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No. 8807

OFFICE OF THE PRIME MINISTER

KANTOOR VAN DIE EERSTE MINISTER

No. 1521.

13 July 1983

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

No. 94 of 1983: Income Tax Act, 1983.

No. 1521.

13 Julie 1983

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

No. 94 van 1983: Inkomstebelastingwet, 1983.

Act No. 94, 1983

INCOME TAX ACT, 1983

GENERAL EXPLANATORY NOTE:**[]**

Words in bold type in square brackets indicate omissions from existing enactments.

Words underlined with solid line indicate insertions in existing enactments.

ACT

To fix the rates of normal tax payable by persons other than companies in respect of taxable incomes for the years of assessment ending on 29 February 1984 and 30 June 1984, and by companies in respect of taxable incomes for years of assessment ending during the period of twelve months ending on 31 March 1984; to amend the Income Tax Act, 1962; to amend the Income Tax Act, 1982; to provide for a rebate and the rate of normal tax applicable to certain persons, and the prescribing of employees tax tables, in respect of the year of assessment ending on 28 February 1985; and to provide for incidental matters.

*(English text signed by the State President.)**(Assented to 30 June 1983.)*

BE IT ENACTED by the State President and the House of Assembly of the Republic of South Africa, as follows:—

Rates of normal tax.

1. The rates of normal tax to be levied in terms of section 5 (2) of the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act, in respect of—
 - (a) the taxable income of any person other than a company for the year of assessment ending 29 February 1984 or 30 June 1984; and
 - (b) the taxable income of any company for any year of assessment ending during the period of 12 months ending 10 on 31 March 1984,
 shall be as set forth in the Schedule to this Act.

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965, section 5 of Act 55 of 1966, section 5 of Act 95 of 1967, section 5 of Act 76 of 1968, section 6 of Act 89 of 1969,

2. (1) Section 1 of the principal Act is hereby amended—
 - (a) by the substitution for the definition of "financial year" of the following definition:

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"financial year", in relation to any company, means—

 - (a) the period, whether of 12 months or not, commencing upon the date of incorporation or creation of such company and ending upon the last day of February immediately succeeding such date or upon such other date as the Commissioner having regard to the circumstances of the case may approve; or
 - (b) any period subsequent to the period referred to in paragraph (a), whether of 12 months or not, commencing immediately after the last day of the immediately preceding financial year of such company and ending upon the first anniversary of such last day or upon such

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section 6 of
Act 52 of 1970,
section 4 of
Act 88 of 1971,
section 4 of
Act 90 of 1972,
section 4 of
Act 65 of 1973,
section 4 of
Act 85 of 1974,
section 4 of
Act 69 of 1975,
section 4 of
Act 103 of 1976,
section 4 of
Act 113 of 1977,
section 3 of
Act 101 of 1978,
section 3 of
Act 104 of 1979,
section 2 of
Act 104 of 1980,
section 2 of
Act 96 of 1981
and section 3 of
Act 91 of 1982.

other date as the Commissioner having regard to the circumstances of the case may approve;”;

- (b) by the substitution in paragraph (e) of the definition of “gross income” for the words preceding the proviso of the following words: 5
“any amount determined in accordance with the provisions of the Second Schedule in respect of lump sum benefits received by or accrued to such person from any fund (not being a superannuation, pension, provident, widows’ or orphans’ fund established by law or for the benefit of employees of any local authority) other than a fund referred to in paragraph (a) or (b) of the definition of ‘pension fund’ which has in respect of the current or any previous year of assessment been approved by the Commissioner, whether under this Act or any previous Income Tax Act, as a pension fund, provident fund or retirement annuity fund, if such person was a member of such fund during any such year.”; 10 15
- (c) by the substitution for paragraph (j) of the definition of “gross income” of the following paragraph: 25
“(j) so much of the sum of any amounts received or accrued during any year of assessment in respect of disposals of assets the cost of which has in whole or in part been included in capital expenditure taken into account (whether under this Act or any previous Income Tax Act for any Income Tax Ordinance of the territory) for the purposes of any deduction in respect of any mine under section 15 (a) of this Act or the corresponding provisions of any previous Income Tax Act for, in the case of a company, under the said section or section 11 (2) (i) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or the corresponding provisions of any previous Income Tax Ordinance of the territory, as exceeds the sum of so much of any capital expenditure redeemable in the manner provided in section 36 (7D) as in the case of such mine is unredeemed at the commencement of the said year of assessment and the capital expenditure that is incurred during that year in respect of such mine, as determined before applying the definition of ‘capital expenditure incurred’ in section 36 (11);” 30 35 40 45
- (d) by the addition to paragraph (m) of the definition of “gross income” of the following further proviso: 50
“Provided further that where any such policy has been terminated by the insurer and a paid-up policy has been issued the terminated policy and the paid-up policy shall for the purposes of this paragraph be deemed to be one and the same policy;”;
- (e) by the substitution for the definition of “pension fund” of the following definition: 55
“‘pension fund’ means—
(a) a superannuation, pension, provident, widows’ or orphans’ fund or pension scheme established by law or any such fund established for the benefit of the employees of any local authority; 60
(b) with effect from a date determined by the Commissioner in relation to any fund hereinafter referred to (not being a date earlier than 4 December 1981), any pension fund established for the benefit of employees of a control board as defined in sec- 65

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tion 1 of the Marketing Act, 1968 (Act No. 59 of 1968), if the Commissioner is satisfied that the rules of such fund are in all material respects identical to those of the Government Service Pension Fund; [and] or

(c) any fund (other than a retirement annuity fund) not so established which is approved by the Commissioner in respect of the year of assessment in question: Provided that the Commissioner may approve a fund subject to such limitations or conditions as he may determine, and shall not approve a fund in respect of any year of assessment unless he is in respect of that year of assessment satisfied—

[(a)] (i) that the fund is a permanent fund *bona fide* established for the purpose of providing annuities for employees on retirement from employment or for widows, children, dependants or nominees of deceased employees, or mainly for the said purpose and also for the purpose of providing benefits other than annuities for the persons aforesaid; and

[(b)] (ii) that the rules of the fund provide—

[(i)] (aa) that all annual contributions of a recurrent nature to the fund shall be in accordance with specified scales;

[(ii)] (bb) that membership of the fund throughout the period of employment shall be a condition of the employment by the employer of all persons of the class or classes specified therein who enter his employment on or after the date upon which the fund comes into operation;

[(iii)] (cc) that persons who immediately prior to the said date were employed by the employer and who on the said date fall within the said class or classes may, on application made within a period of not more than 12 months as from the said date, be permitted to become members of the fund on such conditions as may be specified in the rules;

[(iv)] (dd) that not more than one-third of the total value of the annuity or annuities to which any employee becomes entitled, may be commuted for a single payment, except where the annual amount of such annuity or annuities does not exceed R250;

[(v)] (ee) for the administration of the fund in such a manner as to preclude the employer **[except in the case of a local authority]** from controlling the management or assets of the fund and from deriving any monetary advantage from moneys paid into or out of the fund, except that where the employer is a partnership, a member of the partnership may be permitted to derive such monetary advantage if he was previously an employee and, on becoming a partner, was permitted

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to retain his membership of the fund as though he had not ceased to be an employee, his contributions being based upon his pensionable emoluments during the 12 months which ended on the day on which he ceased to be an employee and his benefits from the fund being calculated accordingly; **[and]**

[(vi)] (ff) that the Commissioner shall be notified of all amendments of the rules; and

(gg) that no portion of any annuity payable to the widow, child, dependant or nominee of a deceased member shall be commuted later than six months from the date of the death of such member; and

[(c)](iii) that the rules of the fund have been complied with;”

(f) by the substitution for paragraph (b) of the proviso to the definition of “provident fund” of the following paragraph:

“(b) that the rules of the fund contain provisions similar in all respects to those required to be contained in the rules of a pension fund in terms of subparagraphs **[(i)] (aa)**, **[(ii)] (bb)**, **[(iii)] (cc)**, **[(v)] (ee)** and **[(vi)] (ff)** of paragraph **[(b)] (ii)** of the proviso to paragraph (c) of the definition of ‘pension fund’; and”;

(g) by the deletion of the proviso to the definition of “Republic”; and

(h) by the substitution for paragraph (b) of the definition of “retirement-funding employment” of the following paragraph:

“(b) in relation to any member of a partnership who has retained his membership of a pension fund as contemplated in paragraph **[(b) (v)] (ii) (ee)** of the proviso to paragraph (c) of the definition of ‘pension fund’ in section 1, his membership of the partnership, as respects that part of his income from the partnership in the form of his share of profits as does not exceed the amount of his pensionable emoluments contemplated in the said paragraph **[(b) (v)] (ii) (ee)**.”

(2) (a) The amendments effected by subsection (1) (b), (e), (f) and (h) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1982: Provided that subsection (1) (e), in so far as it relates to subparagraph (gg) of paragraph (ii) of the proviso to paragraph (c) of the definition of “pension fund” in section 1 of the principal Act, shall come into operation on a date fixed by the Minister of Finance by notice in the *Gazette*.

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

(c) The amendment effected by subsection (1) (g) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ending during the period of 12 months ending on 31 March 1984.

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Amendment of section 5 of Act 58 of 1962, as substituted by section 2 of Act 6 of 1963 and amended by section 5 of Act 90 of 1964, section 6 of Act 88 of 1965, section 7 of Act 55 of 1966, section 6 of Act 95 of 1967, section 6 of Act 77 of 1968, section 7 of Act 89 of 1969, section 7 of Act 52 of 1970, section 5 of Act 88 of 1971, section 5 of Act 90 of 1972, section 5 of Act 65 of 1973, section 5 of Act 103 of 1976, section 5 of Act 113 of 1977, section 3 of Act 104 of 1980, section 4 of Act 96 of 1981 and section 4 of Act 91 of 1982.

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

- (a) 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 mine-worker 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 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.”;

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

“Where any taxpayer’s income includes any special remuneration, or where the provisions of section 7A (4A) or paragraph 15 (3) or 17 or 19 (1) of the First Schedule or paragraph 7 of the Second Schedule or paragraph 9 of the Sixth Schedule are applicable in the case of the taxpayer in respect of any year of assessment, the normal tax payable by the taxpayer in respect of such year (as determined before the deduction of any rebate or the addition of any loan portion of such tax) shall be determined in accordance with the formula—”;

- (c) by the substitution for item (bb) of subparagraph (iA) of paragraph (d) of subsection (10) of the following item:

“(bb) if the provisions of item (aa) are not applicable, the lesser of—

(A) the amount contemplated in the said subsection (4A); and

(B) an amount equal to three times the annual average of the amounts derived by such employee during the three years of assessment which immediately preceded the year of assessment under charge by way of remuneration as defined in paragraph 1 of the Fourth Schedule but excluding any amount referred to in subsection (4) of the said section:

Provided that where the taxpayer has exercised an option as contemplated in the said subsection (4) the sum of the amounts to be accounted for under this item in respect of the three years of assessment during which the instalments referred to in the said subsection (4) are deemed by that subsection to have been received or to have accrued shall not exceed the amount which would have been accounted for under this item in respect of the first of the said three years of assessment if the taxpayer had not exercised the said option: Provided further that where such amount contemplated in the said subsection (4A) was received by or accrued to the taxpayer on or after 1 July 1983, the amount determined under subitem (B) shall be reduced by so much of the sum of any other amounts contemplated in the said subsection (4A) as were included in the amount represented by the symbol ‘C’ in respect of any previous year of assessment;”;

- (d) by the insertion after subparagraph (iii) of the said paragraph (d) of the following subparagraph:

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“(iiiA) where the provisions of subparagraph (1) of paragraph 19 of the First Schedule are in the case of the taxpayer applicable in respect of the said year, the amount by which his taxable income derived from farming for that year exceeds his average taxable income from farming as determined in relation to that year in accordance with subparagraph (2) of the said paragraph;”.

Amendment of section 6 of Act 58 of 1962, as inserted by section 5 of Act 104 of 1980 and amended by section 5 of Act 96 of 1981 and section 5 of Act 91 of 1982.

4. Section 6 of the principal Act is hereby amended by the substitution in paragraph (f) of subsection (3) for the expression “R80”, wherever it occurs, of the expression “R180”.

Repeal of section 6quat of Act 58 of 1962, as inserted by section 9 of Act 89 of 1969.

5. Section 6quat of the principal Act is hereby repealed.

Repeal of section 6quin of Act 58 of 1962, as inserted by section 6 of Act 104 of 1979.

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

Amendment of section 7 of Act 58 of 1962, as amended by section 5 of Act 90 of 1962, section 8 of Act 88 of 1965 and section 9 of Act 55 of 1966.

7. (1) Section 7 of the principal Act is hereby amended by the addition of the following subsection:

- “(7) If by reason of any donation, settlement or other disposition made, whether before or after the commencement of this Act, by any person (hereinafter referred to as the donor)—
- (a) the donor’s right to receive or have paid to him or for his benefit any amount by way of rent, dividend, interest, royalty or similar income in respect of any movable or immovable property (including without limiting the foregoing any lease, company share, marketable security, deposit, loan, copyright, design or trade mark) or in respect of the use of, or the granting of permission to use, such property, is ceded or otherwise made over to any other person or to a third party for that other person’s benefit in such manner that the donor remains the owner of or retains an interest in the said property or if the said property or interest is transferred, delivered or made over to the said other person or to a third party for the said other person’s benefit, in such manner that the donor is or will at a fixed or determinable time be entitled to regain ownership of or the interest in the said property; or
 - (b) the donor’s right to receive or have paid to him or for his benefit any income that is or may become due to him by any other person acting in a fiduciary capacity is ceded or otherwise made over to any other person or to a third party for that other person’s benefit in such manner that the donor is or will at a determinable time be entitled to regain the said right,
- any such rent, dividend, interest, royalty or income (including any amount which, but for this subsection, would have been exempt from tax in the hands of the said other person)

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as is received by or accrues to or for the benefit of the said other person on or after 1 July 1983 and which would otherwise, but for the said donation, settlement or other disposition, have been received by or have accrued to or for the benefit of the donor, shall be deemed to have been received by or to have accrued to the donor.”. 5

(2) So much of any tax payable by any person under this Act as is due to the inclusion in his income of any income deemed to have been received by or to have accrued to him under the provisions of section 7 (7) of the principal Act may be recovered by him from the person entitled, whether on his own behalf or in a representative capacity, to the receipt of the income so included. 10

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962, section 6 of Act 90 of 1964, section 9 of Act 88 of 1965, section 10 of Act 55 of 1966, section 10 of Act 89 of 1969, section 6 of Act 90 of 1972, section 8 of Act 85 of 1974, section 7 of Act 69 of 1975 and section 7 of Act 113 of 1977.

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

(a) by the substitution for paragraph (a) of subsection (4) of the following paragraph: 15

“(a) There shall be included in the taxpayer’s income all amounts allowed to be deducted or set off under the provisions of sections 11 to 20, inclusive, and section 27 (2) (b) and (d) of this Act, except section 11 (k), (p) and (q), section 11quin, section 20 12 (2) or section 12 (2) as applied by section 12 (3), section 12A (3), section 13 (5), or section 13 (5) as applied by section 13 (8), or section 13bis (7), or section 15 (a), or section 15A, or under the corresponding provisions of any previous Income 25 Tax Act, [or, in the case of a company, under the said provisions or the provisions of section 11 (2), except paragraph (r) thereof, of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or section 11 (3) of that Ordinance, or the 30 corresponding provisions of any previous Income Tax Ordinance of the territory] whether in the current or any previous year of assessment [or any year of assessment under any such Ordinance], which have been recovered or recouped during the 35 current year of assessment.”;

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

“If any amount which was deducted under the provisions of section 11 (e) or section 12 (1) or section 12 (1) as applied by section 12 (3) or the corresponding provisions of any previous Income Tax Act or section 27 (2) (d) [or, in the case of a company, under any of the said provisions or the provisions 45 of section 11 (2) (e) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory or the corresponding provisions of any previous Income Tax Ordinance of the territory], in respect of machinery or plant, which was used by the taxpayer directly in a process of manufacture, or directly in any other process carried on by him on or after 15 March 1961, which in the opinion of the Commissioner was of a similar nature, or in respect of machinery or plant which was used by an agricultural co-operative (as defined in section 27 (9)) directly for storing or packing pastoral, agricultural or other farm products or for subjecting such products to a primary process as defined in the said section 27 (9), has as a result of damage or 60 destruction (hereinafter referred to as ‘the event’) been recovered or recouped during any year of assessment, and if the taxpayer satisfies the Commissioner—”;

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

“(b) Where any amount has been paid by any person for the right of use or occupation of any property which is thereafter acquired by that or any other person for a consideration which in the opinion of the Commissioner is not an adequate consideration or for no consideration, it shall for the purposes of paragraph (a) be deemed, unless the Commissioner having regard to the circumstances of the case otherwise decides, that the said amount, or so much thereof as does not exceed the [difference between the] fair market value of such property as determined by the Commissioner [and] less the amount of the consideration, if any, for which it has been acquired as aforesaid, has been applied in reduction or towards settlement of the purchase price of such property.”;

- (d) by the insertion after paragraph (b) of subsection (5) of the following paragraphs:

“(bA) If after the termination on or after 1 September 1983 by the effluxion of time or otherwise of a lease of property consisting of corporeal movable goods or of any machinery or plant in respect of which the lessor under such lease was entitled to any allowance under the provisions of this Act, the person who was the lessee under such lease (hereinafter referred to as the former lessee) is, with the express or implied consent or acquiescence of the person who was the lessor under such lease (hereinafter referred to as the former lessor) or of the owner of the property, allowed to use, enjoy or deal with the property as the former lessee may deem fit—

(i) without the payment of any consideration; or

(ii) subject to the payment of any consideration which is nominal in relation to the fair market value of the property,

the former lessee shall be deemed for the purposes of paragraph (b) to have acquired the property for no consideration and, if the property was owned by the former lessor, the fair market value thereof shall, unless and until that value is otherwise determined to the satisfaction of the Commissioner, be deemed for the said purposes to be the cost to the former lessor of the property (or, where the said lease was a financial lease as defined in section 1 of the Sales Tax Act, 1978 (Act No. 103 of 1978), the cash value of the property contemplated in paragraph 2 of Schedule 4 to the said Act), less a depreciation allowance calculated in accordance with paragraph (bB) (i) for the period from the commencement to the termination of the lease.

- (bB) For the purposes of paragraph (bA)—

(i) the depreciation allowance shall be calculated as an aggregate of annual allowances for the years in the period for which the depreciation allowance may be made, the allowance for the first year in the said period being calculated at the rate of 20 per cent of the said cost or cash value, as the case may be, of the property in question and the allowance for each succeeding year in that period being calculated at the said rate on the balance of the said cost or cash value, as the case may be, remaining

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- after the deduction therefrom of the allowance or allowances calculated for the year or years preceding such succeeding year;
- (ii) the former lessor of the property in question, or the owner thereof, as the case may be, shall, unless and until the contrary is proved, be deemed to have consented to the former lessee using, enjoying or dealing with the property as contemplated in the said paragraph if, at the end of three months reckoned after the date on which the lease in question terminated, the former lessor has not instituted proceedings to compel the former lessee to return the property to the former lessor or to relinquish possession thereof or to dispose thereof in accordance with the terms of the lease;
- (iii) where any consideration is payable in respect of the property in question for the period after the termination of the lease in question, such consideration shall be deemed to be nominal in relation to the fair market value of the property if that consideration, in relation to the period for which it is payable, amounts to less than 10 per cent per annum of the said fair market value.
- (bC) Any person who, as a former lessor of property referred to in paragraph (bA) or as the owner thereof, has after the termination of the lease of such property consented to the former lessee thereof using, enjoying or dealing with such property as contemplated in the said paragraph, or is deemed to have so consented under the provisions of paragraph (bB) (ii), shall not later than 14 days after the end of three months after the termination of the relevant lease advise the former lessee of the fair market value of such property as determined in accordance with paragraph (bA), and shall furnish the Commissioner with a copy of such advice.”; and
- (e) by the substitution for paragraph (c) of subsection (5) of the following paragraph:
“(c) Any decision of the Commissioner under paragraph (b) or (bA) shall be subject to objection and appeal.”.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 7 of Act 90 of 1972,

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

- (a) by the substitution for subparagraph (i) of paragraph (cA) of subsection (1) of the following subparagraph:
“(i) any institution, board or body (other than a company registered or deemed to be registered under 50 the Companies Act, 1973 (Act No. 61 of 1973), or under any law repealed by that Act and any co-operative [society or company registered] formed and incorporated or deemed to be formed and incorporated under the [Co-operative Societies Act, 1939 (Act No. 29 of 1939)] Co-operatives Act, 1981 (Act No. 91 of 1981), [or the Co-operative Societies Ordinance, 1946 (Ordinance No. 15 of 1946), of the territory]) established by or under any law and which, in the furtherance of its sole object or one 60 of its principal objects, conducts scientific, technical or industrial research or provides necessary or useful commodities, amenities or services to the

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section 7 of
Act 65 of 1973,
section 10 of
Act 85 of 1974,
section 8 of
Act 69 of 1975,
section 9 of
Act 103 of 1976,
section 8 of
Act 113 of 1977,
section 4 of
Act 101 of 1978,
section 7 of
Act 104 of 1979,
section 7 of
Act 104 of 1980,
section 8 of
Act 96 of 1981
and section 6 of
Act 91 of 1982.

State (including the [railway administration, the administration of the territory] South African Transport Services and any provincial administration) or members of the general public or carries on activities (including the rendering of financial assistance by way of loans or otherwise) designed to promote commerce, industry or agriculture or any branch thereof, provided such institution, board or body is by law or under its constitution not permitted to distribute any of its profits or gains to any person and is required to utilize its funds solely for investment or the objects for which it has been established;”;

- (b) by the substitution in paragraph (cB) of subsection (1) for the words preceding subparagraph (i) of the following words:

“the receipts or accruals of any company, society or other association of persons, whether or not registered under any law (other than a co-operative [society or company registered] formed and incorporated or deemed to be formed and incorporated under the [Co-operative Societies Act, 1939 (Act No. 29 of 1939)] Co-operatives Act, 1981 (Act No. 91 of 1981), [or the Co-operative Societies Ordinance, 1946 (Ordinance No. 15 of 1946), of the territory] if—”;

- (c) by the substitution in paragraph (e) of subsection (1) for the words preceding the proviso of the following words:

“the receipts and accruals of any company, society or other association of persons, whether or not registered under any law (other than a co-operative [society or company registered] formed and incorporated or deemed to be formed and incorporated under the [Co-operative Societies Act, 1939 (Act No. 29 of 1939)] Co-operatives Act, 1981 (Act No. 91 of 1981), [or the Co-operative Societies Ordinance, 1946 (Ordinance No. 15 of 1946), of the territory]], the profits or gains of which, other than profits or gains from investments (including the letting of property), are derived solely from transactions with or on behalf of its individual members, and the constitution of which does not admit of the distribution of its profits or gains to any persons other than the members with whom or on whose behalf the transactions took place, and does not confer upon any person any benefit other than benefits accruing to that person from transactions with or on behalf of that person, except as regards any receipts or accruals from investments (including the letting of property to non-members) by any such company, society or association:”;

- (d) by the substitution for subparagraph (ii) of paragraph (i) of subsection (1) of the following subparagraph:

“(ii) so much of the interest [received by or accrued to any taxpayer from] on Post Office Savings Bank Certificates as in the case of any taxpayer is derived on so much of the total amount [held by him] invested in such certificates as does not exceed the sum of [R20 000] R40 000: Provided that where interest has become or becomes payable during the year of assessment ended or ending on 28 Feb-

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ruary 1983 or 29 February 1984 in respect of investments made in Post Office Savings Bank Certificates before 1 April 1982, the amount exempt from tax under this subparagraph in respect of such year shall be the greater of the amount which is exempt under the preceding provisions of this subparagraph or the amount which would have been exempt under the provisions of this subparagraph as in force immediately before the amendment thereof by section 6 of the Income Tax Act, 1982 (Act No. 91 of 1982), in respect of so much of such investments as in the aggregate does not exceed the sum of R60 000;";

- (e) by the deletion of paragraph (cc) of the proviso to subparagraph (i) of paragraph (k) of subsection (1);
- (f) by the substitution in paragraph (x) of subsection (1) for the expression "R20 000" of the expression "R30 000"; and
- (g) by the addition to subsection (1) of the following paragraph:

"(zE) any amount received by or accrued to the Small Business Development Corporation, Limited, by way of any subsidy or assistance payable by the State."

- (2) (a) The amendment effected by subsection (1) (d) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 28 February 1983.
- (b) The amendment effected by subsection (1) (g) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 13 November 1981.

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963, section 9 of Act 90 of 1964, section 11 of Act 88 of 1965, section 12 of Act 55 of 1966, section 11 of Act 95 of 1967, section 9 of Act 76 of 1968, section 14 of Act 89 of 1969, section 10 of Act 52 of 1970, section 10 of Act 88 of 1971, section 8 of Act 90 of 1972, section 9 of Act 65 of 1973, section 12 of Act 85 of 1974, section 19 of Act 69 of 1975, section 9 of Act 113 of 1977, section 5 of Act 101 of 1978, section 8 of Act 104 of 1979,

10. (1) Section 11 of the principal Act is hereby amended— 35

- (a) by the substitution for paragraph (bb) of the proviso to paragraph (f) of the following paragraph:

"(bb) if the taxpayer is entitled to such use or occupation for an indefinite period, or if, in the case of any such right of use or occupation granted under an agreement concluded on or after 1 July 1983, the taxpayer or the person by whom such right of use or occupation was granted holds a right or option to extend or renew the original period of such use or occupation, he shall be deemed, for the purposes of this paragraph, to be entitled to such use or occupation for such period as in the opinion of the Commissioner represents the probable duration of such use or occupation; and";
- (b) by the substitution for paragraph (ii) of the proviso to paragraph (g) of the following paragraph:

"(ii) any such allowance shall not exceed for any one year such portion of the aggregate of the allowances under this paragraph as is equal to the said aggregate divided by the number of years (calculated from the date on which the improvements are completed, but not more than 25 years) for which the taxpayer is entitled to the use or occupation [or one twenty-fifth of the said aggregate, whichever is the greater];"
- (c) by the addition to the said proviso of the following paragraph:

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section 8 of
Act 104 of 1980,
section 9 of
Act 96 of 1981
and section 7 of
Act 91 of 1982.

“(vi) the provisions of this paragraph shall not apply in relation to any such expenditure incurred under an agreement concluded on or after 1 July 1983, if the value of such improvements or the amount to be expended on such improvements, as contemplated in paragraph (h) of the definition of ‘gross income’ in section 1, does not for the purposes of this Act constitute income of the person to whom the right to have such improvements effected has accrued;”;

(d) by the substitution in paragraph (gA) for the words preceding subparagraph (i) of the following words:

“an allowance in respect of any expenditure (other than expenditure which has qualified in whole or part for deduction or allowance under any of the other provisions of this section or the corresponding provisions of any previous Income Tax Act) [or, in the case of a company, under the said provisions or the provisions of any Income Tax Ordinance of the territory] actually incurred by the taxpayer—”;

(e) by the substitution for paragraph (bb) of the proviso to paragraph (gA) of the following paragraph:

“(bb) where such expenditure was incurred before the commencement of the year of assessment in question the allowance shall be calculated on the amount of such expenditure, less an amount equivalent to the sum of the allowances to which the taxpayer was entitled under this paragraph and the allowances to which, in the opinion of the Commissioner, the taxpayer would have been entitled under this paragraph if this paragraph had been applicable, in respect of such expenditure in respect of previous years of assessment, including any year of assessment under any previous Income Tax Act [and in the case of a company under any Income Tax Ordinance of the territory];”;

(f) by the substitution in paragraph (h) for the words preceding the proviso of the following words:

“such allowance in respect of amounts included in the taxpayer’s gross income under paragraph (g) or paragraph (h) of the definition of ‘gross income’ in section 1 as the Commissioner may deem reasonable having regard to any special circumstances of the case and, in the case of an amount so included under the said paragraph (h), to the original period for which the right of use or occupation was granted or, in the case of any amount so included under the said paragraph (h) in consequence of an agreement concluded on or after 1 July 1983, to the number of years taken into account in the determination of the relevant allowance granted to any other person under the provisions of paragraph (g) of this section:”;

(g) by the substitution for paragraph (i) of the following paragraph:

“(i) the amount of any debts due to the taxpayer to the extent to which they are proved to the satisfaction of the Commissioner to be bad, provided such amount is included in the current year of assessment or was included in previous years of assessment [(including, in the case of a company, years of assessment under any Income Tax Ordinance of the territory)] in the taxpayer’s income;”;

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

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"Provided that such allowance shall be included in the income of the taxpayer in the following year of assessment [and for that purpose—

- (i) any allowance granted in terms of section 11 (2) (h) of the Income Tax Act, 1941, in respect of the year of assessment ended on the thirtieth day of June, 1961; and
 - (ii) any allowance granted to any company in terms of section 11 (2) (k) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, in respect of the year of assessment ended on the thirtieth day of June, 1968,
- shall be deemed to be an allowance which was made in terms of this paragraph];";

- (i) by the substitution for subparagraph (i) of paragraph 15 (k) of the following subparagraph:

"(i) any sum contributed during the year of assessment to any pension fund by way of current contribution by any person who holds any office or employment, where such contribution is made by reason of the holding of such office or employment, or by any person who is a partner referred to in [subparagraph (v) of] paragraph [(b)] (ii) (ee) of the proviso to paragraph (c) of the definition of 'pension fund' in section 1: Provided that the total deduction to be allowed in respect of contributions by such person to any pension fund or funds [not established by law or for the benefit of employees of a local authority] referred to in paragraph (c) of the definition of 'pension fund' in section 1 shall not in the year of assessment exceed the greater of R1 750 or 7,5 per cent of the remuneration (being the income or part thereof referred to in the definition of 'retirement-funding employment' in section 1) derived by such person during such year in respect of his retirement-funding employment;";

- (j) by the addition to the proviso to subparagraph (ii) of paragraph (k) of the following paragraphs:

"(cc) the provisions of this subparagraph shall apply for the purpose of determining the taxpayer's total taxable income for any year of assessment ended or ending on or after 28 February 1981 whether such taxable income is derived from the carrying on of any trade or otherwise;

- (dd) no deduction shall be made under this paragraph in respect of so much of any amount carried forward in terms of paragraph (bb) of this proviso as has been accounted for under paragraph (d) of the definition of 'formula B' in paragraph 1 of the Second Schedule or the first proviso to paragraph 6 of that Schedule;";

- (k) by the substitution for paragraph (v) of the proviso to paragraph (l) of the following paragraph:

"(v) the references in this paragraph to employees or any employee shall, where the employer is a partnership and contributions are made by the employer to a pension fund, be construed as including references to any member of such partnership who was previously an employee in the undertaking carried on by the partnership and who has been permitted to retain his membership of such pension fund as contemplated in paragraph [(b)] (v) [(ii) (ee) of the proviso to paragraph (c) of the de-

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- definition of 'pension fund' in section 1, and, for the purposes of paragraphs (ii) and (iii) of this proviso 'approved remuneration', in relation to such member, shall be construed as including the amount of his pensionable emoluments referred to in the said paragraph [(b) (v)] (ii) (ee);";
- (l) by the substitution in subparagraph (aa) of paragraph (n) for the words preceding the proviso of the following words:
- "so much of the total current contributions to any retirement annuity fund or funds made during the year of assessment by any [taxpayer] person as a member of such fund or funds [during a year of assessment during which the taxpayer has carried on any trade] as does not [in the year of assessment exceed] in the case of the taxpayer exceed the greatest of—
- (A) 15 per cent of an amount equal to the amount remaining after deducting from the income derived by the taxpayer [from trade] during the year of assessment (excluding income derived from any retirement-funding employment (being the income or part thereof referred to in the definition of retirement-funding employment in section 1)) the deductions admissible against such income under this Act, excluding this paragraph, [section] sections 17A and 19 (3) of this Act and paragraph 12 (1) (c) to (j), inclusive, of the First Schedule; or
- (B) the amount, if any, by which the amount of R3 500 exceeds the amount of any deduction to which the taxpayer is entitled under paragraph (k) (i) in respect of the said year; or
- (C) the amount of R1 750;";
- (m) by the deletion of the proviso to subparagraph (aa) of paragraph (n);
- (n) by the substitution in subparagraph (bb) of paragraph (n) for the words preceding the provisos of the following words:
- "so much of the total of any contributions to any retirement annuity fund or funds made during the year of assessment by any person as a member of such fund or funds [during a year of assessment during which such person has carried on any trade] as does not exceed R1 500 in the case of the taxpayer, where such contributions are made under conditions prescribed in the rules of the fund whereby a member who has discontinued his contributions prematurely is entitled to be reinstated as a full member thereof and the current contributions to the fund have been paid in full;";
- (o) by the deletion of the provisos to subparagraph (bb) of paragraph (n);
- (p) by the addition to paragraph (n) of the following proviso:
- "Provided that—
- (i) no deduction shall be made under subparagraph (aa) in respect of any amount paid into a retirement annuity fund for the benefit of a member of such fund where such amount is a lump sum benefit derived by the member from a pension fund, a provident fund or a retirement annuity fund and that amount has under the provisions of paragraph 6 (a), (b) or (c) of the Second Schedule qualified

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- for deduction from any amount to be included in the member's gross income;
- (ii) the deductions in terms of subparagraph (aa) shall not exceed an amount equal to the amount remaining after deducting from the income derived by the taxpayer during the year of assessment the deductions admissible against such income under this Act, excluding the said subparagraph, sections 17A and 19 (3) of this Act and paragraph 12 (1) (c) to (j) of the First Schedule;
- (iii) any current contributions (excluding any amount referred to in paragraph (i) of this proviso) to any retirement annuity fund or funds which are made by such person as a member of such fund or funds during a year of assessment and do not qualify for deduction from his income for that year under subparagraph (aa) shall be carried forward and, except to the extent that such contributions have been accounted for under paragraph (d) of the definition of 'formula B' in paragraph 1 of the Second Schedule or the first proviso to paragraph 6 of that Schedule, be deemed for the purposes of the said subparagraph to be current contributions made to the fund or funds in question during the next succeeding year of assessment;
- (iv) no deduction shall be made under subparagraph (bb) in respect of any contribution relating to any year of assessment which, if such contribution had been made during that year, would not have qualified for deduction under this paragraph, as applicable in relation to the said year;
- (v) any amount being a portion of a contribution made as contemplated in subparagraph (bb) and which has been disallowed solely by reason of the fact that it exceeds the amount of the deduction allowable in respect of the year of assessment, shall be carried forward and be deemed for the purposes of the said paragraph to be a contribution so made in the next succeeding year of assessment;
- (vi) the provisions of this paragraph shall apply for the purpose of determining the taxpayer's total taxable income whether derived from the carrying on of any trade or otherwise;"
- (q) by the substitution in paragraph (o) for the words preceding the proviso of the following words:

"save as provided in paragraph 12 (2) of the First Schedule, an allowance in respect of any building (or portion thereof) referred to in section 13 (1) or (4) or section 13bis (1) or section 27 (2) (b) or of any improvements (or portion thereof) to such building or of any shipbuilding structure referred to in section 13 (8) or of any improvements to such shipbuilding structure or of any residential unit referred to in section 13ter or of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade which have been scrapped by such taxpayer during the year of assessment, such allowance to be the excess of the original cost to such taxpayer of such building (or portion thereof) or such improvements (or portion thereof) to such building or such shipbuilding structure or such improvements to such shipbuilding structure or such residential unit or such machinery, implements, utensils or articles over the total amount arrived at by adding all the allow-

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ances made in respect thereof under the provisions of paragraph (e) of this section, or section 12 (1), or section 12 (1) as applied by section 12 (3), or section 12A (2), or section 13 (1), or section 13 (1) as applied by section 13 (4) or (8), or section 13bis (1), (2) or (3), or section 13ter (2) or (3), or section 14 (1) (a) or (b), or the corresponding provisions of any previous Income Tax Act, or section 14bis (1) (a) or (b), or section 27 (2) (b) or (d), [or, in the case of a company, any of the said provisions or the provisions of section 11 (2) (e) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or the corresponding provision of any previous Income Tax Ordinance of the territory] to any amount or the value of any advantage accruing to the taxpayer in respect of the sale or other disposal of such building, shipbuilding structure, improvements, residential unit, machinery, implements, utensils or articles:";

- (r) by the substitution in paragraph (q) for the words preceding the proviso of the following words:

"save as provided in paragraph 12 (2) of the First Schedule, if the Commissioner is satisfied that expenditure of a capital nature (other than expenditure in respect of which any deduction or allowance has been or will be granted under any other provision of this Act) has been incurred by a taxpayer for the purpose of scientific research undertaken by him for the development of his business, and the Council for Scientific and Industrial Research certifies to the Commissioner that during the year of assessment in question such research was carried on and was financed by such expenditure, an amount in respect of the year of assessment in which such research commenced and of any succeeding year of assessment calculated at the rate of 25 per cent of such expenditure:";

- (s) by the substitution for paragraph (i) of the proviso to paragraph (t) of the following paragraph:

"(i) where any company is mainly engaged in the provision of housing facilities for the employees of its sole or principal shareholder or for the employees of any other company the shares in which are held wholly by the sole or principal shareholder in such firstmentioned company, the employees of such shareholder or such other company, as the case may be, shall for the purposes of this paragraph be deemed to be the employees also of [the said] such firstmentioned company;"

- (t) by the substitution for subparagraphs (A) and (B) of paragraph (dd) of the proviso to paragraph (w) of the following subparagraphs, respectively:

"(A) such policy was effected in terms of a written proposal accepted by the insurer before 1 June 1982 or the proposal for such policy was made before 25 May 1982 and accepted by the insurer not later than 21 June 1982; or

(B) the only benefit payable under the policy is a benefit payable within a period fixed in such policy upon or by reason of the death or disablement of the employee or director whose life is insured

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under the policy or the policy is a personal accident policy as defined in section 1 of the Insurance Act, 1943 (Act No. 27 of 1943); or"; and

- (u) by the substitution for paragraph (ff) of the said proviso of the following paragraph:

"(ff) no deduction shall be made from the income of any taxpayer in respect of premiums paid by him under any policy of insurance of which he is the owner on the life of an employee of that taxpayer or, where the taxpayer is a company, of a director or employee of that company, except in so far as an allowance may be made under this paragraph or, in the case of a policy which is not a life policy or a personal accident policy as defined in section 1 of the Insurance Act, 1943, a deduction which may, in appropriate circumstances, be made under paragraph (a) or (b) of this section;"

- (2) (a) The amendments effected by subsection (1) (a), (b), (c) and (f) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 July 1983.
- (b) The amendments effected by subsection (1) (t) and (u) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 June 1982.

Amendment of section 11bis of Act 58 of 1962, as inserted by section 10 of Act 90 of 1962 and amended by section 9 of Act 72 of 1963, section 13 of Act 55 of 1966, section 12 of Act 95 of 1967, section 10 of Act 76 of 1968, section 15 of Act 89 of 1969, section 11 of Act 52 of 1970, section 9 of Act 90 of 1972, section 10 of Act 65 of 1973, section 13 of Act 85 of 1974, section 10 of Act 69 of 1975, section 10 of Act 103 of 1976, section 10 of Act 113 of 1977, section 10 of Act 96 of 1981 and section 8 of Act 91 of 1982.

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

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

"(b) in advertising or otherwise securing publicity in an export country (excluding expenditure incurred on or after 1 January 1984 in sponsoring or promoting any sporting or any other event in a country other than an export country) or in soliciting orders [therein] in, or participating in trade fairs in, export countries;"

- (b) by the substitution for paragraph (d) of subsection (4A) of the following paragraph:

"(d) any agricultural co-operative or special farmers' co-operative within the meaning of the Co-operatives Act, 1981 (Act No. 91 of 1981);" and

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

"(b) in the case of a person other than a company or in the case of a person carrying on a mining enterprise under a lease granted or deemed to be granted under section 25 of the Mining Rights Act, 1967 (Act No. 20 of 1967), a credit against the normal tax payable by that person (to be known as the compensation credit) the amount of which shall be equal to the amount so notified by the Director-General: Provided that—

- (i) in the case of such person other than a company, the provisions of paragraph 28 of the Fourth Schedule shall *mutatis mutandis* apply to such amount as though it were an amount of employees tax deducted or withheld; or
- (ii) in the case of such person carrying on a mining enterprise, where such amount exceeds

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the normal tax payable by the said person, the compensation credit shall be limited to an amount equal to such normal tax payable and the excess shall be carried forward and be deemed to be an amount so notified by the Director-General in respect of the following year of assessment."

(2) The amendment effected by subsection (1) (c) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 September 1980.

Amendment of section 12A of Act 58 of 1962, as inserted by section 16 of Act 55 of 1966 and amended by section 13 of Act 95 of 1967, section 12 of Act 88 of 1971, section 12 of Act 69 of 1975, section 13 of Act 96 of 1981 and section 12 of Act 91 of 1982.

12. (1) Section 12A of the principal Act is hereby amended by the substitution for paragraph (a) of subsection (3A) of the following paragraph:

"(a) The cost of hotel equipment referred to in paragraph 15 (b) shall, for the purpose of determining the allowance to be deducted in respect thereof under subsection (2) or (3), be deemed to be the cost which, in the opinion of the Commissioner, a person would, if he had acquired such hotel equipment under a cash transaction concluded at arm's length on the date on which the transaction for the acquisition of such hotel equipment was in fact concluded, have incurred in respect of the direct cost of the acquisition of such hotel equipment, including the direct cost of the installation or erection thereof."

(2) The amendment effected by subsection (1) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 24 August 1981.

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, section 14 of Act 95 of 1967 and section 14 of Act 69 of 1975.

13. Section 13bis of the principal Act is hereby amended by the deletion of subsections (9), (10) and (11).

Amendment of section 13ter of Act 58 of 1962, as inserted by section 13 of Act 91 of 1982.

14. Section 13ter of the principal Act is hereby amended by the addition of the following subsection:

"(11) Where any company is mainly engaged in the provision of housing facilities for the employees of its sole or principal shareholder or for the employees of any other company the shares in which are held wholly by the sole or principal shareholder in such firstmentioned company, the employees of such shareholder or such other company, as the case may be, shall for the purposes of this section be deemed to be the employees also of such firstmentioned company."

Amendment of section 16 of Act 58 of 1962, as substituted by section 16 of Act 89 of 1969.

15. Section 16 of the principal Act is hereby amended by the addition of the following proviso:

"Provided that no deduction shall be allowed under this section to any person in respect of expenditure incurred in attending any such post-graduate study course in respect of which such person's studies commence on or after 1 March 1984."

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Amendment of section 18A of Act 58 of 1962, as substituted by section 16 of Act 96 of 1981 and amended by section 14 of Act 91 of 1982.

16. (1) Section 18A of the principal Act is hereby amended—
- (a) by the insertion in subsection (1) after the definition of “college” of the following definition:
 “‘donation’ does not include any voluntary contribution made in respect of school fees;”;
 - (b) by the substitution in subsection (1) in paragraph (b) of the definition of “educational fund” for the words preceding subparagraph (i) of the following words:
 “any special fund established in the Republic for the sole purpose of receiving donations to be ~~de-~~ 10
~~voted~~ used exclusively ~~[towards defraying any ex-~~
~~penditure directly incurred in providing] for~~ educa-
 tional or training ~~[facilities] purposes~~ in the
 Republic ~~[(including expenditure on board and~~
~~lodging facilities but excluding any expenditure in~~ 15
~~respect of tuition or boarding fees for, or the grant-~~
~~ing of any bursary to, any person nominated by a~~
~~donor to such fund)]~~, if such fund is administered
 and controlled by—”;
 - (c) by the substitution for subparagraphs (i) and (ii) of 20
 paragraph (b) of the said definition of “educational
 fund” of the following subparagraphs, respectively:
 “(i) any education authority which provides secondary
 education beyond the sixth standard in any school; 25
 or
 (ii) the principal, a committee or governing body of
 any school which provides secondary school educa-
 tion beyond the sixth standard; or”;
 - (d) by the substitution in paragraph (b) of the said defini-
 tion of “educational fund” for the words following 30
 upon item (cc) of subparagraph (iv) of the following
 words:
 “for the benefit of the pupils, [or] students or
trainees of the school or institution in question;
 or”; 35
 - (e) by the substitution in paragraph (c) of the said defini-
 tion of “educational fund” for the words preceding sub-
 paragraph (i) of the following words:
 “any special fund established in the Republic for
 the sole purpose of receiving donations to be ~~de-~~ 40
~~voted~~ used exclusively—”;
 - (f) by the substitution for subparagraph (i) of paragraph
 (c) of the said definition of “educational fund” of the
 following subparagraph:
 “(i) ~~[towards defraying any expenditure directly in-~~ 45
~~curred in providing] for~~ educational or training
purposes [facilities (including expenditure on board
and lodging facilities but excluding any expenditure
in respect of tuition or boarding fees for, or the
granting of any bursary to, any person nominated 50
by a donor to such fund) by] for the benefit of the
pupils, students or trainees of any school or institu-
tion referred to in paragraph (b) which is situated
in the Republic, or any similar school or institution
in any independent State whose territory formerly 55
formed part of the Republic, where such fund is
administered and controlled by the trustee of any
educational trust approved by the Minister of Fi-
nance which has been created under a [notarial]
written deed of trust with the object of [defraying] 60
serving such [expenditure] purposes; or”;
 - (g) by the insertion after the definition of “educational
 fund” in subsection (1) of the following definition:
 “‘educational or training purposes’, in relation to any
fund referred to in paragraph (b) or (c) of the de- 65
inition of ‘educational fund’ in this subsection,
 means—

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- (a) the defrayal of any expenditure directly incurred in the provision of educational or training facilities (including expenditure on board and lodging facilities but excluding any expenditure in respect of tuition or boarding fees for, or the granting of any bursary to, any person nominated by a donor to such fund); or
 - (b) the investment of any amount received by such fund in the form of cash donations, if such amount is not immediately required to be used for the defrayal of any expenditure as contemplated in paragraph (a) of this definition but is, together with any income derived from such investment, so used from time to time; or
 - (c) the application of any property received by such fund by way of any donation in kind in order to provide any educational or training facility or, where such donated property has been realized, the disposal of the proceeds from such realization as contemplated in paragraph (a) or (b);";
- (h) by the substitution for paragraph (a) of subsection (2) of the following paragraph:
- "(a) to any university or college for purposes other than the [defraying] defrayal of students' fees for, or the granting of any bursary to, any person nominated by [the taxpayer] a donor to such fund; and";
- (i) by the substitution for paragraph (d) of subsection (3) of the following paragraph:
- "(d) the amount of the donation or the nature of the donation (if not made in cash);"; and
- (j) by the substitution for subsection (4) of the following subsection:
- "(4) If any deduction is claimed by any taxpayer under the provisions of subsection (2) in respect of any donation of property in kind, the amount of such deduction shall be deemed to be an amount equal to—
- (a) where such property constitutes trading stock of the taxpayer (including any livestock or produce in respect of which the provisions of paragraph 11 of the First Schedule are applicable), the amount which has been taken into account for the purposes of section 22 (8) or, in the case of such livestock or produce, the said paragraph 11, in relation to the donation of such property; or
 - (b) where such property (other than trading stock) constitutes an asset used by the taxpayer for the purposes of his trade, the cost to the taxpayer of such property less any allowance (other than any investment allowance) allowed to be deducted from the income of the taxpayer under the provisions of this Act in respect of that asset; or
 - (c) where such property does not constitute trading stock of the taxpayer or an asset used by him for the purposes of his trade, the cost to the taxpayer of such asset, less, in the case of a movable asset which has deteriorated in condition by reason of use or other causes, a depreciation allowance calculated in the manner contemplated in section 8 (5) (bB) (i); or
 - (d) where such property is purchased, manufactured, erected, assembled, installed or constructed by or

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on behalf of the taxpayer in order to form the subject of the said donation, the cost to the taxpayer of such property.”

(2) Subsection (1) (f), in so far as it relates to the substitution for the word “notarial” of the word “written” in the amendment of subparagraph (i) of paragraph (c) of the definition of “educational fund” in section 18A (1) of the principal Act, shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1981.

Amendment of section 19 of Act 58 of 1962, as amended by section 15 of Act 90 of 1962, section 6 of Act 6 of 1963, section 17 of Act 88 of 1965, section 17 of Act 88 of 1971, section 14 of Act 90 of 1972, section 18 of Act 85 of 1974, section 14 of Act 104 of 1980, section 17 of Act 96 of 1981 and section 15 of Act 91 of 1982.

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

(a) by the deletion of subsections (4) and (5); and

(b) by the addition to subsection (5A) of the following proviso:

“Provided that the provisions of this subsection shall not apply in respect of any such dividend which became or becomes payable on or after 1 September 1982 if such dividend is calculated at a rate exceeding the rate approved by the Minister of Finance from time to time in respect of dividends on shares of the relevant class.”

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

Amendment of section 20 of Act 58 of 1962, as amended by section 13 of Act 90 of 1964, section 18 of Act 88 of 1965, section 13 of Act 76 of 1968, section 18 of Act 89 of 1969, section 15 of Act 65 of 1973 and section 8 of Act 101 of 1978.

18. Section 20 of the principal Act is hereby amended by the deletion of subsections (4) and (5).

Repeal of section 21bis of Act 58 of 1962, as inserted by section 7 of Act 6 of 1963, substituted by section 20 of Act 85 of 1974 and amended by section 18 of Act 69 of 1975.

19. Section 21bis of the principal Act is hereby repealed.

Amendment of section 22 of Act 58 of 1962, as amended by section 8 of Act 6 of 1963, section 14 of Act 90 of 1964, section 21 of Act 89 of 1969, section 20 of Act 69 of 1975 and section 15 of Act 103 of 1976.

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

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

“(3A) (a) Except where the provisions of subsection

(5) are applicable, if any person wishes, for the purposes of this section, to determine the cost price of trading stock in accordance with generally accepted accounting practice and the cost price so to be determined exceeds the cost price otherwise determinable by him under subsection (3), he shall, when rendering or before rendering his return of income for any year of assessment, notify the Commissioner of the method by which he proposes to determine such cost price, and such cost price shall be so determined in respect of trading

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stock held and not disposed of by him at the end of that year of assessment and every succeeding year of assessment.

- (b) Where the cost price of trading stock has been determined in accordance with the provisions of paragraph (a), there shall, in respect of the amount by which such cost price so determined exceeds such cost price otherwise determinable under subsection (3) (hereinafter referred to as the excess), be deducted from the amount determined under subsection (1) in relation to such trading stock—

(i) in respect of the first year of assessment of the taxpayer in which such cost price is so determined, an amount equal to two-thirds of the excess; and

(ii) in respect of the next succeeding year of assessment of the taxpayer, an amount equal to one-third of the excess.”;

- (b) by the deletion of subsection (7); and

- (c) by the addition of the following subsection:

“(8) If during any year of assessment any taxpayer has applied trading stock to his private or domestic use or consumption or for the purpose of making any donation of trading stock (other than livestock or produce in respect of which the provisions of paragraph 11 of the First Schedule are applicable) or for any other purpose other than the disposal thereof in the ordinary course of his trade, and the cost price of such trading stock has been taken into account in the determination of the taxable income of the taxpayer for any year of assessment, the taxpayer shall be deemed to have recovered or recouped an amount equal to the cost price to him of such trading stock (less any sum which has been deducted therefrom under the provisions of subsection (1)), and such amount shall be included in the income of the taxpayer for the year of assessment during which such trading stock was so applied: Provided that where an asset consisting of trading stock so applied is used or consumed by the taxpayer in carrying on his trade, the amount included in his income under this subsection shall for the purposes of this Act be deemed to be expenditure incurred in respect of the acquisition by him of such asset.”.

Amendment of section 24 of Act 58 of 1962, as amended by section 22 of Act 89 of 1969.

21. Section 24 of the principal Act is hereby amended by the substitution for the second proviso of the following proviso:

“Provided further that any allowance so made shall be included as income in the taxpayer's returns for the following year of assessment and shall form part of his income [and for that purpose—

- (i) any allowance granted in terms of section 22 of the Income Tax Act, 1941, in respect of the year of assessment ended on the thirtieth day of June, 1961; and
- (ii) any allowance granted to a company in terms of section 21 of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, in respect of the year of assessment ended on the thirtieth day of June, 1968, shall be deemed to be an allowance which was made in terms of this section in respect of a year of assessment under this Act].”.

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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, section 24 of Act 89 of 1969, section 21 of Act 88 of 1971, section 19 of Act 65 of 1973 and section 19 of Act 91 of 1982.

22. Section 28 of the principal Act is hereby amended by the substitution for the proviso to paragraph (d) of subsection (2) of the following proviso:

"Provided that the allowance granted under this paragraph in respect of any year of assessment shall be included in the income of the taxpayer in the following year of assessment [and for that purpose any allowance granted—

(i) in terms of section 18 (2) (iv) of the Income Tax Act, 1941, in respect of the year of assessment ended on the thirtieth day of June, 1961; or

(ii) to a company in terms of section 16 (2) (d) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, in respect of the year of assessment under that Ordinance which ended on the thirtieth day of June, 1968,

shall be deemed to be an allowance which was granted under this paragraph];".

Amendment of section 28bis of Act 58 of 1962, as inserted by section 19 of Act 88 of 1965 and amended by section 25 of Act 89 of 1969, section 25 of Act 85 of 1974 and section 18 of Act 113 of 1977.

23. Section 28bis of the principal Act is hereby amended by the deletion of subsection (2).

Amendment of section 35 of Act 58 of 1962, as amended by section 20 of Act 90 of 1962, section 20 of Act 65 of 1973 and section 27 of Act 85 of 1974.

24. Section 35 of the principal Act is hereby amended by the substitution in paragraph (a) of subsection (2) for the words preceding the proviso of the following words:

"Any person who incurs a liability to pay to any other person (not being a person who is ordinarily resident in the Republic or a domestic company) any amount referred to in section 9 (1) (b) or (bA), or who receives payment of any such amount on behalf of such other person, shall within fourteen days after the end of the month during which the said liability is incurred or the said payment is received, as the case may be, or within such further period as the Commissioner may approve, make a payment (which shall be deemed to be an advance payment made on behalf of such other person) to the Commissioner in respect of such other person's obligation to pay normal tax for the year of assessment during which the said amount accrues to or is received by such other person, calculated on a sum equal to thirty per cent of the said amount at the rate of tax (excluding any loan portion) applicable to the taxable income (other than taxable income derived [within the territory or] from mining operations) of companies, and shall submit to the Commissioner at the time of such tax payment a declaration in such form as the Commissioner may prescribe:"

Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963, section 15 of Act 90 of 1964, section 20 of Act 88 of 1965, section 23 of Act 55 of 1966, section 16 of Act 95 of 1967, section 14 of Act 76 of 1968, section 26 of Act 89 of 1969,

25. Section 36 of the principal Act is hereby amended—

(a) by the substitution in subsection (7C) for the words preceding paragraph (a) of the following words:

"Subject to the provisions of subsection (7E), the amounts to be deducted under section 15 (a) from income derived during the first year of assessment of the taxpayer ending after 31 December 1973 (hereinafter referred to as the transition year) and succeeding years of assessment from the working of any mine shall be—";

(b) by the substitution for paragraph (b) of subsection (7D) of the following paragraph:

"(b) the sum of any amounts received or accrued during the transition year and succeeding years of assess-

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section 21 of
Act 65 of 1973,
section 28 of
Act 85 of 1974
and section 20 of
Act 104 of 1980.

ment from disposals of any assets the cost of which has been included in capital expenditure taken into account (whether under this Act or any previous Income Tax Act **[or any Income Tax Ordinance of the territory]**) for the purposes of any deduction in respect of the said mine under section 15 (a) of this Act or the corresponding provisions of any previous Income Tax Act, **[or, in the case of a company, under the said section or section 11 (2) (i) of the Income Tax Ordinance, 1961 (Ordinance No. 10 of 1961), of the territory, or the corresponding provisions of any previous Income Tax Ordinance of the territory]** (but excluding so much of the said amounts as has been taken into account, as provided in the definition of 'capital expenditure incurred' in subsection (11); in the determination of capital expenditure deducted from income under subsection (7C) (b) (i)),"; and

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

"(7E) The aggregate of the amounts of capital expenditure determined under subsection (7C) in respect of any year of assessment in relation to any mine or mines shall not exceed the taxable income (as determined before the deduction of any amount allowable under section 15 (a)) derived by the taxpayer from mining, and any amount by which the said aggregate would, but for the provisions of this subsection, have exceeded such taxable income as so determined, shall be carried forward and be deemed to be an amount of capital expenditure incurred during the next succeeding year of assessment in respect of the mine or mines to which such capital expenditure relates."

Repeal 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,
section 22 of
Act 88 of 1971
and section 30 of
Act 85 of 1974.

26. Section 37A of the principal Act is hereby repealed.

Amendment of
section 38 of
Act 58 of 1962,
as amended by
section 21 of
Act 90 of 1962,
section 16 of
Act 90 of 1964,
section 28 of
Act 89 of 1969
and section 31 of
Act 85 of 1974.

27. Section 38 of the principal Act is hereby amended by the substitution for paragraph (d) of subsection (2) of the following paragraph:

"(d) any [society or company registered under the Co-operative Societies Act, 1939 (Act No. 29 of 1939) or the Co-operative Societies Ordinance, 1946 (Ordinance No. 15 of 1946), of the territory] co-operative formed and incorporated or deemed to be formed and incorporated under the Co-operatives Act, 1981 (Act No. 91 of 1981);"

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Amendment of section 42 of Act 58 of 1962, as amended by section 21 of Act 88 of 1965, section 17 of Act 95 of 1967, section 29 of Act 89 of 1969, section 19 of Act 52 of 1970, section 23 of Act 88 of 1971, section 18 of Act 90 of 1972, section 22 of Act 65 of 1973, section 32 of Act 85 of 1974, section 22 of Act 69 of 1975, section 18 of Act 103 of 1976, section 19 of Act 113 of 1977 and section 20 of Act 91 of 1982.

28. Section 42 of the principal Act is hereby amended by the deletion of paragraph (f) of subsection (2).

Insertion of section 43A in Act 58 of 1962.

29. The following section is hereby inserted in the principal Act after section 43:

"Certain persons deemed to be shareholders.

43A. If under the provisions of section 7 (7) any dividend is for normal tax purposes deemed to have accrued to any person, such person shall for the purposes of this Part be deemed to be the shareholder in respect of such dividend and to be the person to whom or in whose favour such dividend accrues."

Amendment of section 49 of Act 58 of 1962, as amended by section 22 of Act 90 of 1962, section 9 of Act 6 of 1963, section 17 of Act 90 of 1964, section 31 of Act 89 of 1969, section 24 of Act 88 of 1971, section 24 of Act 65 of 1973, section 34 of Act 85 of 1974, section 23 of Act 69 of 1975, section 20 of Act 113 of 1977, section 21 of Act 104 of 1980 and section 22 of Act 96 of 1981.

30. Section 49 of the principal Act is hereby amended—

- (a) by the substitution for paragraph (i) of the definition of "distributable income" of the following paragraph:

"(i) any taxes on income (excluding undistributed profits tax) payable by the company in respect of all amounts included in its total net profits [for which purpose the normal tax payable by the company shall be deemed to be the amount which would have been payable in respect thereof if the provisions of section 21bis had not applied];" and
- (b) by the substitution in the definition of "total net profits" for the words preceding paragraph (a) of the following words:

"total net profits", in relation to any company in respect of any year of assessment, means the net profits of that company for such year of assessment calculated in the manner prescribed for the determination for normal tax purposes of taxable income in respect of that year of assessment (without applying the provisions of section 20 (1) (a) [or section 21bis]), but irrespective of whether the profits are derived from a source within or outside the Republic, and subject to the inclusion in the profits of such company of all dividends from whatever source and any amounts referred to in section 10 (1) (h) and (i) received by or accrued to such company during such year of assessment, and all amounts deducted in terms of paragraph (a) of this definition or the corresponding provisions of any previous Income Tax Act in the determination of the company's total net profits, whether in the

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current or any previous year of assessment, which have been recovered or recouped by it during the current year of assessment, less the following amounts, namely—”.

Amendment of section 56 of Act 58 of 1962, as amended by section 18 of Act 90 of 1964, section 25 of Act 55 of 1966, section 33 of Act 89 of 1969, section 38 of Act 85 of 1974, section 21 of Act 113 of 1977, section 13 of Act 101 of 1978 and section 23 of Act 96 of 1981.

31. (1) Section 56 of the principal Act is hereby amended— 5

(a) by the addition to subsection (1) of the following paragraph:

“(p) in respect of which the provisions of section 7 (7) apply.”;

(b) by the substitution in paragraph (a) of subsection (2) 10 for the expression “R2 000”, wherever it occurs, of the expression “R5 000”; and

(c) by the substitution in paragraph (b) of subsection (2) for the words “fifteen thousand rand” of the expression “R20 000”. 15

(2) (a) Subsection (1) (a) shall be deemed to have come into operation on 1 March 1983 and shall apply in respect of donations made on or after that date.

(b) Subsection (1) (b) shall be deemed to have taken effect as from the commencement of years of assessment 20 ended or ending on or after 1 March 1983.

(c) Subsection (1) (c) shall be deemed to have come into operation on 1 April 1983 and shall apply in respect of donations made on or after that date.

Substitution of section 64A of Act 58 of 1962, as added by section 20 of Act 95 of 1967, substituted by section 34 of Act 89 of 1969 and amended by section 40 of Act 85 of 1974 and section 21 of Act 103 of 1976.

32. The following section is hereby substituted for section 64A 25 of the principal Act:

“Levy of non-residents tax on interest.

64A. There shall be paid for the benefit of the State Revenue Fund a tax (in this Act referred to as non-residents tax on interest) equal to 10 per cent of any amount of interest accruing to or in favour of— 30

(a) any person, other than a company, not ordinarily resident in the Republic; or

(b) the deceased estate of any person who at the date of his death was not ordinarily resident in the Republic; or 35

(c) a company which is not a South African company,

if the debtor in respect of such amount is ordinarily resident or carries on business in the Republic.”.

Substitution of section 64B of Act 58 of 1962, as added by section 20 of Act 95 of 1967, substituted by section 35 of Act 89 of 1969 and amended by section 20 of Act 52 of 1970, section 19 of Act 90 of 1972 and section 41 of Act 85 of 1974.

33. The following section is hereby substituted for section 64B 40 of the principal Act:

“Application of provisions.

64B. For the purposes of this Part—

(a) where interest was or is payable or was or is credited to any person having an address outside the Republic, such interest shall, until the contrary is proved, be deemed to have accrued to a person, estate or company, as the case may be, referred to in section 64A; 45

(b) where the debtor in respect of any amount of interest referred to in section 64A is the deceased estate of any person, such estate shall be deemed to be ordinarily resident or to be carrying on business in the Republic if such person at the date of his death was ordinarily resident or was carrying on business in the Republic; 50 55

(c) where the debtor in respect of any amount of interest referred to in section 64A is a company, such company shall be deemed to be ordinarily resident in the Republic if it is managed or controlled in the Republic; 60

(d) any amount accruing to any shareholder in a building society out of the profits of such society shall be deemed to be interest;

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- (e) so much of any dividend accruing to any person from any unit portfolio referred to in paragraph (e) of the definition of 'company' in section 1 as has been distributed out of interest derived by such unit portfolio which is exempt from normal tax in the hands of such unit portfolio under the provisions of section 10 (1) (iA), shall be deemed to be interest; 5
- (f) the provisions of section 7 (7) shall *mutatis mutandis* apply."

Amendment of section 64C of Act 58 of 1962, as added by section 20 of Act 95 of 1967 and amended by section 15 of Act 76 of 1968, section 36 of Act 89 of 1969, section 21 of Act 52 of 1970, section 26 of Act 88 of 1971, section 20 of Act 90 of 1972, section 42 of Act 85 of 1974, section 22 of Act 113 of 1977, section 14 of Act 104 of 1979, section 22 of Act 104 of 1980, section 24 of Act 96 of 1981 and section 21 of Act 91 of 1982.

34. (1) Section 64C of the principal Act is hereby amended— 10

(a) by the substitution for paragraph (fB) of the following paragraph:

"(fB) interest accruing to any person (other than a company) who is ordinarily resident in a country or territory other than the Republic [and South-West Africa] in which a building society registered under the Building Societies Act, 1965 (Act No. 24 of 1965), is under the provisions of section 22 (1) (mA) of that Act empowered to conduct its business, or to a company which is managed and controlled in such country or territory, in respect of any loan to or deposit in such building society made through any branch or agency of such society in that country or territory, or interest accruing to any such person or company by way of any dividend or share of profits distributed by such society in respect of any share in such society applied or subscribed for by such person or company through any such branch or agency;" 15 20

- (b) by the deletion of paragraph (j); and 30
- (c) by the addition at the end of subparagraph (i) of paragraph (k) of the word "and", and by the deletion of subparagraph (iii) of that paragraph.

(2) Subsection (1) (c) shall be deemed to have come into operation on 16 July 1971. 35

Amendment of section 89bis of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963 and amended by section 21 of Act 95 of 1967, section 28 of Act 88 of 1971, section 45 of Act 85 of 1974 and section 26 of Act 91 of 1982.

35. Section 89bis 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 Commissioner, and any such payments which relate to a taxpayer shall, for the purposes of this Act and subject to the provisions of [paragraphs] paragraph 28 [and 28A] of the said Schedule, be deemed to have been made in respect of his liability for taxes as defined in subsection (3), whether or not such liability has been ascertained or determined at the date of any payment." 40 45

Amendment of section 89ter of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963 and substituted by section 37 of Act 89 of 1969.

36. Section 89ter of the principal Act is hereby amended by the deletion of paragraph (b) of subsection (3).

Repeal of section 89quat of Act 58 of 1962, as inserted by section 46 of Act 85 of 1974.

37. Section 89quat of the principal Act is hereby repealed. 50

Repeal of section 94A of Act 58 of 1962, as inserted by section 39 of Act 89 of 1969.

38. Section 94A of the principal Act is hereby repealed.

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Amendment of section 101 of Act 58 of 1962, as amended by section 29 of Act 90 of 1962 and section 22 of Act 52 of 1970.

39. Section 101 of the principal Act is hereby amended by the deletion of subsection (14).

Insertion of section 102A in Act 58 of 1962.

40. The following section is hereby inserted in the principal Act after section 102:

"Treatment of certain small tax claims and refunds. **102A.** Notwithstanding anything to the contrary in this Act, if in the case of any person (other than a company)—

(a) whose taxable income for the year of assessment consists entirely of remuneration (as defined in paragraph 1 of the Fourth Schedule) the amount of which does not exceed the amount referred to in section 66 (1) (b) (i), as applicable in respect of the said year; and

(b) who was not in terms of section 66 (1) required to furnish a return for the assessment of tax in respect of the said year (whether or not he did in fact furnish such a return),

the amount of his liability for normal tax for the said year either exceeds or falls short of the aggregate of the amounts of employees tax deducted or withheld from the said remuneration under the provisions of the Fourth Schedule, such excess shall not be recoverable by the Commissioner from the said person if the amount thereof is less than R10 or such shortfall shall not be refundable by the Commissioner to the said person if the amount thereof is less than R2."

Repeal of section 111A of Act 58 of 1962, as inserted by section 40 of Act 89 of 1969.

41. Section 111A of the principal Act is hereby repealed.

Amendment of paragraph 4 of 1st Schedule to Act 58 of 1962, as amended by section 17 of Act 72 of 1963 and section 41 of Act 89 of 1969.

42. Paragraph 4 of the First Schedule to the principal Act is hereby amended by the deletion of subparagraph (3).

Amendment of paragraph 13 of 1st Schedule to Act 58 of 1962, as substituted by section 21 of Act 90 of 1972 and amended by section 17 of Act 101 of 1978.

43. Paragraph 13 of the First Schedule to the principal Act is hereby amended by the addition of the following subparagraph:

"(5) The provisions of this paragraph shall not apply to the cost of any livestock purchased to replace livestock sold if the proceeds derived from the sale of such lastmentioned livestock have been dealt with under the provisions of paragraph 13A."

Insertion of paragraph 13A in 1st Schedule to Act 58 of 1962.

44. (1) The following paragraph is hereby inserted in the First Schedule to the principal Act after paragraph 13:

"13A. (1) If it is proved to the satisfaction of the Commissioner that any farmer has on or after 1 March 1982 disposed of any livestock on account of drought, and that the whole or any portion of the proceeds of such disposal has as soon as possible after the receipt thereof by the farmer, been deposited by him in an account in his name with the Land and Agricultural Bank of South Africa, so much of such proceeds as has been so deposited by him shall, notwithstanding the provisions of section 23 (e) of this Act but

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subject to the provisions of subparagraph (3), be deemed not to be gross income derived by such farmer.

(2) Every farmer who desires that the proceeds derived by him from the disposal of livestock shall be dealt with under the provisions of this paragraph shall with his return of income for the year of assessment during which such livestock was disposed of, or within such period as the Commissioner may allow, notify the Commissioner accordingly and submit a certificate containing such information in connection with the disposal as the Commissioner may require.

(3) Any amount, being the whole or any portion of a sum deposited in an account following the disposal of livestock as contemplated in subparagraph (1), shall—

- (a) if it is withdrawn from such account before the expiration of a period of 4 years after the last day of the year of assessment in which such disposal took place be deemed to be gross income derived by the taxpayer from the disposal of livestock on the date of such withdrawal; or
- (b) in the event of the taxpayer's death or insolvency before the expiration of the said period, be deemed to be gross income so derived on the day before the date of his death or insolvency, as the case may be; or
- (c) if it is not so withdrawn and the taxpayer does not die or become insolvent before the expiration of such period, be deemed to be gross income so derived on the last day of such period.

(4) If any taxpayer has prior to the date of commencement of the Income Tax Act, 1983, disposed of livestock in such a manner that the provisions of this paragraph would, but for the fact that the proceeds of such disposal were not deposited in an account as contemplated in subparagraph (1), have applied to such proceeds, the taxpayer may within a period of one month or such longer period as the Commissioner may allow after the said date, deposit in an account with the said Bank an amount not exceeding such proceeds, and in such case the amount so deposited shall be deemed for the purposes of subparagraph (1) to have been deposited as contemplated in that subparagraph.”.

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

Amendment of paragraph 19 of 1st Schedule to Act 58 of 1962, as added by section 28 of Act 95 of 1967 and amended by section 43 of Act 89 of 1969, section 33 of Act 88 of 1971, section 22 of Act 90 of 1972, section 32 of Act 69 of 1975, section 30 of Act 103 of 1976, section 16 of Act 104 of 1979, section 25 of Act 104 of 1980 and section 29 of Act 91 of 1982.

45. 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) If any taxpayer has made an election as provided in subparagraph (5) which is binding upon him in respect of any period of assessment (hereinafter referred to as the relevant period) during which he or his wife has carried on farming operations or has derived income from farming operations, and his taxable income derived during the relevant period from farming exceeds his average taxable income from farming as determined in relation to the relevant period in accordance with subparagraph (2), the normal tax chargeable in respect of his taxable income for the relevant period shall, subject to the provisions of section 5 of this Act, be determined in accordance with section 5 (10).”; and

- (b) by the deletion of subparagraph (6).

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Amendment of paragraph 1 of 2nd Schedule to Act 58 of 1962, as amended by section 31 of Act 90 of 1962, section 23 of Act 90 of 1964, section 34 of Act 88 of 1971, section 34 of Act 69 of 1975, section 26 of Act 113 of 1977, section 17 of Act 104 of 1979, section 27 of Act 104 of 1980 and section 28 of Act 96 of 1981.

46. (1) 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 expression "R30 000" of the expression "R40 000";
- (b) by the substitution for paragraph (b) of the definition of "formula B" of the following paragraph:

"(b) 'C' represents an amount [not exceeding R60 000 representing] equal to the sum of the amounts calculated in accordance with formula A in relation to the taxpayer in respect of the different pension and provident funds of which he is or was a member and from which any lump sum benefits were or may be derived in consequence of or following upon his retirement or death on or after 15 March 1961, and the aggregate of the lump sum benefits received by or accrued to him from retirement annuity funds in the circumstances described in [sub-paragraph (1) of] paragraph 5 (1) on or after 15 March 1961 and whether in the current or any previous year of assessment: Provided that—

(i) the amount determined under this paragraph shall not exceed the greater of R80 000 or an amount equal to R3 000 multiplied by the number of completed years referred to in paragraph 5 (6);

(ii) the lump sum benefits in respect of any retirement annuity fund taken into account for the purpose of this calculation shall not exceed the amount received or accrued in commutation of not more than one-third of the taxpayer's annuity from such fund, or, in the case of the death of a member before his retirement in relation to such fund, an amount equal to one-third of the member's own contributions to such fund (including so much of any amount paid into such fund for his benefit by another approved retirement annuity fund, or any approved pension or provident fund, as represented his own contributions to the fund by which such amount was so paid) together with reasonable interest on one-third of the said contributions calculated from the dates of payment of the respective contributions to the date of death of such member;"; and

- (c) by the substitution for the definition of "pension fund" of the following definition:

"'pension fund' in relation to any taxpayer, means a fund (other than a [superannuation, pension, provident, widows' or orphans' fund established by law or for the benefit of employees of any local authority] fund referred to in paragraph (a) or (b) of the definition of 'pension fund' in section 1 of this Act) which has in respect of the year of assessment in question or any previous year of assessment been approved by the Commissioner as a pension fund [as defined in section 1 of this Act or the corresponding provisions of] under the said definition or a corresponding definition in any previous Income Tax Act, if during any such year the taxpayer was a member of such fund;".

(2) The amendment effected by subsection (1) (c) shall, for the purposes of assessments under the principal Act, be deemed

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to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1982.

Amendment of paragraph 3 of 2nd Schedule to Act 58 of 1962.

47. Paragraph 3 of the Second Schedule to the principal Act is hereby amended by the addition of the following further proviso:

“Provided further that where any annuity which became payable or may become payable on or in consequence of or following upon the death of a member of any such fund has on or after 1 July 1983 been commuted for a lump sum, such lump sum shall for the purposes of this paragraph be deemed to be a lump sum which has become recoverable in consequence of or following upon the death of such member.”

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, section 25 of Act 90 of 1964, section 35 of Act 88 of 1971, section 35 of Act 69 of 1975, section 27 of Act 113 of 1977 and section 28 of Act 104 of 1980.

48. 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 expression “R12 000” of the expression “R16 000”;
- (b) by the substitution in item (b) of subparagraph (2) for the expression “R30 000”, wherever it occurs, of the expression “R40 000”;
- (c) by the substitution for item (d) of subparagraph (2) of the following item:

“(d) in respect of lump sum benefits deemed to have accrued to the taxpayer immediately prior to his death and consisting of or including lump sum benefits derived from retirement annuity funds in any case in which the death has occurred before the taxpayer's retirement in relation to such funds, an amount (not exceeding [the lesser of R60 000 and] the aggregate value of such lump sum benefits) equal to so much of the sum of the amounts the taxpayer could have derived in respect of the commutation of one-third of all annuities to which he would have become entitled from such funds if the date of his retirement in relation to such funds had fallen on the day preceding his death, as does not exceed the greater amount which is applicable in relation to the said lump sum benefits under paragraph (i) of the proviso to paragraph (b) of the definition of ‘formula B’ in paragraph 1 of this Schedule.”;
- (d) by the substitution for subparagraph (3) of the following subparagraph:

“(3) Where in respect of any year of assessment an amount has to be determined in accordance with formula A for the purposes of formula B in relation to any taxpayer in regard to any pension fund or provident fund prior to the date of his retirement in relation to such fund, it shall be assumed for the purposes of such determination that such taxpayer will survive the date of his retirement in relation to the fund in question and that until that date he will continue to be employed on the scale of salary at which he is employed at the date on which the determination is made, and, in regard to any provident fund, will continue to contribute to such fund at the rate at which he is contributing at the last-mentioned date.”; and
- (e) by the addition of the following subparagraph:

“(6) The number of completed years referred to in paragraph (i) of the proviso to paragraph (b) of the definition of ‘formula B’ in paragraph 1 of this Schedule shall be the number of completed years during the whole of which the taxpayer concerned had, until the date of accrual of any lump sum benefit to which the provisions of subparagraph (1) of this paragraph apply,

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been a member of one or more pension funds, provident funds or retirement annuity funds (other than a fund from which he had withdrawn or resigned or a fund which had been wound up): Provided that for the purposes of this paragraph—

- (i) where the taxpayer was a member of a pension fund or provident fund the benefits under which are in terms of the rules of such fund determinable according to the periods of employment of the members thereof, the period during which the taxpayer was a member of such fund shall be deemed to be so much of his period of employment (including any period which under the said rules is required to be taken into account for the purpose of determining the amount of such benefits) as had elapsed before the aforesaid date of accrual;
- (ii) where the taxpayer was a member of a retirement annuity fund, he had discontinued his contributions to such fund prematurely and he had not been reinstated as a full member in respect of the contributions so discontinued, he shall for the purposes of this paragraph be deemed not to have been a member of such fund during the period in respect of which the contributions in question were not made by him to the fund."

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, section 46 of Act 89 of 1969, section 43 of Act 88 of 1971 and section 50 of Act 85 of 1974.

49. Paragraph 19 of the Fourth Schedule to the principal Act is hereby amended—

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

“(b) Every company which is a provisional taxpayer shall, during every period within which provisional tax is or may be payable by it as provided in this Part or any extension of such period granted in terms of paragraph 25 (2), submit to the Commissioner, in such form as the Commissioner may prescribe, [separate estimates] an estimate of [(i)] the total taxable income which will be derived by the company [elsewhere than within the territory] in respect of the year of assessment in respect of which provisional tax is or may be payable by the company [and (ii) the total taxable income which will be derived by the company within the territory] in respect of the said year of assessment: Provided that a company which has not during the relevant period derived income elsewhere than within the territory shall not be required to submit an estimate under subitem (i) unless the company has in respect of the year of assessment immediately preceding the aforesaid year of assessment derived income elsewhere than within the territory or it has been requested by the Commissioner to submit such estimate, and a company which has not during the relevant period derived income within the territory shall not be required to submit an estimate under subitem (ii) unless the company has in respect of the said preceding year of assessment derived income within the territory or it has been requested by the Commissioner to submit such estimate].”;
- (b) by the substitution for item (c) of subparagraph (1) of the following item:

“(c) The amount of any estimate so submitted by a provisional taxpayer (other than a company) during the period referred to in paragraph 21 (1) (a) or any extension of such period granted in terms of paragraph 25 (2), or by a company (as a provision-

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- al taxpayer) during the period referred to in paragraph 23 (a) [(i) or 23 (b) (i)] or any extension of such period granted in terms of paragraph 25 (2), shall, unless the Commissioner, having regard to the circumstances of the case, agrees to accept an estimate of a lower amount, not be less than the basic amount applicable to the estimate in question, as contemplated in item (d).”;
- (c) by the substitution for subitem (ii) of item (d) of subparagraph (1) of the following subitem: 10
- “(ii) as respects an estimate submitted by a company under item (b) [(i)], the company’s taxable income **[derived elsewhere than within the territory]**, as assessed by the Commissioner, for the latest preceding year of assessment in relation to such estimate; 15 or”;
- (d) by the deletion of subitem (iii) of the said item (d); and
- (e) by the deletion of subparagraph (1A).

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, section 47 of Act 89 of 1969, section 44 of Act 88 of 1971, section 51 of Act 85 of 1974 and section 36 of Act 69 of 1975.

50. Paragraph 20 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for 20 the words preceding item (a) of the following words:

“If the final or last estimate of his taxable income made in terms of **[item (a) of subparagraph (1) of] paragraph 19 (1) (a) or (b) [or subitem (i) of item (b) of that subparagraph or subitem (ii) of the said item (b)]** by a provisional taxpayer in 25 respect of any year of assessment discloses an estimated amount of taxable income which is less than 90 per cent of the amount of the actual taxable income in respect of which the estimate was made, as finally determined for that year under this Act, and which is also less than the basic 30 amount applicable to the estimate in question, as contemplated in paragraph 19 (1) (d), the taxpayer shall, subject to the provisions of subparagraphs (2), (3) and (4), be required to pay to the Commissioner, in addition to the normal tax chargeable in respect of his taxable income for such year 35 of assessment, an amount by way of additional tax equal to 20 per cent of the difference between the amount of normal tax as calculated in respect of the amount of taxable income as so disclosed and the lesser of the following amounts, 40 namely—”.

Substitution of paragraph 23 of 4th Schedule to Act 58 of 1962, as substituted by section 53 of Act 85 of 1974.

51. The following paragraph is hereby substituted for paragraph 23 of the Fourth Schedule to the principal Act:

“23. Provisional tax shall be paid by every company which is a provisional taxpayer in the following manner, 45 namely—

- (a) **[in respect of the liability of the company for normal tax on taxable income derived elsewhere than within the territory—(i)]** within 6 months of the commencement of the year of assessment in question, one half of an amount equal to the total estimated liability of such 50 company (as determined in accordance with paragraph 17) for normal tax in respect of that year **[on taxable income so derived]**; and
- [(ii) (b)]** not later than the last day of the year of assessment in question, an amount equal to the total estimated liability 55 of such company (as finally determined in accordance with paragraph 17) for normal tax in respect of that year **[on taxable income so derived]** less the amount paid in terms of **[subitem (i) of this] item (a); [and**
- (b) **in respect of the liability of the company for normal tax on taxable income derived within the territory—** 60

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- (i) within 6 months of the commencement of the year of assessment in question, one half of an amount equal to the total estimated liability of such company (as determined in accordance with paragraph 17) for normal tax in respect of that year on taxable income so derived; and
- (ii) not later than the last day of the year of assessment in question, an amount equal to the total estimated liability (as finally determined in accordance with paragraph 17) for normal tax in respect of that year on taxable income so derived, less the amount paid in terms of subitem (i) of this item].”

Substitution of paragraph 24 of 4th Schedule to Act 58 of 1962, as substituted by section 54 of Act 85 of 1974.

52. The following paragraph is hereby substituted for paragraph 24 of the Fourth Schedule to the principal Act:

“24. The Commissioner may absolve any provisional taxpayer from making payment of any amount of provisional tax payable in terms of paragraph 21 (1) (a) or paragraph 22 or paragraph 23 (a) [(i) or paragraph 23 (b) (i)], if he is satisfied that the taxable income which may be derived by such taxpayer for the year of assessment in question cannot be estimated on the facts available at the time when payment of the amount in question has to be made.”

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, section 48 of Act 89 of 1969, section 48 of Act 88 of 1971, section 23 of Act 90 of 1972 and section 55 of Act 85 of 1974.

53. Paragraph 28 of the Fourth Schedule to the principal Act and the heading immediately preceding that paragraph are hereby amended—

- (a) by the substitution for the said heading and subparagraphs (1) and (1)bis of the said paragraph of the following heading and subparagraphs, respectively:

“[SET-OFF OF] EMPLOYEES TAX AND [CERTAIN] PROVISIONAL TAX TO BE SET OFF AGAINST TAX LIABILITY [OF PERSONS (OTHER THAN COMPANIES) AND OF COMPANIES DERIVING INCOME ELSEWHERE THAN IN THE TERRITORY].”

(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 Commissioner and the amounts of provisional tax paid by the taxpayer [(excluding provisional tax paid under paragraph 23 (b))], 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 Commissioner shall not be required to make any refund of the excess amount (or any portion thereof) standing to the taxpayer's credit unless the Commissioner is satisfied, having regard to

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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 Commissioner or may be set off in whole or in part against any amount of provisional tax **[(excluding provisional tax payable under paragraph 23 (b))]** which 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 Commissioner.

(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 **[(disregarding normal tax payable and recoverable as provided in section 94A of this Act)]** in respect of that year is determined by the Commissioner or, where such last-mentioned liability has not been determined by the Commissioner, before the expiration of a period determined by the Commissioner.”; and

- (b) by the substitution for subparagraph (8) of the said paragraph of the following paragraph:

“(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 28A of 4th Schedule to Act 58 of 1962, as inserted by section 56 of Act 85 of 1974.

54. Paragraph 28A of the Fourth Schedule to the principal Act 40 is hereby deleted.

Substitution of paragraph 29 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and substituted by section 57 of Act 85 of 1974.

55. The following paragraph is hereby substituted for paragraph 29 of the Fourth Schedule to the principal Act:

“29. No refund of any amount of employees tax or provisional tax shall be made to the taxpayer concerned otherwise than as provided in paragraph 28 **[or 28A]**.”.

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Amendment of paragraph 2 of 5th Schedule to Act 58 of 1962, as added by section 26 of Act 52 of 1970 and amended by section 50 of Act 88 of 1971, section 24 of Act 90 of 1972, section 58 of Act 85 of 1974, section 34 of Act 103 of 1976 and section 31 of Act 91 of 1982.

56. Paragraph 2 of the Fifth Schedule to the principal Act is hereby amended by the deletion of subparagraphs (5) and (6).

Amendment of paragraph 6 of 5th Schedule to Act 58 of 1962, as added by section 26 of Act 52 of 1970 and amended by section 26 of Act 90 of 1972, section 60 of Act 85 of 1974, section 18 of Act 101 of 1978 and section 31 of Act 104 of 1980.

57. Paragraph 6 of the Fifth Schedule to the principal Act is hereby amended by the substitution for subparagraph (1) of the following subparagraph:

“(1) The Minister of Finance shall in respect of each relevant year of assessment determine a date, not being later than the last day of February in the seventh calendar year commencing after the end of such year of assessment, after which the loan portion in respect of such year of assessment shall be repaid to the person by whom it was paid: Provided that—

(a) if in the opinion of the Commissioner the circumstances of the case warrant such action, he may, subject to such conditions as he may impose, make such repayment to a person other than the person by whom such loan portion was paid [Provided further that];

(b) the Commissioner may, before the date so determined, repay to any person (or if such person has died or his estate has been sequestrated, to his estate) the amount paid by that person in respect of such loan portion, together with simple interest determined as hereinafter provided, if, before such date—

[(a)] (i) such person dies or his estate is sequestrated or, in the case of a company, the winding-up or liquidation thereof has commenced; or

[(b)] (ii) such person, if she is a woman, marries; or

[(c)] (iii) such person (not being a company) departs from the Republic or ceases to carry on business in the Republic and the Commissioner is satisfied that such person will thereafter not be ordinarily resident nor carrying on business in the Republic; or

[(d)] (iv) such person proves to the satisfaction of the Commissioner that owing to old age, continued ill-health or infirmity or for any other reason, his financial circumstances are permanently reduced and that he will probably not be liable for normal tax in the future; or

(v) the Commissioner is satisfied that such person's taxable income will in future consist solely of remuneration (as defined in paragraph 1 of the Fourth Schedule) not exceeding the amount contemplated in section 66 (1) (b) (i) of this Act, and that such person will consequently not be required in future to render a return of income under the provisions of the said section [Provided further that];

(c) the date so determined in the case of persons other than companies may be a date other than the date so determined in the case of companies

[Provided further that the Commissioner may, before the date so determined, repay to any person who is a Black as

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defined in section 1 of the Taxation of Blacks Act, 1969 (Act No. 92 of 1969), any amounts paid by such person in respect of such loan portion, together with simple interest determined as hereinafter provided].”.

Amendment of paragraph 19 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972 and amended by section 68 of Act 85 of 1974.

58. Paragraph 19 of the Sixth 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), any advance payment referred to in paragraph 17 (2) shall be set off [(a) if the gain to which the advance payment relates has been included in the taxable income of a person other than a company or in taxable income derived by a company elsewhere than within the territory] against any taxes (as defined in paragraph 28 (8) of the Fourth Schedule) owing by the taxpayer on the date on which a normal tax assessment is issued to him in respect of [such] the taxable income in which is included the gain to which such advance payment relates [or (b) if the gain to which the advance payment relates has been included in taxable income derived by a company within the territory, against any amounts of normal tax payable and recoverable as provided in section 94A of this Act and owing by the company on the date on which a normal tax assessment is issued to the company in respect of such taxable income] and [in either case] any excess shall be refunded or credited to the taxpayer.”.

Substitution of paragraph 22 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972.

59. The following paragraph is hereby substituted for paragraph 22 of the Sixth Schedule to the principal Act:

“22. If any amount which an insurer is required to pay to the Commissioner under the provisions of paragraph 17 is not paid in full within the relevant period allowed under those provisions for the payment of such amount, interest shall, unless the Commissioner having regard to the circumstances of the case otherwise directs, be paid by the insurer liable to pay the amount in question at the rate of [seven and a half] 10 per cent per annum on so much of such amount as remains unpaid in respect of the period (reckoned from the end of the first-mentioned period) during which the amount not paid remains unpaid: Provided that where the period during which the amount not paid remains unpaid commenced before 1 July 1983 the interest payable in respect of that portion of that period ending on 30 June 1983 shall be calculated at the rate of 7,5 per cent per annum.”.

Amendment of section 14 of Act 91 of 1982.

60. Section 14, of the Income Tax Act, 1982, is hereby amended by the substitution in subsection (2) in the Afrikaans text for the expression “(c)” of the expression “(d)”.

Small income relief for year of assessment ending 28 February 1985.

61. (1) The normal tax payable in respect of the year of assessment ending on 28 February 1985 by a natural person whose taxable income for that year does not exceed R8 000, shall not exceed the sum of—

- (a) an amount which in the case of a married person is equal to 12 per cent of his taxable income for that year, less the sum of the rebates allowable to him under section 6 of the principal Act and a further rebate of R140; and
- (b) in the case of a person who is not a married person, a further amount equal to 20 per cent of the said amount.

(2) The Commissioner for Inland Revenue shall, when prescribing employees tax tables under the provisions of paragraph 9 of the Fourth Schedule to the principal Act in respect of re-

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muneration which any employer pays or becomes liable to pay on or after 1 March 1984, have regard to the provisions of subsection (1).

Commencement of
certain amend-
ments.

62. Save in so far as is otherwise provided therein or the context otherwise indicates, the amendments effected to the principal Act by this Act shall, for the purposes of assessments in respect of normal tax and undistributed profits tax under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ending on or after 1 January 1984.

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Short title.

63. This Act shall be called the Income Tax Act, 1983.

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Schedule

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING 29 FEBRUARY 1984 AND 30 JUNE 1984, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING 31 MARCH 1984
(Section 1 of this Act)

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

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

Table

Taxable Income				Rates of Tax
Where the taxable income— does not exceed R7 000				10 per cent of each R1 of the taxable income;
exceeds R7 000 but does not exceed R8 000				R700 plus 12 per cent of the amount by which the taxable income exceeds R7 000;
„	R8 000	„	„ R9 000	R820 plus 14 per cent of the amount by which the taxable income exceeds R8 000;
„	R9 000	„	„ R10 000	R960 plus 16 per cent of the amount by which the taxable income exceeds R9 000;
„	R10 000	„	„ R11 000	R1 120 plus 18 per cent of the amount by which the taxable income exceeds R10 000;
„	R11 000	„	„ R12 000	R1 300 plus 20 per cent of the amount by which the taxable income exceeds R11 000;
„	R12 000	„	„ R13 000	R1 500 plus 22 per cent of the amount by which the taxable income exceeds R12 000;
„	R13 000	„	„ R14 000	R1 720 plus 24 per cent of the amount by which the taxable income exceeds R13 000;
„	R14 000	„	„ R15 000	R1 960 plus 26 per cent of the amount by which the taxable income exceeds R14 000;
„	R15 000	„	„ R16 000	R2 220 plus 28 per cent of the amount by which the taxable income exceeds R15 000;
„	R16 000	„	„ R18 000	R2 500 plus 30 per cent of the amount by which the taxable income exceeds R16 000;
„	R18 000	„	„ R20 000	R3 100 plus 32 per cent of the amount by which the taxable income exceeds R18 000;
„	R20 000	„	„ R22 000	R3 740 plus 34 per cent of the amount by which the taxable income exceeds R20 000;
„	R22 000	„	„ R24 000	R4 420 plus 36 per cent of the amount by which the taxable income exceeds R22 000;
„	R24 000	„	„ R26 000	R5 140 plus 38 per cent of the amount by which the taxable income exceeds R24 000;
„	R26 000	„	„ R28 000	R5 900 plus 40 per cent of the amount by which the taxable income exceeds R26 000;
„	R28 000	„	„ R30 000	R6 700 plus 42 per cent of the amount by which the taxable income exceeds R28 000;
„	R30 000	„	„ R32 000	R7 540 plus 44 per cent of the amount by which the taxable income exceeds R30 000;
„	R32 000	„	„ R34 000	R8 420 plus 46 per cent of the amount by which the taxable income exceeds R32 000;

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Taxable Income	Rates of Tax
Where the taxable income— exceeds R34 000 but does not exceed R36 000	R9 340 plus 47 per cent of the amount by which the taxable income exceeds R34 000;
„ R36 000 „ „ R38 000	R10 280 plus 48 per cent of the amount by which the taxable income exceeds R36 000;
„ R38 000 „ „ R40 000	R11 240 plus 49 per cent of the amount by which the taxable income exceeds R38 000;
„ R40 000	R12 220 plus 50 per cent of the amount by which the taxable income exceeds R40 000;

- (b) on each rand of the taxable income of any company (excluding taxable income derived from mining operations and taxable income referred to in subparagraph (e)), 42 cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 10 per cent of such amount;
- (c) on each rand of the taxable income derived by any company from mining for gold otherwise than on any post-1966 gold mine (but with the exclusion of so much of the taxable income as the Commissioner determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act), a percentage determined in accordance with the formula:

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

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

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

and if such taxable income exceeds R40 000, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula $y = 20 \left(1 - \frac{6}{x}\right)$ by one for each completed amount of R2 500 by which the said taxable income exceeds R40 000: Provided further that where a certificate is given by the Government Mining Engineer to the effect that prescribed conditions have been complied with, the rate of tax in respect of taxable income derived from mining for gold on an assisted gold mine shall not exceed a percentage determined in accordance with the formula $y = 68 - \frac{601}{x}$: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph, excluding the second proviso, a surcharge equal to 15 per cent of such amount;

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

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

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

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

and if such taxable income exceeds R40 000, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula $y = 20 \left(1 - \frac{8}{x}\right)$ by one for each completed amount of R2 500 by which the said taxable income exceeds R40 000: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 15 per cent of such amount;

- (e) on each rand of the taxable income of any company, the sole or principal business of which in the Republic is or has been mining for gold and the determination of the taxable income of which for the period assessed does not result in an assessed loss, which the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, a rate equal to the average rate of normal tax or 35 cents, whichever is higher: Provided that for the purposes of this subparagraph the average rate of normal tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with this subparagraph for the period assessed) paid by the company in respect of its aggregate taxable income from gold mining for the period from 1 July 1916 to the end of the period assessed, by the number of rands contained in the said aggregate taxable income;

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- (f) on each rand of the taxable income derived by any company from mining for diamonds, 45 cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 15 per cent of such amount;
 - (g) on each rand of the taxable income derived by any company from mining operations (other than mining for gold or diamonds), 42 cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 10 per cent of such amount.
2. (1) For the purposes of paragraph 1 income derived from mining for gold shall include any income derived from silver, osmiridium, uranium, pyrites or other minerals which may be won in the course of mining for gold, and any income which, in the opinion of the Commissioner, results directly from mining for gold.
- (2) The tax payable in accordance with any of the subparagraphs of paragraph 1 shall be payable in addition to the tax determined in accordance with any other of the said subparagraphs.
3. In this Schedule, unless the context otherwise indicates, any word or expression to which a meaning has been assigned in the principal Act, bears the meaning so assigned thereto.