenty-ninth day of February, 1972, or the thirtieth day of June, 1972; and
- (b) the taxable income of any company for any year of assessment ending during the period of twelve months ending on the thirty-first day of March, 1972,

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, a portion equal to one-seventh of any amount of tax determined in accordance with paragraph (1) (b) (i) of the Schedule to this Act 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 this section shall be deemed to have come into operation on the first day of April, 1971.

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

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, and where such loan portion has been paid by the person concerned it shall be repayable to such person in accordance with the provisions of section 5 (2B) of the principal Act and the Fifth Schedule to that Act.

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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 and section 6 of Act 52 of 1970.

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

(a) by the substitution for the definition of "assessment" of the following definition:

"assessment" means—

(a) the determination of an amount upon which any tax leviable under this Act is chargeable; or

(b) the determination of any loss ranking for set-off,

and for the purposes of Part III of Chapter III includes any determination by the Secretary in respect of any of the abatements referred to in section 5A and any decision of the Secretary which is in terms of this Act subject to objection and appeal;";

(b) by the substitution for the definition of "dependant" the following definition:

"dependant", in relation to any taxpayer, means—

(a) any person (other than any child or step-child of such taxpayer in respect of whom he is for the year of assessment entitled to an abatement in terms of section 5A (3) (a)) incapacitated by old age, infirmity or any other reason satisfactory to the Secretary from maintaining himself; and

(b) any child (other than a child or stepchild of such taxpayer) under the age of eighteen years on the last day of the year of assessment, towards whose maintenance the taxpayer has expended in cash or otherwise during the year of assessment not less than eighty rand or, if the period assessed is less than twelve months, an amount which bears to eighty rand the same ratio as the period assessed bears to twelve months;";

(c) by the substitution for paragraph (k) of the definition of "gross income" of the following paragraph:

"(k) any amount received or accrued by way of dividends, including any dividends distributed by a private company out of or by way of capitalization of any profits of such company, which in terms of section 37 of the Income Tax Act, 1941 (Act No. 31 of 1941), had previously been apportioned among its shareholders as the taxable income or the income subject to super tax of such company, and for the purposes of this paragraph all dividends from sources outside the Republic received by or accrued to any person (other than a company) who is ordinarily resident in the Republic or received by or accrued to any company which is registered, managed and controlled in the Republic, shall be deemed to have been received by or to have accrued to such person or company from a source within the Republic;";

(d) by the substitution for paragraph (m) of the definition of "gross income" of the following paragraph:

"(m) any amount received or accrued under or upon the surrender or disposal of any policy of insurance upon the life of any person who, at any time while the policy was in force, was an employee of the taxpayer or, where the taxpayer is a company, was a director or employee of that company;";

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- (e) by the substitution for the definition of "married person" of the following definition:

"'married person' means any person who—

- (a) during any portion of the period in respect of which any assessment is made, was married and not living apart from his spouse in circumstances which, in the opinion of the Secretary, indicate that the separation is likely to be permanent, or was a widower or widow; or
- (b) during the whole of such period—
- (i) was divorced or was separated under an order of judicial separation, if the proceedings for such divorce or judicial separation were instituted not later than the twenty-first day of March, 1962; or
- (ii) was separated under a written agreement of separation entered into not later than that date,

and who is in respect of such period entitled to any abatement in respect of a child under section 5A (3) (a);";

- (f) by the insertion after the definition of "tax" of the following definition:

"'taxable amount' means the amount remaining after deducting from the taxable income of any person other than a company the sum of any amounts allowed to be deducted from such taxable income by way of abatements under section 5A;"; and

- (g) by the substitution for the definition of "taxable income" of the following definition:

"'taxable income' means the amount remaining after deducting from the income of any person all the amounts (other than the sum of any amounts allowed by way of abatements under section 5A) allowed under Part I of Chapter II to be deducted from or set off against such income;";

(2) The amendments effected by subsection (1) (c) shall apply in respect of assessments on companies for years of assessment ending on or after the first day of April, 1971.

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 76 of 1968, section 7 of Act 89 of 1969 and section 7 of Act 52 of 1970.

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

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

"(1A) Subject to the provisions of this Act with regard to the calculation of tax, the normal tax payable in respect of the taxable income of any person (other than a company) for any year of assessment shall be calculated on the taxable amount of such person for such year.";

- (b) by the substitution for subsection (9) of the following subsection:

"(9) For the purposes of subsection (10) and paragraph 19 of the First Schedule 'special remuneration' means any amount received by or accrued to any mineworker over and above his normal remuneration and any regular allowance, in respect of special services rendered by him (otherwise than in the course of his normal duties) in combating any fire, flood, subsidence or other disaster in a mine or in rescuing persons trapped in a mine or in performing any

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hazardous task during any emergency in a mine, if such services are rendered by him as a member of a team recognized by the management of the mine and the members of such team have been appointed for the purpose of rendering such services.”; and

(c) by the addition of the following subsection:

“(10) Where any taxpayer’s income for the year of assessment ending on the twenty-ninth day of February, 1972, or any succeeding year of assessment, includes any special remuneration, or where the provisions of paragraph 15 (3) or 17 of the First Schedule or paragraph 7 of the Second Schedule are applicable in the case of the taxpayer in respect of such year, the normal tax payable by the taxpayer in respect of such year shall be determined in accordance with the formula—

$$Y = \frac{A}{(B-C)-D} \times (B-E),$$

in which formula—

- (a) ‘Y’ represents the amount of normal tax to be determined;
- (b) ‘A’ represents the amount of normal tax calculated at the relevant rate fixed in terms of subsection (2) of this section in respect of a taxable amount equal to the amount represented by the expression ‘(B-C)-D’ in the formula;
- (c) ‘B’ represents the taxpayer’s taxable income for the said year;
- (d) ‘C’ represents an amount equal to the sum of—
- (i) the amount of any special remuneration (as defined in subsection (9)) which is included in the taxpayer’s income for the said year;
 - (ii) where the provisions of paragraph 15 (3) of the First Schedule are in the case of the taxpayer applicable in respect of the said year, an amount determined in accordance with those provisions as being the amount, if any, by which the taxable income derived by the taxpayer during the said year from the disposal of plantations and forest produce exceeds the annual average taxable income derived by him from that source over the three years of assessment immediately preceding the said year;
 - (iii) where the provisions of paragraph 17 of the First Schedule are in the case of the taxpayer applicable in respect of the said year, an amount equal to so much of the taxable income of the taxpayer for such year as is proved to the satisfaction of the Secretary to have been derived from the disposal of sugar cane as a result of fire in his cane fields and but for such fire would not have been derived by him in that year; and
 - (iv) where the provisions of paragraph 7 of the Second Schedule are in the case of the taxpayer applicable in respect of the said year, any amount determined in accordance with the provisions of that Schedule and included in his income for the said year;

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(e) 'D' represents the sum which would be allowable under section 5A by way of abatements against the taxpayer's taxable income for such year if such taxable income were an amount equal to the amount represented by the expression '(B-C)' in the formula;

(f) 'E' represents the sum in fact allowed to the taxpayer under section 5A by way of abatements against his taxable income for the said year:

Provided that the amount represented by the expression '(B-C)-D' in the formula shall in no case be determined at an amount of less than one rand: Provided further that the preceding provisions of this subsection shall not apply if the normal tax chargeable in the case of the taxpayer in respect of the said year has been determined under the provisions of paragraph 19 of the First Schedule."

Insertion of section 5A in Act 58 of 1962.

6. The following section is hereby inserted in the principal Act after section 5:

Normal tax abatements. 5A. (1) For the purpose of determining the taxable amount derived during the year of assessment by a taxpayer other than a company, there shall, subject to the provisions of subsections (4) and (5), be deducted from his taxable income for the year of assessment an amount (not exceeding such taxable income) equal to the sum of the amounts allowed to the taxpayer by way of abatements under subsections (2) and (3).

(2) In the case of a person other than a company, there shall, subject to the provisions of subsection (4), be allowed by way of a primary abatement—

- (a) an amount of one thousand rand, if such person is a married person; or
- (b) an amount of six hundred rand, if such person is not a married person.

(3) In the case of a natural person, the following amounts, where applicable, shall, subject to the provisions of subsection (4), be allowed by way of secondary abatements, namely—

- (a) an amount of four hundred and fifty rand in respect of each child or stepchild of the taxpayer who was alive during any portion of the year of assessment, and who—
 - (i) on the last day of the 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 physical or mental infirmity from maintaining himself and was wholly dependent for his maintenance upon the taxpayer:

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Provided that—

- (aa) where the taxpayer is in terms of this paragraph entitled to abatements in respect of more than two children, the abatement to be allowed in respect of each child in excess of two shall be five hundred and fifty 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 abatement 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 the period assessed 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 an abatement 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 during the period assessed 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, a further abatement of four hundred rand shall be allowed irrespective of the number of such children;
- (b) an amount of one hundred rand in respect of any one or more children born to the taxpayer during the year of assessment who were alive during any portion of such year of assessment, irrespective of the number of such children;
- (c) in respect of medical and dental expenses (whether or not such expenses have been incurred and regardless of the amount of any such expenses), an amount of—
- (i) one hundred and fifty rand, if the taxpayer was not or would not had he lived have been over the age of sixty years on the last day of the year of assessment, or two hundred and fifty rand, if the taxpayer was or would had he lived have been over the age of sixty years on the last day of the year of assessment and in either case the taxpayer—

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(aa) is a married person; or

(bb) is not a married person but is in respect of the year of assessment entitled to an abatement under paragraph (cc) of the proviso to paragraph (a) or under paragraph (f); or

(ii) seventy-five rand, if the taxpayer was not or would not had he lived have been over the age of sixty years on the last day of the year of assessment, or one hundred and twenty-five rand, if the taxpayer was or would had he lived have been over the age of sixty years on the last day of the year of assessment and in either case the taxpayer is not a married person and is not entitled to an abatement under subparagraph (i) of this paragraph:

Provided that the abatement under this paragraph in respect of any year of assessment during which one or more children are born to the taxpayer shall be increased by an amount of one hundred rand;

(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; and

(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,

but subject to a maximum abatement under this paragraph of four hundred rand: 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;

(e) an amount of eighty rand in respect of each dependant who was not wholly dependent for his maintenance upon the taxpayer during the year of assessment;

(f) an amount of two hundred rand in respect of each dependant who was wholly dependent for his maintenance upon the taxpayer during the year of assessment, if the total amount expended in cash or otherwise by the taxpayer in maintaining such dependant during such year was not less than two hundred rand, or, where the period assessed is less than twelve months, the total amount so expended during that period is not less than an amount which bears to two hundred rand the same ratio as the period assessed bears to twelve months;

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(g) if the taxpayer was or would had he lived have been over the age of sixty years on the last day of the year of assessment, an amount of three hundred and fifty rand if the period assessed is twelve months, or, where the period assessed is less than twelve months, an amount which bears to three hundred and fifty rand the same ratio as the period assessed bears to twelve months: Provided that—

(i) in the case of a married person, the abatement under this paragraph shall, if the period assessed is twelve months, be reduced by one rand for every completed ten rand by which the taxpayer's taxable income exceeds one thousand five hundred rand, or, if the period assessed is less than twelve months, by one rand for every completed ten rand by which the taxpayer's taxable income exceeds an amount which bears to one thousand five hundred rand the same ratio as the period assessed bears to twelve months;

(ii) in the case of a person who is not a married person, the abatement under this paragraph shall, if the period assessed is twelve months, be reduced by one rand for every completed ten rand by which the taxpayer's taxable income exceeds one thousand rand, or, if the period assessed is less than twelve months, by one rand for every completed ten rand by which the taxpayer's taxable income exceeds an amount which bears to one thousand rand the same ratio as the period assessed bears to twelve months.

(4) Where the period assessed is less than twelve months, the amount to be allowed by way of an abatement under subsection (2) or paragraph (a), (e) or (f) of subsection (3) shall be such amount as bears to the full amount of such abatement, the same ratio as the period assessed bears to twelve months, unless, where such period terminates at the death of the taxpayer or commences at the death of the spouse of the taxpayer, the Secretary in the special circumstances of the case otherwise directs.

(5) The sum of the amounts allowable to any taxpayer by way of abatements under this section shall be reduced by two rand for every completed ten rand by which the taxpayer's taxable income for the year of assessment exceeds five thousand rand or, where the period assessed is less than twelve months, by two rand for every completed ten rand by which the taxpayer's taxable income for such period exceeds an amount which bears to five thousand rand the same ratio as the period assessed bears to twelve months."

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Repeal 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, section 7 of Act 95 of 1967, section 7 of Act 76 of 1968 and section 8 of Act 89 of 1969.

7. Section 6 of the principal Act is hereby repealed.

Amendment of section 8A of Act 58 of 1962, as inserted by section 11 of Act 89 of 1969 and amended by section 8 of Act 52 of 1970.

8. Section 8A of the principal Act is hereby amended—

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

“(b) Where the taxpayer has exercised such right but, by reason of a condition imposed by the said company or employer or the grantor of the right, the taxpayer is not entitled to dispose of the marketable security until after the end of the said year of assessment, the gain made by the exercise of the right shall, if the taxpayer makes an election as provided in paragraph (c), not be included in his income for such year of assessment but shall be included in his income for the year of assessment during which he becomes entitled to dispose of the marketable security: Provided that in the event of the taxpayer's death or insolvency before he becomes entitled to dispose of the marketable security the said gain shall be deemed to have been made by him on the day before the date of his death or insolvency, as the case may be, and shall be assessed accordingly.”;

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

“(b) any gain made by the taxpayer by the exercise, cession or release of the second right, shall be determined and included in the taxpayer's income as though such gain had been made by the exercise, cession or release of the first right, and for the purpose of determining such gain, the amount to be deducted under subsection (2) (a) or (3) in respect of the amount or value of the consideration given by the taxpayer for the second right shall be deemed to be the consideration given by the taxpayer for the first right or the grant of such right, less so much of the amount or value of that consideration as has been offset by any consideration other than the consideration consisting of the second right.”; and

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

“(6) For the purposes of this section, a gain made by any person other than the taxpayer by the exercise, cession or release of a right to acquire any marketable security shall be deemed to be made by the taxpayer and shall be included in the taxpayer's income as though it were a gain referred to in subsection (1)—

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- (a) if that right was originally obtained by any person other than the taxpayer by reason of the taxpayer's office or former office as a director of any company or of any services rendered or to be rendered by the taxpayer as an employee of any employer; or
- (b) if that right was originally obtained by the taxpayer as a director or former director of any company or in respect of services rendered or to be rendered by him as an employee to an employer, and—
 - (i) the right was ceded by the taxpayer to any person otherwise than by or under a cession made by way of a bargain at arm's length; or
 - (ii) the gain was made by a relative of the taxpayer."

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 and section 9 of Act 52 of 1970.

9. Section 10 of the principal Act is hereby amended—

- (a) by the insertion after subparagraph (xi) of paragraph (i) of subsection (1) of the following subparagraph:

“(xiA) so much of the interest on Republic of South Africa Premium Bonds issued by the Treasury as in the case of any taxpayer does not in the year of assessment exceed the sum of two thousand eight hundred rand and so much of any premium on such Bonds as in the case of any taxpayer does not in the year of assessment exceed the sum of one thousand eight hundred rand;”;
- (b) by the substitution for subparagraph (i) of paragraph (k) of the said subsection of the following subparagraph:

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

 - (aa) to dividends (other than those distributed out of profits of a capital nature) distributed by a fixed property company as defined in section 1 of the Unit Trusts Control Act, 1947 (Act No. 18 of 1947), on shares included in a unit portfolio comprised in any unit trust scheme in property shares authorized under the said Act; or
 - (bb) to dividends received by or accrued to or in favour of any company (other than a unit portfolio constituting a company in terms of paragraph (e) of the definition of ‘company’ in section 1) during any year of assessment of such company ending during the period of twelve months ending on the thirty-first day of March, 1972;”;
- (c) by the addition, with effect from the first day of August, 1968, to paragraph (t) of the said subsection of the following subparagraphs:

“(v) of the Armaments Development and Production Corporation of South Africa Limited, established under section 2 of the Armaments Development and Production Act, 1968 (Act No. 57 of 1968);

“(vi) of any company during any period during which all the issued shares of such company are held by the Corporation referred to in subparagraph (v), if the Secretary is satisfied that the operations of such company are conducted in pursuance of, or are ancillary or complementary to the objects of the said Corporation;”;

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- (d) by the substitution in paragraph (x) of the said subsection for the words "six thousand" of the words "nine thousand"; and
- (e) by the addition to the said subsection of the following paragraph:
- "(z) any amount received by or accrued to or in favour of any person from the State by way of a subsidy on interest payable by him on any amount owing by him on any loan or advance utilised by him for the purposes of pastoral, agricultural or other farming operations carried on by him."; and
- (f) by the deletion of subsection (4).

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 and section 10 of Act 52 of 1970.

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

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

"(c) any legal expenses (being fees for the services of legal practitioners, expenses incurred in procuring evidence or expert advice, court fees, witness fees and expenses, taxing fees, the fees and expenses of sheriffs or messengers of court and other expenses of litigation which are of an essentially similar nature to any of the said fees or expenses) actually incurred by the taxpayer during the year of assessment in respect of any claim, dispute or action at law arising in the course of or by reason of the ordinary operations undertaken by him in the carrying on of his trade: Provided that the amount to be allowed under this paragraph in respect of any such expenses shall be limited to so much thereof as—

- (i) is not of a capital nature; and
- (ii) is not incurred in respect of any claim made against the taxpayer for the payment of damages or compensation if by reason of the nature of the claim or the circumstances any payment which is or might be made in satisfaction or settlement of the claim does not or would not rank for deduction from his income under paragraph (a) or (b); and
- (iii) is not incurred in respect of any claim made by the taxpayer for the payment to him of any amount which does not or would not constitute income of the taxpayer; and
- (iv) is not incurred in respect of any dispute or action at law relating to any such claim as is referred to in paragraph (ii) or (iii) of this proviso;";
- (b) by the substitution for paragraph (u) of the following paragraph:

"(u) so much of the expenditure (including club subscriptions), but not exceeding three hundred rand, incurred by the taxpayer during the year of assessment in respect of entertainment as the Secretary is satisfied was so incurred directly in connection with his trade and which is not such expenditure as is referred to in paragraph (a): Provided that no deduction shall be made under this paragraph in respect of any such expenditure as is incurred in connection with any employment, profession, calling or occupation if the taxpayer derives from such employment or from carrying on such profession, calling or occupation income in the form of a salary or wage or similar remuneration, unless the Secretary is satisfied that such employment, profession, calling or occupa-

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tion is of such a nature that the performance of the taxpayer's duties would be impeded or seriously hampered if such expenditure were not incurred;";

(c) by the substitution for paragraph (v) of the following paragraph:

"(v) notwithstanding the provisions of section 23 (a) and (b), in the case of any person who suffers from any physical disability or, if he is a married person, whose wife suffers from any physical disability, and whose taxable income (as calculated before allowing any deduction under this paragraph) for the year of assessment in question does not exceed four thousand rand if either such person or his wife suffers from any such disability, or five thousand rand if both such person and his wife suffer from any such disability and derive income from the carrying on of any trade, so much of any expenditure incurred by such person and any expenditure incurred by his wife during such year of assessment, but not exceeding six hundred rand altogether, as the Secretary is satisfied was necessarily incurred by him or her in consequence of his or her disability, as the case may be, and for the purpose of carrying on his or her trade, as the case may be, not being such expenditure as is referred to in any of the other paragraphs of this section or fees incurred in respect of medical, dental, nursing or hospital services;"; and

(d) by the substitution for subparagraph (B) of paragraph (bb) of the proviso to paragraph (w) of the following subparagraph:

"(B) if any loan or advance was made to any person on the security or strength of such policy and any amount was during the said year owing in respect of such loan or advance or in respect of interest or other charges relating thereto, unless the Secretary is satisfied that the loan or advance was obtained in order to obtain funds required by the taxpayer for the purposes of his trade in consequence of the employee's or director's ill-health, infirmity, incapacity, retirement or cessation of services occurring after the said policy was acquired by the taxpayer; or".

(2) The amendment effected by subsection (1) (b) shall apply in respect of assessments for years of assessment ending on or after the twenty-eighth day of February, 1971.

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.

11. (1) Section 12 of the principal Act is hereby amended by the substitution for paragraph (c) of subsection (2A) of the following paragraph:

"(c) where the provisions of subsection (2) (iii) are applicable, such percentage, not exceeding fifty per cent, of such cost as the said Minister, having regard to the circumstances of the case, may direct; or".

(2) The amendment effected by subsection (1) shall apply in respect of years of assessment ending on or after the first day of April, 1971.

Amendment of section 12A of Act 58 of 1962, as inserted by section 16 of Act 55 of 1966 and amended by section 13 of Act 95 of 1967.

12. (1) Section 12A of the principal Act is hereby amended by the addition of the following subsection:

"(4) The provisions of subsection (3) shall *mutatis mutandis* apply in respect of new or unused hotel equipment brought into use in any hotel situated in the territory if the

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taxpayer carries on the trade of hotelkeeper therein or it is let by the taxpayer to a lessee who carries on such trade therein, provided such equipment is brought into use by the taxpayer or the lessee, as the case may be, for the purposes of such trade on or after the first day of January, 1969, and such hotel is registered as an hotel in accordance with the provisions of the Accommodation Establishments and Tourism Ordinance, 1967 (Ordinance No. 29 of 1967), of the territory, and for the purposes of this subsection—

- (a) any reference in subsection (3) to the registration of an hotel under the Hotels Act, 1965, shall be construed as a reference to the registration of an hotel in accordance with the provisions of the said Ordinance; and
 - (b) the reference in subsection (3) to the thirty-first day of December, 1967, shall be construed as a reference to the thirty-first day of December, 1971.”
- (2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of April, 1969, and shall apply in respect of assessments for years of assessment ending on or after the first day of January, 1969.

Amendment of section 13 of Act 58 of 1962, as amended by section 12 of Act 90 of 1962, section 5 of Act 6 of 1963, section 11 of Act 72 of 1963, section 12 of Act 90 of 1964, section 14 of Act 88 of 1965, section 17 of Act 55 of 1966 and section 13 of Act 52 of 1970.

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

- (a) by the substitution for subsections (1), (2) and (3) of the following subsections:

“(1) Notwithstanding anything to the contrary contained in paragraph (ii) of the proviso to section 11 (e), there shall be allowed to be deducted from the income of the taxpayer an allowance equal to two per cent of the cost (after the deduction of any amount referred to in subsection (3) or the corresponding provisions of any previous Income Tax Act) to the taxpayer of—

- (a) any building the erection of which was commenced by the taxpayer on or after the twenty-fifth day of March, 1959, but not later than the fourteenth day of March, 1961, if such building was wholly or mainly used by him during the year of assessment for the purpose of carrying on therein any process of manufacture in the course of his trade (other than mining or farming); or
- (b) any building the erection of which was commenced by the taxpayer on or after the fifteenth day of March, 1961, if such building was wholly or mainly used by the taxpayer during the year of assessment for the purpose of carrying on therein in the course of his trade (other than mining or farming) any process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, or such building was let by the taxpayer and was wholly or mainly used by a tenant or subtenant for the purpose of carrying on therein any process as aforesaid in the course of any trade (other than mining or farming); or
- (c) any building the erection of which was commenced on or after the twenty-fifth day of March, 1959, but not later than the fourteenth day of March, 1961, if such building has been acquired by the taxpayer by purchase from any other person who was entitled to an allowance in respect thereof under paragraph (a) or this paragraph or the corresponding provisions of any previous Income Tax Act, and such building was wholly or mainly

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- used during the year of assessment by the taxpayer for the purpose of carrying on therein any process of manufacture in the course of his trade (other than mining or farming); or
- (d) any building the erection of which was commenced on or after the fifteenth day of March, 1961, if such building has been acquired by the taxpayer by purchase from any other person who was entitled to an allowance in respect thereof under paragraph (b) or this paragraph or the corresponding provisions of any previous Income Tax Act, and such building was wholly or mainly used during the year of assessment by the taxpayer for the purpose of carrying on therein in the course of his trade (other than mining or farming) a process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, or such building was let by the taxpayer and was wholly or mainly used by a tenant or subtenant for the purpose of carrying on therein in the course of any trade (other than mining or farming) any process as aforesaid; or
- (e) any improvements (other than repairs) to any building referred to in paragraph (a), (b), (c) or (d) which is during the year of assessment used as contemplated in that paragraph, if such improvements were commenced not later than the thirty-first day of March, 1971; or
- (f) any improvements (other than repairs) to any building, if such improvements were commenced on or after the first day of April, 1971, and such building was wholly or mainly used by the taxpayer during the year of assessment for the purpose of carrying on therein in the course of his trade (other than mining or farming) any process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, or such building was let by the taxpayer and was wholly or mainly used by a tenant or subtenant for the purpose of carrying on therein any process as aforesaid in the course of any trade (other than mining or farming):

Provided that no allowance shall be made under this subsection in respect of such portion of the cost of any building the erection of which was commenced on or after the first day of July, 1961, or any improvements effected thereto as has been taken into account in the calculation of any allowance to the taxpayer under section 11 (g) whether in the current or any previous year of assessment.

(2) The aggregate of the allowances under subsection (1) or the corresponding provisions of any previous Income Tax Act in respect of any building or improvements shall not exceed the cost (after the deduction of any amount referred to in subsection (3) or the corresponding provisions of any previous Income Tax Act) of such building or improvements, as the case may be, less the aggregate of any allowances made to the taxpayer in respect of such building or improvements, as the case may be, under section 11 (g) or the corresponding provisions of any previous Income Tax Act.

(3) If in any year of assessment there falls to be included in a taxpayer'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 (1) or the corresponding provisions of any previous Income Tax Act in respect

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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 the taxpayer to be notified by him in writing to the Secretary when submitting his return of income for the year of assessment during which the recovery or recoupment occurred, and provided he purchases or 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 (1) apply, not be included in his income for such year of assessment, but shall be set off against so much of the cost to him of such further building purchased or erected by him as remains after the deduction of any portion of such cost in respect of which an allowance has been granted to the taxpayer under section 11 (g), whether in the current or any previous year of assessment.”;

(b) by the substitution for paragraph (a) of subsection (6A) of the following paragraph:

“(a) in the case of any building or improvements referred to in subsection (5) (c), such percentage (not exceeding thirty-five per cent, of such cost as the Minister of Finance, having regard to the circumstances of the case, may direct; and”;

(c) by the substitution for subsection (9) of the following subsection:

“(9) For the purposes of this section—
‘improvements’, in relation to any improvements commenced on or after the first day of April, 1971, means any extension, addition or improvements (other than repairs) to a building which is or are effected for the purpose of increasing or improving the industrial capacity of the building;
‘shipbuilding structure’ means any launching way, fitting-out quay or craneway which is not part of a building.”

(2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Amendment of section 13bis of Act 58 of 1962, as inserted by section 15 of Act 88 of 1965 and amended by section 18 of Act 55 of 1966 and section 14 of Act 95 of 1967.

14. (1) Section 13bis of the principal Act is hereby amended by the addition of the following subsections:

“(9) In relation to an hotel building the erection of which was commenced in the territory on or after the first day of January, 1969, or in relation to improvements (other than repairs) which were commenced to an hotel building in the territory on or after the said date—

(a) any reference in the preceding provisions of this section to a building registered as an hotel under the Hotels Act, 1965, shall be construed as including a reference to a building registered as an hotel in accordance with the provisions of the Accommodation Establishments and Tourism Ordinance, 1967 (Ordinance No. 29 of 1967), of the territory;

(b) any reference in the preceding provisions of this section to an hotel graded by the board established under the said Act shall be construed as including a reference to an hotel graded by a competent authority in accordance with the provisions of the said Ordinance;

(c) any reference in the preceding provisions of this section to the said board shall be construed as including a reference to the said authority; and

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(d) the references in subsection (3) to the thirty-first day of December, 1969, shall be construed as references to the thirty-first day of December, 1972.

(10) The State President may make regulations prescribing the rates of the allowances under subsection (2), read with subsection (9), in respect of the various grades of hotels determined in accordance with the provisions of the Accommodation Establishments and Tourism Ordinance, 1967, of the territory, and may in such regulations prescribe rates which vary according to the grade of hotel or the year of assessment for which any such allowance may be made: Provided that any rate so prescribed in respect of any year of assessment in respect of any grade of hotel shall not exceed eight per cent of the cost or portion thereof on which the relevant allowance is to be calculated.

(11) Any regulations made under subsection (4) which are in force on the date of promulgation of the Income Tax Act, 1971, shall until regulations made under subsection (10) come into force, *mutatis mutandis* apply in respect of hotels graded by a competent authority in accordance with the provisions of the Accommodation Establishments and Tourism Ordinance, 1967, of the territory, as though the regulations so made had also been made under subsection (10)."

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of April, 1969, and shall apply in respect of assessments for years of assessment ending on or after the first day of January, 1969.

Repeal of section 18 of Act 58 of 1962, as substituted by section 14 of Act 52 of 1970.

15. Section 18 of the principal Act is hereby repealed.

Amendment of section 18A of Act 58 of 1962, as inserted by section 15 of Act 52 of 1970.

16. (1) Section 18A of the principal Act is hereby amended by the addition of the following subsection:

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

(2) The amendment effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Amendment of section 19 of Act 58 of 1962, as amended by section 15 of Act 90 of 1962, section 6 of Act 6 of 1963 and section 17 of Act 88 of 1965.

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

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

"(1) The provisions of paragraphs (a) and (b) of section 11 and section 20 shall, subject to the provisions of subsection (2) of this section, *mutatis mutandis* apply in relation to any income derived by any person in the form of dividends: Provided that an assessed loss (or any balance thereof) incurred by a company in relation to dividends shall not be set off against income derived by the company in any form other than dividends, nor shall an assessed loss (or any

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balance thereof) incurred by a company in relation to income other than dividends be set off against dividends derived by the company.”;

(b) by the addition of the following subsections:

“(4) In respect of income in the form of dividends (other than dividends referred to in section 11 (s)) derived by any company (hereinafter referred to as the taxpayer company) during any year of assessment of that company, there shall be allowed as a deduction in the determination of the taxable income so derived by the taxpayer company an amount equal to so much of the dividends distributed by it during such year as is proved by the taxpayer company—

(a) to have accrued during the period covered by the said year to or in favour of any other company which is registered or carries on business in the Republic; and

(b) to be income (as defined in section 1) in the hands of such other company, and as does not exceed the taxable income derived in the form of dividends by the taxpayer company during the said year of assessment, as determined before allowing any deduction under this subsection.

(5) In the case of a company which carries on long-term insurance business in the Republic there shall, in the determination of the taxable income derived by such company during any year of assessment in the form of dividends, be deducted from the income so derived by such company during such year an amount determined in accordance with the formula—

$$Y = A \times \frac{B}{C},$$

in which formula—

(a) ‘Y’ represents the amount to be determined;

(b) ‘A’ represents the taxable income, as determined before any deduction is made under this subsection, derived by such company during such year in the form of dividends;

(c) ‘B’ represents an amount equal to so much of the income derived by the company during such year in the form of dividends as the Secretary is satisfied has been included in the amount determined under the provisions of section 28 (1) as the taxable income derived by such company during such year from the carrying on of long-term insurance business; and

(d) ‘C’ represents the total income derived by the company during such year in the form of dividends.”; and

(c) by the addition of the following subsection:

“(6) The preceding provisions of this section shall not apply in respect of income in the form of an annuity, notwithstanding the fact that such income may also be in the form of dividends.”.

(2) (a) The amendments effected by subsection (1) (a) and (b) shall apply in respect of assessments on companies for years of assessment ending on or after the first day of April, 1971.

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Amendment of section 21*ter* of Act 58 of 1962, as inserted by section 20 of Act 89 of 1969 and amended by section 17 of Act 52 of 1970.

- (b) The amendment effected by subsection (1) (c) shall be deemed to have taken effect on the date of commencement of the principal Act and to have first applied in respect of assessments for the year of assessment ended the thirtieth day of June, 1962.

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

- (a) by the insertion before the definition of "extension" in subsection (1) of the following definition:

"'Bantu development area' means an economic development area in a Bantu area as defined in section 1 of the Bantu Authorities Act, 1951 (Act No. 68 of 1951), or the territory described in section 2 of the Transkei Constitution Act, 1963 (Act No. 48 of 1963), or any self-governing territory as defined in section 38 of the Bantu Homelands Constitution Act, 1971 (Act No. 21 of 1971), or any urban area as defined in section 1 of the Bantu (Urban Areas) Consolidation Act, 1945 (Act No. 25 of 1945), which is surrounded by or adjoins any such Bantu area or territory and which the Minister is satisfied is intended for occupation or ownership by Bantu persons, or any economic development area falling within the confines of any land or area referred to in section 4 of the South-West Africa Bantu Affairs Administration Act, 1954 (Act No. 56 of 1954);";

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

"(2) Where any person (in this section referred to as the industrialist)—

- (a) has on or after the first day of October, 1968—

(i) established or commenced to carry on in an economic development area a new industrial undertaking; or

(ii) brought into use in an economic development area for the purposes of an existing industrial undertaking carried on by him in such area, an extension to such undertaking; or

- (b) has within the period of five years ending on the thirtieth day of September, 1968—

(i) established or commenced to carry on in an economic development area a new industrial undertaking; or

(ii) brought into use in an economic development area for the purposes of an existing industrial undertaking carried on by him in such area, any extension to such undertaking, and by the said date had not discontinued the said undertaking,

there shall, if the Minister of Finance (in this section referred to as the Minister), having regard to the circumstances of the case, so directs, but subject to such conditions as the Minister may see fit to impose, be deducted from the income derived by the industrialist during any relevant year of assessment referred to in subsection (3), an allowance (to be known as the development allowance) of an amount to be determined in such manner as the Minister may direct but not exceeding the greater of—

- (aa) an amount equal to the industrial profit of the industrialist for such year; or

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- (bb) if the Minister has directed that the development allowances which may be made to the industrialist in respect of the relevant years of assessment referred to in subsection (3) shall in total be limited so as to provide the industrialist with a total saving in normal tax of a sum specified by the Minister, an amount sufficient to provide the industrialist with a saving in normal tax for the year of assessment in question equal to the said sum divided by the number of years of assessment (but not exceeding seven years) in respect of which the Minister has directed that the allowance may be granted to the industrialist in respect of the industrial undertaking in question or, where the allowance for the year of assessment in question is granted by a direction of the Minister under the proviso to subsection (3), by such number of years as the Minister may direct.”;
- (c) by the substitution for paragraphs (a) and (b) of subsection (3) of the following paragraphs:
- “(a) in the case of an industrial undertaking referred to in subsection (2) (a) (i), in respect of the year of assessment during which production was commenced in such undertaking or any of the nine succeeding years of assessment (in the case of an undertaking in a Bantu development area) or any of the six succeeding years of assessment (in any other case) in respect of which the Minister has directed that the development allowance may be granted to the industrialist concerned;
- (b) in the case of an industrial undertaking referred to in subparagraph (ii) of subsection (2) (a), in respect of the year of assessment during which the extension referred to in the said subparagraph was brought into use for the purposes of such undertaking or any of the nine succeeding years of assessment (in the case of an undertaking in a Bantu development area) or any of the six succeeding years of assessment (in any other case) in respect of which the Minister has directed that the development allowance may be granted to the industrialist concerned;”;
- (d) by the addition to subsection (3) of the following proviso:
- “Provided that where it is shown to the satisfaction of the Minister that the industrialist has not or will not derive the full anticipated benefit of the development allowance during the years of assessment in respect of which the Minister has directed that the allowance be granted as aforesaid, the Minister, having regard to the circumstances of the case, but subject to such conditions as he may see fit to impose, may, without increasing the sum referred to in subsection (2) (bb), as applicable to the industrial undertaking in question in respect of the relevant years of assessment referred to in paragraph (a), (b), (c) or (d), of this subsection, direct that the development allowance be granted in respect of such years of assessment succeeding the said years of assessment as the Minister may see fit.”;
- (e) by the insertion in subsections (4) and (6) after the expression “(2)” of the expression “or (3)”; and

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(f) by the addition of the following subsection:

“(7) Where the Minister has directed that the development allowance be made to an industrialist in respect of an industrial undertaking in a Bantu development area and the industrialist is a company all the issued share capital of which was, during a year of assessment in respect of which the said allowance may be made, held by one other company (hereinafter referred to as the parent company), but, by reason of the circumstances of the case, the said allowance either may not be granted to the industrialist for such year or, if such allowance is granted for such year, the amount thereof is less than the amount referred to in subsection (2) (bb), as determined in relation to the said undertaking, there shall be allowed as a deduction from the income of the parent company for the same year of assessment a development allowance in respect of the said industrial undertaking equal to such sum as the parent company may claim but not exceeding the difference between the amount referred to in subsection (2) (bb), as determined in relation to the said undertaking, and the actual amount allowed in respect of the said undertaking to the industrialist by way of the development allowance for that year: Provided that the sum of the development allowances made to the industrialist and the parent company in respect of the relevant years of assessment referred to in subsection (3) shall be limited to an amount sufficient to provide the industrialist and the parent company with a total saving in normal tax of the sum referred to in subsection (2) (bb) as applicable to the said undertaking.”

(2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Insertion of
section 22A in
Act 58 of 1962.

19. (1) The following section is hereby inserted in the principal Act after section 22:

“Schemes of
arrangement
involving
trading
stock.

22A. (1) If, under any scheme of arrangement or reconstruction of any company or its affairs (including any scheme for the amalgamation of two or more companies and any other scheme) which is sanctioned by any order of court on or after the first day of April, 1971, any company (hereinafter referred to as the transferee company) has acquired from any other company (hereinafter referred to as the transferor company) any asset which was trading stock of the transferor company, and in respect of such acquisition—

- (a) no consideration measurable in terms of money accrued from the transferee company to the transferor company; or
- (b) a consideration accrued from the transferee company to the transferor company the money value of which was less than the market value of such asset on the date on which the transferee company acquired such asset,

such asset shall for the purposes of this Act be deemed to be trading stock of the transferee company, and, where paragraph (a) is applicable—

- (i) the transferee company shall be deemed to have acquired such asset at a price equal to the cost price thereof to the transferor company; and

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(ii) notwithstanding the provisions of section 22 (2), no deduction shall, in the determination of the taxable income of the transferor company for the year of assessment of that company during which the transferee company acquired such asset, be made in respect of the value of such asset as trading stock.

(2) Any amount which is received by or accrues to the transferee company from the disposal of the said asset (or of any interest therein) shall be included in that company's income, whether such amount is derived in carrying on any trade or otherwise or is derived from a source within or outside the Republic."

(2) The amendment effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Substitution of section 24A of Act 58 of 1962, as inserted by section 23 of Act 89 of 1969.

20. (1) The following section is hereby substituted for section 24A of the principal Act:

"Trans-
actions
whereby
fixed
property
is or
company
shares
are
exchanged
for
shares.

24A. (1) If, under any transaction for the disposal by any person (hereinafter referred to as the trader) of any trading stock consisting of fixed property or any shares in any company, the consideration received by or accrued to the trader for such trading stock in effect consists of or includes—

- (a) shares in a public company; or
- (b) company shares quoted by a recognized stock exchange at the time of such transaction or within six months thereafter; or
- (c) shares in any other company, if such shares are, under a scheme for the consolidation or merger of the interests of two or more persons, issued or transferred to the trader,

the value of the shares which constitute or are included in such consideration shall, if the trader and the Secretary agree thereto, be excluded from the trader's income for the year of assessment during which such consideration is received by or accrues to him.

(2) For the purposes of this Act—

- (a) the shares which constitute or are included in the said consideration and any bonus shares issued in respect of such shares (which shares and bonus shares are hereinafter referred to as new trading stock) shall be deemed to be trading stock of the trader; and
- (b) the cost price to the trader of the shares which constitute or are included in the said consideration shall be deemed to be the cost to him of the trading stock referred to in subsection (1) or, if such last-mentioned trading stock was held by him and had not been disposed of by him at the beginning of the year of assessment, the amount taken into account under section 22 (2) as the value thereof, less an amount which bears to the said cost or the amount so taken into account, as the case may be, the same ratio as the value of such portion (if any) of the said consideration as does not consist of the said shares bears to the total value of the said consideration (including the said shares).

(3) Any amount (including the value of any benefit or advantage) which is received by or accrues to the trader from the disposal of new trading stock (or a portion thereof) shall be included in the trader's income, whether such amount is derived in

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carrying on any trade or otherwise or is derived from a source within or outside the Republic.

(4) If on or after the date of promulgation of the Income Tax Act, 1971, the trader disposes of or ceases to be the owner of new trading stock for any reason other than his death or insolvency or, in the case of a company, the winding-up or liquidation thereof and no consideration accrues to him in respect of such new trading stock or a consideration accrues to him in respect of such new trading stock which in whole or part is not measurable in terms of money (the part of the consideration which is so measurable being less in value than the market value of such new trading stock at the date on which it was disposed of or on which the trader ceased to be the owner thereof, he shall for the purposes of this Act be deemed to have disposed of such new trading stock for a consideration equal to the market value thereof at the date on which it was disposed of or on which the trader ceased to be the owner thereof) or the market value thereof on the date of the transaction referred to in subsection (1), whichever value is the lower, reduced by the amount (if any) included in the trader's income under subsection (3) in respect of the disposal, and such value, as so reduced, shall be included in his income: Provided that the foregoing provisions of this subsection shall not apply where the trader disposes of or ceases to be the owner of new trading stock by reason of the carrying out of any scheme referred to in section 22A and the trader is a transferor company as contemplated in that section.

(5) Where the trader has until his death or the prior sequestration of his estate or, in the case of a company, the commencement of the winding-up or liquidation thereof, continued to hold new trading stock, the trader shall for the purposes of this Act be deemed to have disposed of such new trading stock on the day preceding the date of his death or the sequestration of his estate (whichever first occurs) or, in the case of a company, the date on which the winding-up or liquidation thereof commenced, for a consideration equal to the market value on the said day of such new trading stock or the market value thereof on the date of the transaction referred to in subsection (1), whichever value is the lower, and such value shall be included in his income for the period of assessment within which the said day falls.

(6) For the purposes of this section—

- (a) 'fixed property' means property as defined in section 1 of the Transfer Duty Act, 1949 (Act No. 40 of 1949); and
- (b) a company which has not yet been recognized under the provisions of this Act as a public company, may at the request of the taxpayer, be deemed to be a public company, if the Secretary is satisfied that such company will be so recognized."

(2) The amendments effected by subsection (1) shall, except as otherwise indicated therein, be deemed to have first applied in respect of assessments for the year of assessment which ended on the twenty-eighth day of February, 1970.

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Amendment of section 28 of Act 58 of 1962, as amended by section 17 of Act 90 of 1962, section 22 of Act 55 of 1966 and section 24 of Act 89 of 1969.

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

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

“(1) Notwithstanding anything contained in this Act the taxable income derived from the carrying on of long-term insurance business by any taxpayer who carries on such business in the Republic (whether on mutual principles or otherwise), shall be deemed to be an amount equivalent to thirty per cent of the sum of—

(a) the gross amounts which the Secretary is satisfied have been derived by the taxpayer during the year of assessment from the investment (including the letting of any property) of so much of his funds as are invested within or outside the Republic in respect of any long-term insurance business carried on by him in the Republic and of so much of his funds as are invested within the Republic in respect of any long-term insurance business carried on by him outside the Republic, but excluding—

(i) amounts proved to the satisfaction of the Secretary to have been derived by the taxpayer from the investment of funds attributable to any long-term insurance business carried on by him in the Republic with any pension fund or retirement annuity fund;

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

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

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

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

“(3) Nothing in this section contained shall be construed as relieving any taxpayer from the obligation to render returns of any income derived otherwise than from the carrying on of long-term or short-term insurance business or in the form of dividends (notwithstanding the inclusion of such dividends or of a portion thereof in the gross amounts referred to in subsection (1) (a)) or from any liability for taxation in respect of any taxable income so derived or as de-

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prising the taxpayer of the right to set off against the taxable income derived from the business of insurance any loss incurred in respect of any other business or any balance of loss so incurred which the taxpayer would be entitled to set off under the provisions of section 20."

(2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Amendment of section 37A of Act 58 of 1962, as inserted by section 27 of Act 89 of 1969 and amended by section 18 of Act 52 of 1970.

22. (1) Section 37A of the principal Act is hereby amended by the addition of the following subsection:

"(6) Notwithstanding anything to the contrary in this section, taxable income derived by a company in the form of dividends or an assessed loss incurred by a company in relation to dividends shall for the purposes of any determination under subsection (1) be deemed to be derived or incurred, as the case may be—

- (a) within the territory if the company is managed and controlled in the territory; or
- (b) elsewhere than within the territory if the company is managed or controlled elsewhere than within the territory."

(2) The amendment effected by subsection (1) shall apply in respect of assessments for years of assessment of companies ending on or after the first day of April, 1971.

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 and section 19 of Act 52 of 1970.

23. Section 42 of the principal Act is hereby amended with effect from the commencement thereof by the addition to subsection (2) of the following paragraph:

"(g) dividends accruing to any person in the form of an annuity derived from a source within the Republic."

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 and section 31 of Act 89 of 1969.

24. (1) Section 49 of the principal Act is hereby amended—

- (a) by the insertion before the definition of "deficit" of the following definition:

"adjusted total net profits', in relation to any company in respect of any year of assessment, means the amount remaining after the deduction from the total net profits of that company for such year of assessment of an amount equal to any allowance made to the company in respect of such year under paragraph (v) of the definition of 'distributable income'";

- (b) by the substitution for paragraphs (ii), (iiA) and (iii) of the definition of "distributable income" of the following paragraphs:

"(ii) an allowance equal to forty-five per cent of the sum of so much of the adjusted total net profits of the company for the year of assessment as is not attributable to the inclusion therein of any dividends received by or accrued to the company, and any amount accounted for in respect of such year under paragraph (b) of this definition;

(iiA) in the case of a public company, an allowance equal to twenty-five per cent of so much of the adjusted total net profits of the company for the year of assessment as is attributable to the inclusion therein of any dividends received by or accrued to it;

(iii) in the case of any company which, whether in the current or in any previous year of assessment, has concluded a contract for the acquisition by it of any new or unused machinery or plant and

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which satisfies the Secretary that within a period of three years after the end of the current year of assessment such machinery or plant will be brought into use by it for the purposes of its trade in the Republic and will be used by it directly in a process of manufacture, an allowance in respect of the current year of assessment equal to the portion, if any, of the cost price of such machinery or plant paid by it during that year of assessment: Provided that—

- (aa) any such company may in respect of any such new or unused machinery or plant elect to deduct as an allowance under this paragraph, in respect of the year of assessment during which such machinery or plant is brought into use by it for the purposes of its trade in the Republic and is used by it directly in a process of manufacture, an amount equal to the cost to it of such machinery or plant, which allowance shall be in lieu of and not in addition to any allowances to which such company would but for such election have been entitled under the preceding provisions of this paragraph in respect of such machinery or plant;
- (bb) if in the determination of the distributable income of any company for any year of assessment any amount has been allowed to be deducted under this paragraph (other than an amount referred to in paragraph (aa) of this proviso) or the corresponding provisions of any previous Income Tax Act in respect of any machinery or plant, and such machinery or plant is not brought into use and used by such company directly in a process of manufacture within three years after the end of such year of assessment, such amount shall for the purposes of section 79 (1) be deemed to be an amount which the Secretary is satisfied should have been subject to tax for such year of assessment and which has not been assessed to tax;";
- (c) by the addition at the end of paragraph (iv) of the definition of "distributable income" of the word "and";
- (d) by the addition to the definition of "distributable income" of the following paragraph:
 - "(v) an allowance in respect of investments (including investments in the form of shares or loans) made during the year of assessment by the company in any other company, if the Secretary is satisfied that the amounts invested were intended to be used by such other company to defray expenditure incurred or to be incurred by it on prospecting operations (including surveys, boreholes, trenches, pits and other exploratory work preparatory to the establishment of a mine) in any area within the Republic or within such other country as the State President may by proclamation in the *Gazette* approve for the purposes of this paragraph, and that such amounts have been or will

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be so used: Provided that the allowance under this paragraph shall not exceed fifty per cent of an amount equal to the first-mentioned company's distributable income for such year, as determined before the deduction of any allowances under this paragraph or paragraph (ii) or (iiA) of this definition;"; and

- (e) by the addition to the definition of "total net profits" of the following proviso:

"Provided that the provisions of section 19 (4) and (5) shall not be applied in the determination of the total net profits of any company which has derived any dividends."

- (2) (a) The amendments effected by subsection (1) (a), (b), (c) and (d) shall apply in respect of assessments for years of assessment ending on or after the first day of October, 1971.
- (b) The amendment effected by subsection (1) (e) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1971.

Amendment of section 50 of Act 58 of 1962, as amended by section 23 of Act 90 of 1962, section 19 of Act 95 of 1967 and section 32 of Act 89 of 1969.

25. (1) Section 50 of the principal Act is hereby amended—

- (a) by the substitution for subparagraph (i) of paragraph (f) of the following subparagraph:

"(i) twenty thousand rand; or"; and

- (b) by the substitution for paragraph (i) of the following paragraph:

"(i) any company all of whose equity shares were throughout the specified period held by the Government or by one or both of the following classes of shareholders, namely—

- (i) companies which are themselves exempt from undistributed profits tax in terms of this section excluding paragraphs (f) and (g);
- (ii) benefit funds, pension funds, provident funds or retirement annuity funds:

Provided that the exemption under this paragraph shall not apply in the case of any company all of whose equity shares were at any time during the specified period held by one or more companies which during the year of assessment carried on long-term insurance business in the Republic;".

- (2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of October, 1971.

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 and section 21 of Act 52 of 1970.

26. Section 64C of the principal Act is hereby amended—

- (a) by the addition of the following paragraph:

"(k) subject to compliance with such conditions as the Minister of Finance may impose, the interest on a foreign loan or such portion thereof as the said Minister having regard to the circumstances of the case may direct, if prior to the obtaining of such loan it is shown to the satisfaction of the said Minister that—

- (i) the loan will be used for long-term industrial or mining development in the Republic;
- (ii) if exemption or partial exemption under this paragraph were not granted, the loan debtor

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would, in order to ensure the tax-free payment of interest under such loan, be obliged to incur excessive additional expenditure;

- (iii) where the interest on such loan is subject to the income tax imposed by a country other than the Republic, either no credit in respect of non-residents tax on interest or an inadequate credit in respect of such last-mentioned tax will be granted against the said income tax.”; and

- (b) by the addition, with effect from the first day of April, 1967, of the following paragraph:

“(1) interest accruing to any person in the form of an annuity derived from a source within the Republic.”.

Amendment of section 66 of Act 58 of 1962, as amended by section 10 of Act 6 of 1963 and section 19 of Act 90 of 1964.

27. Section 66 of the principal Act is hereby amended by the substitution for paragraph (a) of subsection (1) of the following paragraph:

“(a) The Secretary shall annually give public notice that all persons liable to taxation under the provisions of this Act, whether personally or in any representative capacity, are required to furnish within sixty days after the date of such notice, or within such further time as the Secretary may for good cause allow, returns for the assessment of the tax.”.

Amendment of section 89*bis* of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963 and amended by section 21 of Act 95 of 1967.

28. Section 89*bis* of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Payments by way of employees tax and provisional tax shall be made in accordance with the provisions of the Fourth Schedule and shall be made at such place as may be notified by the Secretary, and any such payments which relate to a taxpayer shall for the purposes of this Act be deemed to have been made in respect of his liability for taxes as defined in paragraph 28 (8) of the said Schedule, whether or not such liability has been ascertained or determined at the date of any payment.”.

Amendment of section 110*bis* of Act 58 of 1962, as inserted by section 18 of Act 6 of 1963 and amended by section 14 of Act 72 of 1963.

29. (1) Section 110*bis* of the principal Act is hereby amended by the substitution for paragraph (g) of subsection (3) of the following paragraph:

“(g) the additional charge imposed under section 76, as applied by this section, any interest payable in terms of section 89, as applied by this section, or section 89*bis*, as applied by this section, shall be deemed to have been imposed under or to be payable in terms of the relevant ordinance, and shall accrue for the benefit of the Consolidated Revenue Fund.”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of April, 1971.

Amendment of paragraph 5 of 1st Schedule to Act 58 of 1962, as substituted by section 18 of Act 72 of 1963 and amended by section 23 of Act 52 of 1970.

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

- “(a) in respect of livestock acquired by purchase for breeding purposes and of which the purchase price—
- (i) in the case of a bull or bull-calf exceeds R400;
 - (ii) in the case of a cow or heifer exceeds R200;
 - (iii) in the case of a stallion or colt exceeds R400;
 - (iv) in the case of a mare or filly exceeds R200;

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- (v) in the case of a ram or a he-goat exceeds R150;
- (vi) in the case of a ewe or she-goat exceeds R75;
- (vii) in the case of a pig exceeds R50; or
- (viii) in the case of any other animal exceeds R100,

be the purchase price incurred by the farmer in respect of the livestock, less an amount not exceeding such purchase price calculated for each year of assessment, whether under this Act or any previous Income Tax Act, during which the livestock in question has been held and has not been disposed of by the farmer, at the rate of—

- (aa) ten per cent of such purchase price for each such year of assessment ending not later than that which ended on the twenty-eighth day of February, 1971; and
- (bb) twenty-five per cent of such purchase price for each such year of assessment succeeding the year of assessment which ended on the twenty-eighth day of February, 1971; and”.

Amendment of paragraph 15 of 1st Schedule to Act 58 of 1962, as amended by section 25 of Act 88 of 1965 and section 26 of Act 95 of 1967.

31. (1) Paragraph 15 of the First Schedule to the principal Act is hereby amended by the substitution for subparagraph (3) of the following subparagraph:

“(3) If the income of any farmer other than a company includes income derived from the disposal of plantations or forest produce and the taxable income derived by him in that year from the disposal of plantations and forest produce exceeds the annual average taxable income derived by him from that source over the three years of assessment immediately preceding the said year of assessment, the normal tax chargeable in the case of such farmer for the said year of assessment shall, subject to the provisions of section 5 of this Act, be determined in accordance with the provisions of subsection (10) of that section: Provided that—

- (i) the provisions of this subparagraph shall not apply unless the Secretary is satisfied that the disposal of plantations or forest produce forms part of the normal farming operations of the farmer concerned;
- (ii) the Secretary's determinations as to what portion of a farmer's taxable income is derived from the disposal of plantations and forest produce shall be final;
- (iii) nothing in this paragraph contained shall be construed as relieving any farmer from liability for taxation under this Act upon any portion of his taxable income;
- (iv) the provisions of this subparagraph shall not apply if the normal tax chargeable in the case of such farmer in respect of the said year of assessment is required to be determined under the provisions of paragraph 19.”.

(2) The amendments effected by subsection (1) shall, so far as companies are affected, apply in respect of assessments on companies for years of assessment ending on or after the first day of April, 1971.

Substitution of paragraph 17 of 1st Schedule to Act 58 of 1962, as substituted by section 26 of Act 88 of 1965 and amended by section 27 of Act 95 of 1967.

32. (1) The following paragraph is hereby substituted for paragraph 17 of the First Schedule to the principal Act:

“17. Where the sugar cane fields of any farmer other than a company have been damaged by fire and it is proved to the satisfaction of the Secretary that the taxable income of such farmer for any year of assessment includes taxable income derived from the disposal of sugar cane as a result of such fire which but for such fire would

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not have been derived by him in such year, the normal tax chargeable in the case of such farmer in respect of such year shall, subject to the provisions of section 5 of this Act, be determined in accordance with the provisions of subsection (10) of that section, but nothing in this paragraph contained shall be construed as relieving such farmer from liability for taxation under this Act upon any portion of his taxable income: Provided that the provisions of this paragraph shall not apply if the normal tax chargeable in the case of such farmer in respect of the said year of assessment is required to be determined under the provisions of paragraph 19."

(2) The amendments effected by subsection (1) shall, so far as companies are affected, apply in respect of assessments on companies for years of assessment ending on or after the first day of April, 1971.

Amendment of paragraph 19 of 1st Schedule to Act 58 of 1962, as added by section 28 of Act 95 of 1967 and amended by section 43 of Act 89 of 1969.

33. Paragraph 19 of the First Schedule to the principal Act is hereby amended—

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

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

(i) in accordance with the formula—

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

(hereinafter referred to as the first formula), if the relevant period ends not later than the end of the year of assessment ended the twenty-eighth day of February, 1971; or

(ii) in accordance with the formula—

$$Y = \frac{H}{(B+C-D-E)-G} \times (F-I),$$

(hereinafter referred to as the second formula), if the relevant period commences not earlier than the beginning of the year of assessment ending the twenty-ninth day of February, 1972,

in which formulae—

- (a) 'Y' represents the amount of normal tax to be determined;
- (b) 'A' represents the amount of normal tax chargeable at the relevant rate fixed in terms of section 5 (2) of this Act in respect of a taxable income equal to the amount represented by the expression 'B+C-D-E' in the first formula;
- (c) 'B' represents the taxpayer's average taxable income (if any) from farming as determined in relation to the relevant period in accordance with subparagraph (2);
- (d) 'C' represents the taxpayer's taxable income (if any) for the relevant period from sources other than farming or, if the determination of such taxable income results in an assessed loss, such

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

- (e) 'D' represents the amount (if any) included in the taxpayer's gross income for the relevant period under the provisions of the Second Schedule to this Act;
- (f) 'E' represents the amount (if any) of any special remuneration, as defined in section 5 (9) of this Act, which has been included in the income of the taxpayer for the relevant period;
- (g) 'F' represents the taxpayer's taxable income for the relevant period;
- (h) 'G' represents the sum which would be allowable under section 5A of this Act by way of abatements against the taxpayer's taxable income for the relevant period if such taxable income were an amount equal to the amount represented by the expression '(B+C-D-E)' in the second formula;
- (i) 'H' represents the amount of normal tax calculated at the relevant rate fixed in terms of section 5 (2) of this Act in respect of a taxable amount equal to the amount represented by the expression '(B+C-D-E)-G' in the second formula; and
- (j) 'I' represents the sum in fact allowed to the taxpayer under section 5A of this Act by way of abatements against his taxable income for the relevant period:

Provided that the amount represented by the expression 'B+C-D-E' in the first formula or the expression '(B+C-D-E)-G' in the second formula shall in no case be determined at an amount of less than one rand."; and

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

"(6) Any election made by any person under subparagraph (5) in respect of any period of assessment in respect of which the first formula applies, shall also as respects succeeding periods of assessment in respect of which the second formula is capable of being applied, be binding upon such person or the deceased or insolvent estate in respect of which the election was made, as the case may be."

Amendment of paragraph 1 of 2nd Schedule to Act 58 of 1962, as amended by section 31 of Act 90 of 1962 and section 23 of Act 90 of 1964.

34. 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 "ten thousand" of the words "fifteen thousand"; and
- (b) by the substitution in paragraph (b) of the definition of "formula B" for the words "twenty thousand" of the words "thirty thousand".

Amendment of paragraph 5 of 2nd Schedule to Act 58 of 1962, as amended by section 31 of Act 90 of 1962, section 21 of Act 72 of 1963 and section 25 of Act 90 of 1964.

35. 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 "four thousand" of the words "six thousand";
- (b) by the substitution in item (b) of the said subparagraph for the expression "ten thousand", wherever it occurs, of the expression "fifteen thousand"; and
- (c) by the substitution in item (d) of the said paragraph for the words "twenty thousand" of the words "thirty thousand".

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Substitution of paragraph 7 of 2nd Schedule to Act 58 of 1962, as substituted by section 29 of Act 95 of 1967.

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

"7. The normal tax payable in respect of any year of assessment by any person whose income for that year includes an amount determined in accordance with the provisions of this Schedule, shall, subject to the provisions of section 5 of this Act, be determined in accordance with the provisions of section 5 (10) of this Act, but nothing herein contained shall be construed as relieving any person from liability for taxation under this Act upon any portion of his taxable income: Provided that the provisions of this paragraph shall not apply if the normal tax chargeable in the case of such person in respect of the said year of assessment has been determined under the provisions of paragraph 19 of the First Schedule."

Amendment of paragraph 1 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 22 of Act 72 of 1963, section 44 of Act 89 of 1969 and section 24 of Act 52 of 1970.

37. Paragraph 1 of the Fourth Schedule to the principal Act is hereby amended by the deletion of the definitions of "provincial income tax" and "provincial taxes".

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 and section 29 of Act 55 of 1966.

38. Paragraph 2 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

"(1) Every employer (whether or not registered as an employer under paragraph 15) who pays or becomes liable to pay any amount by way of remuneration to any employee shall, unless the Secretary has granted authority to the contrary, deduct or withhold from that amount by way of employees' tax an amount which shall be determined as provided in paragraph 9, 10, 11 or 12, whichever is applicable, in respect of the liability for normal tax of that employee, or, if such remuneration is paid or payable to an employee who is a married woman and such remuneration is under the provisions of section 7 (2) of this Act deemed to be income of her husband and she is not separately assessed from her husband in terms of section 77 (6) of this Act, in respect of such liability of her husband, and shall pay the amount so deducted or withheld to the Secretary within seven days after the end of the month during which the amount was deducted or withheld, or in the case of a person who ceases to be an employer before the end of such month, within seven days after the day on which he ceased to be an employer, or in either case within such further period as the Secretary may approve."

Amendment of paragraph 9 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963.

39. Paragraph 9 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

"(1) The Secretary may from time to time, having regard to the rates of normal tax as fixed by Parliament or foreshadowed by the Minister of Finance in his budget statement, to the abatements applicable in terms of section 5A (2) and (3) (a) of this Act and to any other factors having a bearing upon the probable liability of taxpayers for normal tax, prescribe deduction tables applicable to such classes of employees as he may determine, and the manner in

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which such tables shall be applied, and the amount of employees' tax to be deducted from any amount of remuneration shall, subject to the provisions of subparagraph (3) of this paragraph and paragraphs 10, 11 and 12, be determined in accordance with such tables or where subparagraph (3) is applicable, in accordance with that subparagraph."

Amendment of paragraph 14 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963.

40. Paragraph 14 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (2) of the following subparagraph:

"(2) Every employer shall when making any payment of employees' tax submit to the Secretary a declaration in such form as the Secretary may prescribe."

Amendment of paragraph 17 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 27 of Act 90 of 1964.

41. Paragraph 17 of the Fourth Schedule to the principal Act is hereby amended—

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

"(1) Every provisional taxpayer shall in the manner provided in this Part make payments (called provisional tax) to the Secretary in respect of his liability for normal tax in respect of every year of assessment.";

(b) by the deletion of subparagraph (2);

(c) by the substitution for subparagraphs (3), (4) and (5) of the following subparagraphs:

"(3) Where for the purpose of determining any amount of provisional tax required to be paid by any provisional taxpayer in respect of any year of assessment the liability of such taxpayer for normal tax is required to be estimated in respect of such year, such liability shall be deemed to be the amount of normal tax which, calculated at the relevant rate referred to in subparagraph (4), would be payable by the provisional taxpayer in respect of the amount of taxable income estimated by such taxpayer in terms of paragraph 19 (1) during the period prescribed by this Schedule for the payment of the said amount of provisional tax, or any extension of such period granted in terms of paragraph 25 (2), or if the amount so estimated has been increased by the Secretary in terms of paragraph 19 (3), the amount of normal tax which, calculated at the said rate, would be payable by the provisional taxpayer in respect of the amount of taxable income as so increased, or if the Secretary has estimated the provisional taxpayer's taxable income in terms of paragraph 19 (2), the amount of normal tax which, calculated at the said rate, would be payable by the provisional taxpayer in respect of the amount of taxable income so estimated.

(4) For the purposes of any calculation of normal tax under subparagraph (3) the rate at which such tax is to be calculated shall be the relevant rate fixed by Parliament in respect of the year of assessment in respect of which the relevant provisional tax payment is required to be made under this Schedule, or if at the date on which payment of provisional tax is made the rate has not been fixed, at the relevant rate in respect of that year foreshadowed by the Minister of Finance in his budget statement, or if at that date the rate has not been fixed or foreshadowed as aforesaid, at the

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relevant rate fixed by Parliament in respect of the latest preceding year of assessment in respect of which rates have been fixed by Parliament.

(5) The Secretary may from time to time, having regard to the rates of normal tax as fixed by Parliament or foreshadowed by the Minister of Finance in his budget statement, to the abatements applicable in terms of section 5A (2) and (3) (a) of this Act and to any other factors having a bearing upon the probable liability of taxpayers for normal tax, prescribe tables for optional use by provisional taxpayers falling within any category specified by the Secretary, or by provisional taxpayers generally, for the purpose of estimating the liability of such taxpayers for normal tax, and the Secretary may prescribe the manner in which such tables shall be applied.”; and

(d) by the substitution for subparagraph (7) of the following subparagraph:

“(7) The provisions of subparagraphs (3) and (4) shall not apply where the liability of a provisional taxpayer for normal tax is estimated in accordance with any tables prescribed for his use under the provisions of subparagraph (5) and not withdrawn under the provisions of subparagraph (6).”.

Amendment of paragraph 18 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 28 of Act 90 of 1964.

42. Paragraph 18 of the Fourth Schedule to the principal Act is hereby amended by the addition to subparagraph (1) of the following item:

“(d) any company which satisfies the Secretary that it will not derive any taxable income during the relevant year of assessment elsewhere than within the territory.”.

Amendment of paragraph 19 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 28 of Act 88 of 1965 and section 46 of Act 89 of 1969.

43. (1) Paragraph 19 of the Fourth Schedule to the principal Act is hereby amended by the insertion after subparagraph (1) of the following subparagraph:

“(1A) For the purposes of subparagraph (1), taxable income derived by a company in the form of dividends or an assessed loss incurred by a company in relation to dividends, shall be deemed to be derived or incurred, as the case may be—

- (a) within the territory, if the company is managed and controlled in the territory; or
- (b) elsewhere than within the territory, if the company is managed or controlled elsewhere than within the territory.”.

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of April, 1971, in respect of years of assessment of companies ending on or after that date.

Amendment of paragraph 20 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 25 of Act 72 of 1963, section 29 of Act 88 of 1965 and section 47 of Act 89 of 1969.

44. Paragraph 20 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

“(1) If the final or last estimate of his taxable income made in terms of paragraph 19 (1) by a provisional taxpayer in respect of any year of assessment discloses his estimated taxable income in respect of that year of assessment in an amount which is less than ninety per cent of the amount of his taxable income or, in the case of a company, of the amount of the company's taxable income derived elsewhere than within the territory, as finally determined

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for that year, and which is also less than the basic amount in relation to such year of assessment, as determined in accordance with subparagraph (1A), the taxpayer shall, subject to the provisions of subparagraphs (2), (3) and (4), be required to pay to the Secretary, in addition to the normal tax chargeable in respect of his taxable income for such year of assessment, an amount by way of additional tax equal to twenty per cent of the difference between the amount of normal tax as calculated in respect of the taxable income as so estimated by the taxpayer and the lesser of the following amounts, namely—

- (a) the amount of normal tax calculated, at the rates applicable in respect of the said year of assessment, in respect of a taxable income equal to ninety per cent of his taxable income or, in the case of a company, of the amount of the company's taxable income derived elsewhere than within the territory, as finally determined for the said year of assessment; and
- (b) the amount of normal tax calculated in respect of a taxable income equal to the basic amount in relation to the said year of assessment at the rates applicable in respect of that year."

Amendment of paragraph 20A of 4th Schedule to Act 58 of 1962, as inserted by section 25 of Act 52 of 1970.

45. Paragraph 20A of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

"(1) Subject to the provisions of subparagraphs (2) and (3), where any provisional taxpayer has not on or before the last day of any year of assessment during which he has derived any income or, if the period for the final or last payment of provisional tax by him in respect of that year has under paragraph 25 (2) been extended to a date later than the end of such year, on or before such date, submitted to the Secretary an estimate of taxable income in respect of the said year as required under paragraph 19 (1), the taxpayer shall, unless the Secretary has estimated the said taxable income under paragraph 19 (2), be required to pay to the Secretary, in addition to the normal tax chargeable in respect of his taxable income for the said year, an amount by way of additional tax equal to twenty per cent of the amount by which the normal tax payable by him in respect of his taxable income for such year or, in the case of a company, the normal tax payable by the company in respect of the company's taxable income for such year derived elsewhere than within the territory, exceeds the sum of any amounts of provisional tax paid by him in respect of such year within any period allowed for the payment of such provisional tax under this Part or within any extension of such period under paragraph 25 (2) and any amounts of employees tax deducted or withheld from his remuneration by his employer during such year."

Amendment of paragraph 21 of 4th Schedule to Act 58 of 1962, as substituted by section 30 of Act 88 of 1965.

46. Paragraph 21 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

"(1) Subject to the provisions of subparagraph (2), provisional tax shall be paid by every provisional taxpayer (other than a company) in the following manner, namely—

- (a) within the period of six months reckoned from the commencement of the year of assessment in question, one half of an amount equal to the total estimated liability of such taxpayer (as determined in accordance with paragraph (17) for normal tax in respect of that

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year, less the total amount of any employees' tax deducted by the taxpayer's employer from the taxpayer's remuneration during such period; and

- (b) not later than the last day of the year of assessment in question, an amount equal to the total estimated liability of such taxpayer (as finally determined in accordance with paragraph 17) for normal tax in respect of that year, less the sum of the amounts of any employees' tax deducted by the taxpayer's employer from the taxpayer's remuneration during such year and the amount paid in terms of item (a)."

Amendment of paragraph 22 of 4th Schedule to Act 58 of 1962, as substituted by section 30 of Act 88 of 1965.

47. Paragraph 22 of the Fourth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

"(1) Every provisional taxpayer (other than a company) whose income is normally derived wholly or mainly from farming, fishing or diamond digging and in respect of whom the Secretary has directed that the provisions of this paragraph shall apply, shall not later than the last day of the year of assessment in question pay by way of provisional tax an amount equal to the total estimated liability of such taxpayer (determined in accordance with paragraph 17) for normal tax in respect of that year, less the sum of the amounts of any employees' tax deducted by the taxpayer's employer from the taxpayer's remuneration during that year."

Amendment of paragraph 28 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 29 of Act 90 of 1964, section 30 of Act 95 of 1967 and section 48 of Act 89 of 1969.

48. Paragraph 28 of the Fourth Schedule to the principal Act is hereby amended—

- (a) by the substitution for subparagraphs (1) and (1)*bis* of the following subparagraphs:

"(1) There shall be set off against the liability of the taxpayer in respect of any taxes (as defined in subparagraph (8)) due by the taxpayer, the amounts of employees' tax deducted or withheld by the taxpayer's employer during any year of assessment for which the taxpayer's liability for normal tax has been assessed by the Secretary and the amounts of provisional tax paid by the taxpayer, and—

- (a) if, in the case of a taxpayer who is not a provisional taxpayer, the sum of the said amounts of employees' tax exceeds the amount of the taxpayer's total liability for the said taxes, the excess amount shall be refunded to the taxpayer;
- (b) if, in the case of any provisional taxpayer, the sum of the said amounts of employees' tax and provisional tax exceeds the taxpayer's total liability for the said taxes, the Secretary shall not be required to make any refund of the excess amount (or any portion thereof) standing to the taxpayer's credit unless the Secretary is satisfied, having regard to the circumstances of the case, that a refund of such excess amount (or a portion thereof) is warranted, and any amount (after the deduction of any amount refunded to the taxpayer) standing to the taxpayer's credit shall be set off against the taxpayer's liability for any of the said taxes for which he is subsequently assessed by the Secretary or may be set off in whole or in part against any amount of provisional tax which

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the taxpayer is required to pay under this Schedule; and

- (c) if, in the case of any taxpayer, the taxpayer's total liability for the aforesaid taxes exceeds the sum of the said amounts of employees' tax and provisional tax, the amount of the excess shall be payable by the taxpayer to the Secretary.

(1)*bis* The provisions of subparagraph (1) shall not be construed as requiring any amount of provisional tax paid in respect of any year of assessment to be set off against any liability of the taxpayer before the taxpayer's liability for normal tax in respect of that year is determined by the Secretary or, where such last-mentioned liability has not been determined by the Secretary, before the expiration of a period determined by the Secretary but not exceeding one hundred and twenty days reckoned from the end of such year or where in terms of section 66 (13)*ter* of this Act the Secretary accepts accounts drawn to a date after the end of such year, from such date."; and

- (b) by the addition of the following subparagraph:
 "(8) For the purposes of this paragraph 'taxes' means—
- (a) the normal and super taxes levied under this Act or any previous Income Tax Act, but excluding any normal tax payable and recoverable as provided in section 94A of this Act; and
- (b) the taxes levied by provincial councils on persons and the incomes of persons."

Deletion of paragraph 33 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 29 of Act 72 of 1963, section 30 of Act 55 of 1966 and section 31 of Act 95 of 1967.

49. Paragraph 33 of the Fourth Schedule to the principal Act is hereby deleted with effect from the first day of April, 1971.

Amendment of paragraph 2 of 5th Schedule to Act 58 of 1962, as added by section 26 of Act 52 of 1970.

50. Paragraph 2 of the Fifth Schedule to the principal Act is hereby amended by the addition of the following subparagraphs:

"(4) A natural person who is over the age of sixty-five years on the last day of any year of assessment ending on or after the twenty-ninth day of February, 1972, shall not be liable for the payment of any loan portion in respect of such year if his taxable income for that year does not exceed five thousand rand.

(5) A company shall not be liable for the payment of so much of any loan portion as is determinable with reference to taxable income derived in the form of dividends if at the end of the year of assessment (being a year of assessment ending on or after the first day of April, 1971), the balance of any assessed loss incurred by the company in relation to income other than dividends and available to be set off against income other than dividends in a future year of assessment, exceeds an amount equal to seventy-five per cent of the taxable income derived by such company during the first-mentioned year of assessment in the form of

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dividends, as determined before any deduction is made under the provisions of section 19 (4) or (5).

(6) Where a dividend subject to non-resident shareholders tax imposed under this Act or an Ordinance of the territory is included in the income of a company for any year of assessment ending on or after the first day of April, 1971, the loan portion payable by that company for such year shall be reduced by so much of the said tax as has been paid in respect of such dividend and does not exceed so much of the said loan portion (as calculated before allowing any reduction under this subparagraph) as the Secretary determines to be attributable to the inclusion in the company's income in the form of dividends for the said year of the said dividend."

Amendment of paragraph 8 of 5th Schedule to Act 58 of 1962, as added by section 26 of Act 52 of 1970.

51. (1) Paragraph 8 of the Fifth Schedule to the principal Act is hereby amended by the addition to item (b) of subparagraph (2) of the following proviso:

"Provided that this item shall not apply in the case of a company whose taxable income is derived wholly or mainly in the form of dividends;"

(2) The amendment effected by subsection (1) shall be deemed to have taken effect on the first day of April, 1971, and shall apply in respect of years of assessment of companies ending on or after that date.

Commencement of certain amendments.

52. 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, in so far as the assessment, determination, payment, collection and recovery of normal tax, undistributed profits tax, employees' tax and provisional tax are thereby affected, be deemed to have taken effect as from the commencement of years of assessment ending on or after the first day of January, 1972.

Application of Act in South-West Africa.

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

Short title.

54. This Act shall be called the Income Tax Act, 1971.

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Schedule.

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING THE TWENTY-NINTH DAY OF FEBRUARY, 1972, AND THE THIRTIETH DAY OF JUNE, 1972, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING THE THIRTY-FIRST DAY OF MARCH, 1972.

(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) there shall be added to the amount of tax calculated in accordance with the said tables a sum equal to ten per cent of the said amount if the said amount is not less than one hundred and fifty rand;
- (ii) any fraction of a rand of the sum calculated under paragraph (i) of this proviso shall be disregarded:

TABLES.

| Where the taxable amount— does not exceed R1 000 | Where the taxable amount— exceeds R1 000 but does not exceed | Taxable Amount. | Rates of tax in respect of married persons. |
|-----------------------------------------------------|-----------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------|
| | R2 000 | R3 000 | 9 per cent of each R1 of taxable amount; R90 plus 10 per cent of the amount by which the taxable amount exceeds R1 000; |
| | R3 000 | R4 000 | R190 plus 10 per cent of the amount by which the taxable amount exceeds R2 000; |
| | R4 000 | R5 000 | R290 plus 11 per cent of the amount by which the taxable amount exceeds R3 000; |
| | R5 000 | R6 000 | R400 plus 12 per cent of the amount by which the taxable amount exceeds R4 000; |
| | R6 000 | R7 000 | R520 plus 14 per cent of the amount by which the taxable amount exceeds R5 000; |
| | R7 000 | R8 000 | R660 plus 16 per cent of the amount by which the taxable amount exceeds R6 000; |
| | R8 000 | R9 000 | R820 plus 18 per cent of the amount by which the taxable amount exceeds R7 000; |
| | R9 000 | R10 000 | R1 000 plus 20 per cent of the amount by which the taxable amount exceeds R8 000; |
| | R10 000 | R11 000 | R1 200 plus 22 per cent of the amount by which the taxable amount exceeds R9 000; |
| | R11 000 | R12 000 | R1 420 plus 24 per cent of the amount by which the taxable amount exceeds R10 000; |
| | R12 000 | R13 000 | R1 660 plus 26 per cent of the amount by which the taxable amount exceeds R11 000; |
| | R13 000 | R14 000 | R1 920 plus 28 per cent of the amount by which the taxable amount exceeds R12 000; |
| | R14 000 | R15 000 | R2 200 plus 30 per cent of the amount by which the taxable amount exceeds R13 000; |
| | R15 000 | R16 000 | R2 500 plus 32 per cent of the amount by which the taxable amount exceeds R14 000; |
| | R16 000 | R17 000 | R2 820 plus 34 per cent of the amount by which the taxable amount exceeds R15 000; |
| | R17 000 | R18 000 | R3 160 plus 36 per cent of the amount by which the taxable amount exceeds R16 000; |
| | R18 000 | R19 000 | R3 520 plus 38 per cent of the amount by which the taxable amount exceeds R17 000; |
| | R19 000 | R20 000 | R3 900 plus 40 per cent of the amount by which the taxable amount exceeds R18 000; |
| | R20 000 | R21 000 | R4 300 plus 42 per cent of the amount by which the taxable amount exceeds R19 000; |
| | R21 000 | R22 000 | R4 720 plus 44 per cent of the amount by which the taxable amount exceeds R20 000; |
| | R22 000 | R23 000 | R5 160 plus 46 per cent of the amount by which the taxable amount exceeds R21 000; |
| | R23 000 | R24 000 | R5 620 plus 48 per cent of the amount by which the taxable amount exceeds R22 000; |
| | R24 000 | R25 000 | R6 100 plus 50 per cent of the amount by which the taxable amount exceeds R23 000; |
| | R25 000 | R26 000 | R6 600 plus 52 per cent of the amount by which the taxable amount exceeds R24 000; |
| | R26 000 | R27 000 | R7 120 plus 54 per cent of the amount by which the taxable amount exceeds R25 000; |
| | R27 000 | R28 000 | R7 660 plus 56 per cent of the amount by which the taxable amount exceeds R26 000; |
| | R28 000 | | R8 220 plus 58 per cent of the amount by which the taxable amount exceeds R27 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 taxable amount; |
| exceeds R1 000 but does not exceed R2 000 | R120 plus 12 per cent of the amount by which the taxable amount exceeds R1 000; |
| “ R2 000 “ “ R3 000 | R240 plus 13 per cent of the amount by which the taxable amount exceeds R2 000; |
| “ R3 000 “ “ R4 000 | R370 plus 14 per cent of the amount by which the taxable amount exceeds R3 000; |
| “ R4 000 “ “ R5 000 | R510 plus 17 per cent of the amount by which the taxable amount exceeds R4 000; |
| “ R5 000 “ “ R6 000 | R680 plus 20 per cent of the amount by which the taxable amount exceeds R5 000; |
| “ R6 000 “ “ R7 000 | R880 plus 23 per cent of the amount by which the taxable amount exceeds R6 000; |
| “ R7 000 “ “ R8 000 | R1 110 plus 26 per cent of the amount by which the taxable amount exceeds R7 000; |
| “ R8 000 “ “ R9 000 | R1 370 plus 28 per cent of the amount by which the taxable amount exceeds R8 000; |
| “ R9 000 “ “ R10 000 | R1 650 plus 30 per cent of the amount by which the taxable amount exceeds R9 000; |
| “ R10 000 “ “ R11 000 | R1 950 plus 32 per cent of the amount by which the taxable amount exceeds R10 000; |
| “ R11 000 “ “ R12 000 | R2 270 plus 34 per cent of the amount by which the taxable amount exceeds R11 000; |
| “ R12 000 “ “ R13 000 | R2 610 plus 36 per cent of the amount by which the taxable amount exceeds R12 000; |
| “ R13 000 “ “ R14 000 | R2 970 plus 38 per cent of the amount by which the taxable amount exceeds R13 000; |
| “ R14 000 “ “ R15 000 | R3 350 plus 40 per cent of the amount by which the taxable amount exceeds R14 000; |
| “ R15 000 “ “ R16 000 | R3 750 plus 42 per cent of the amount by which the taxable amount exceeds R15 000; |
| “ R16 000 “ “ R17 000 | R4 170 plus 44 per cent of the amount by which the taxable amount exceeds R16 000; |
| “ R17 000 “ “ R18 000 | R4 610 plus 46 per cent of the amount by which the taxable amount exceeds R17 000; |
| “ R18 000 “ “ R19 000 | R5 070 plus 48 per cent of the amount by which the taxable amount exceeds R18 000; |
| “ R19 000 “ “ R20 000 | R5 550 plus 50 per cent of the amount by which the taxable amount exceeds R19 000; |
| “ R20 000 “ “ 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 in the form of dividends, 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;

(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 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—

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

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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 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 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 subparagraph 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 determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, a rate equal to the average rate of normal tax or thirty-five cents, whichever is 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 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)—
 (i) within the territory of South-West Africa, thirty-five cents;
 (ii) elsewhere than within the said territory, forty cents;
- (h) in respect of the taxable income of any person other than a company, a sum equal to—
 (i) twelve and a half per cent of the amount of tax determined in accordance with subparagraph (a) before the addition of the sum referred to in the proviso to the said subparagraph, if such amount of tax is not less than one hundred and fifty rand and is less than four hundred rand; or
 (ii) fourteen per cent of the said amount of tax if that amount is not less than four hundred rand and is less than seven hundred and fifty rand; or
 (iii) sixteen per cent of the said amount of tax if that amount is not less than seven hundred and fifty rand and is less than one thousand five hundred rand; or

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- (iv) eighteen per cent of the said amount of tax if that amount is not less than one thousand five hundred rand and is less than five thousand rand; or
- (v) twenty per cent of the said amount of tax if that amount is not less than five thousand rand:

Provided that any fraction of a rand of the tax calculated under this subparagraph shall be disregarded;

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

- (i) a sum equal to seven and a half per cent of the aggregate of the amounts of tax determined under subparagraphs (b) and (g);
- (ii) a sum equal to five per cent of the aggregate of the amounts of tax determined under subparagraphs (c) and (d) before the addition of the sum referred to in the third proviso to subparagraph (c) and the sum referred to in the second proviso to subparagraph (d);
- (iii) a sum equal to ten per cent of the amount of tax determined under subparagraph (f) before the addition of the sum referred to in the proviso to that subparagraph; and
- (iv) a sum equal to seven and a half per cent of so much of the company's taxable income as is derived in the form of dividends:

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 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 subparagraphs (a) to (f), inclusive, 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.