

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



GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

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KAAPSTAD, 24 JULIE 1985

STATE PRESIDENT'S OFFICE

KANTOOR VAN DIE STAATSPRESIDENT

No. 1625.

24 July 1985

No. 1625.

24 Julie 1985

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

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

—No. 96 of 1985: Income Tax Act, 1985.

No. 96 van 1985: Inkomstebelastingwet, 1985.

Act No. 96, 1985

INCOME TAX ACT, 1985

GENERAL EXPLANATORY NOTE:

- [** Words in bold type in square brackets indicate omissions from existing enactments.
- Words underlined with solid line indicate insertions in existing enactments.

ACT

To fix the rates of normal tax payable by persons other than companies in respect of taxable incomes for the years of assessment ending on 28 February 1986 and 30 June 1986, and by companies in respect of taxable incomes for years of assessment ending during the period of 12 months ending on 31 March 1986; to amend the Income Tax Act, 1962; to amend the Income Tax Act, 1983; to provide that the Commissioner for Inland Revenue shall not be required to assess to tax the value of certain benefits or advantages granted during certain years of assessment; to provide that the said Commissioner shall refrain from taking steps for the assessment or recovery of certain penalties or for the institution of certain legal proceedings; and to provide for incidental matters.

(English text signed by the State President.)
(Assented to 12 July 1985.)

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

Rates of
normal tax.

1. The rates of normal tax to be levied in terms of section 5 (2) of the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act, in respect of—
- (a) the taxable income of any person other than a company for the year of assessment ending 28 February 1986 or 30 June 1986; and
 - (b) the taxable income of any company for any year of assessment ending during the period of 12 months ending on 31 March 1986,
- 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, section 6 of

2. (1) Section 1 of the principal Act is hereby amended—
- (a) by the insertion after the definition of “dependant” of the following definition:

15

“‘director’, in relation to a close corporation, means
any person who in respect of such close corporation holds any office or performs any functions similar to the office or functions of a director of a company other than a close corporation;”;

20
 - (b) by the substitution for paragraph (i) of the proviso to paragraph (c) of the definition of “gross income” of the following paragraph:

“(i) the provisions of this paragraph shall not apply in respect of any benefit or advantage in respect of 25 which the provisions of paragraph [(i)] (i) apply;”;
 - (c) by the substitution for paragraph (b) of the definition of “pension fund” of the following paragraph:

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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,
section 3 of
Act 91 of 1982,
section 2 of
Act 94 of 1983,
section 1 of
Act 30 of 1984
and section 2 of
Act 121 of 1984.

“(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 section 1 of the Marketing Act, 1968 (Act No. 59 of 1968), or for the benefit of employees of the Development Bank of Southern Africa, 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; or”;

(d) by the substitution for the definition of “South African company” of the following definition:

“‘South African company’ means any association, corporation, company or body corporate referred to in paragraph (a) or (f) of the definition of ‘company’ in this section or any association referred to in paragraph (d) of that definition or any unit portfolio referred to in paragraph (e) of that definition, but does not include any company whose registered office is in a country which formerly formed part of the Republic nor any company formed, established or incorporated under the law of such country after it obtained its independence from the Republic.”

(2) The amendments effected by subsection (1) (a) and (d) shall, for the purposes of assessments under the principal Act, be deemed to have taken effect as from the commencement of years of assessment ended or ending on or after 1 January 1985.

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,
section 5 of
Act 91 of 1982,
section 4 of
Act 94 of 1983
and section 4 of
Act 121 of 1984.

3. Section 6 of the principal Act is hereby amended—

- (a) by the substitution in paragraph (a) of subsection (2) for the expression “R460” of the expression “R880”;
- (b) by the substitution in paragraph (b) of subsection (2) for the expression “R380” of the expression “R620”;
- and
- (c) by the substitution for paragraph (f) of subsection (3) of the following paragraph:

“(f) if the taxpayer was or, had he lived, would have been over the age of **[seventy]** 65 years on the last day of the year of assessment, an amount of **[R180]** R380, if the period assessed is 12 months, or, where the period assessed is less than 12 months, an amount which bears to **[R180]** R380 the same ratio as the period assessed bears to 12 months.”

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

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

- (a) by the substitution for paragraph (aa) of the proviso to subparagraph (i) of paragraph (b) of subsection (1) of the following paragraph:

“(aa) the portion of such allowance or advance (other than an allowance or advance referred to in section 10 (1) (nD) or (nF)) which is **[in respect of the year of assessment ending on 28 February 1986]** to be accounted for under paragraph (a) shall be—

- (i) in respect of the year of assessment ending on 28 February 1986, 25 per cent;
- (ii) in respect of the year of assessment ending on 28 February 1987, 40 per cent;

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INCOME TAX ACT, 1985

Act 85 of 1974,
section 7 of
Act 69 of 1975,
section 7 of
Act 113 of 1977,
section 8 of
Act 94 of 1983
and section 5 of
Act 121 of 1984.

- (iii) in respect of the year of assessment ending on 29 February 1988, 60 per cent; or
- (iv) in respect of the year of assessment ending on 28 February 1989, 80 per cent.
- [50 per cent]** of the full amount as determined under that paragraph, before the application of this proviso;”;
- (b) by the substitution, in the Afrikaans text, in subparagraph (ii) of paragraph (b) of subsection (1) for the words preceding the proviso of the following words: 10
- “behoudens die bepalings van subparagraaf (iii), waar bedoelde toelae of voorskot aan die ontvanger betaal is sodat dit gebruik kan word ter bestryding van uitgawes ten opsigte van ’n motorvoertuig deur die ontvanger gebruik, word die gedeelte van die toelae deur die ontvanger gedurende die jaar van aanslag vir besigheidsdoeleindes bestee, tensy ’n aanvaarbare berekening gebaseer op akkurate gegewens deur die ontvanger verstrekk word, geag ’n bedrag te wees wat vasgestel word deur die **[tarief]** skaal per kilometer deur die Minister van Finansies by kennisgewing in die *Staatskoerant* bepaal vir die kategorie voertuig wat gebruik is, toe te pas op ’n afstand gedurende genoemde jaar vir besigheidsdoeleindes (behalwe private reise soos in subparagraaf (i) bedoel) afgeleë.”;
- (c) by the substitution in paragraph (c) of subsection (1) for the words preceding the proviso of the following words:
- “Where any allowance is given to the holder of any office or to any employee for expenses incurred or to be incurred in respect of personal subsistence and incidental costs while such office holder or employee is by reason of the duties of his office or employment obliged to spend at least one night away from his usual place of residence in the Republic, so much of such allowance as, together with any amounts expended by the employer in respect of any of the said costs **[(other than the cost of accommodation)]**, does not exceed an amount calculated at the rate of—
- (i) R100 per day for each day or part of a day in the period during which he is so absent if the allowance is given to him to defray the cost of accommodation (other than accommodation supplied by the employer) as well as meals and other incidental costs; or
- (ii) **[in any other case]** R50 per day for each day or part of a day in the said period in any other case,
- shall be deemed for the purposes of paragraph (a) to have been actually expended by him in respect of the said expenses.”;
- (d) by the substitution for subparagraph (i) of paragraph (e) of subsection (1) of the following subparagraph: 55
- “(i) **[the State President]** a Minister or Deputy Minister of the Republic, a member of Parliament, a member of the President’s Council, the administrator of a province or any member of **[the executive committee of a province]** a provincial council.”; 60
- and
- (e) by the addition to paragraph (a) of subsection (5) of the following proviso:
- “Provided that the provisions of this subsection shall not apply in any case where, in consequence of the acquisition of such property, the person who has acquired the property or any other person has derived a taxable benefit the cash equivalent of which has been included

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in his gross income in terms of the provisions of paragraph (i) of the definition of 'gross income' in section 1."

Amendment of section 9 of Act 58 of 1962, as amended by section 7 of Act 90 of 1962, section 6 of Act 72 of 1963, section 7 of Act 90 of 1964, section 9 of Act 95 of 1967, section 12 of Act 89 of 1969, section 6 of Act 65 of 1973, section 9 of Act 85 of 1974, section 8 of Act 103 of 1976 and section 9 of Act 121 of 1984.

5. Section 9 of the principal Act is hereby amended—
- (a) by the substitution, in the Afrikaans text, in subsection (1) for the words preceding paragraph (a) of the following words:
 "n Bedrag word geag uit 'n bron in die Republiek aan iemand toe te geval het indien dit deur so iemand ontvang is of aan of ten gunste van hom toegeval het [ingevolge] uit hoofde van —"; and
- (b) by the insertion after paragraph (cA) of subsection (1) of the following paragraph:
 "(cB) any business carried on by any such person who is ordinarily resident in the Republic or in the case of a company is a domestic company, as lessor of any container contemplated in section 1 (2) of the Customs and Excise Act, 1964 (Act No. 91 of 1964), wheresoever the agreement for the lease of the said container was concluded or the said container was used by the lessee thereof;"

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965, section 11 of Act 55 of 1966, section 10 of Act 95 of 1967, section 8 of Act 76 of 1968, section 13 of Act 89 of 1969, section 9 of Act 52 of 1970, section 7 of Act 90 of 1972, section 7 of Act 65 of 1973, section 10 of Act 85 of 1974, section 8 of Act 69 of 1975, 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, section 6 of Act 91 of 1982, section 9 of Act 94 of 1983 and section 10 of Act 121 of 1984.

6. (1) Section 10 of the principal Act is hereby amended—
- (a) by the substitution for paragraph (c) of subsection (1) of the following paragraph:
 "(c) (i) the salary and emoluments payable to the State President [and the Vice State President in respect of the holding of their offices under the Republic of South Africa Constitution Act, 1961 (Act No. 32 of 1961)];
 (ii) any pension [which is] payable [or continues to be payable in terms of section 15 of the Republic of South Africa Constitution Act, 1961 (Act No. 32 of 1961), or that section as applied by section 15A of that Act, or section 13 of the Pension Laws Amendment Act, 1971 (Act No. 93 of 1971), or section 8 of the Pension Laws Amendment Act, 1975] to any person or his surviving spouse [who has] by reason of such person having occupied the office of State President or Vice State President [or to the widow of any such person];"
- (b) by the substitution for paragraph (f) of subsection (1) of the following paragraph:
 "(f) the receipts and accruals of all ecclesiastical, charitable and educational institutions of a public character, whether or not supported wholly or partly by grants from the public revenue, and the receipts and accruals of any fund which has a written constitution or has been established by or under the will of a deceased person or by any other written instrument, which has been approved by the Commissioner for the purposes of this paragraph and which is obliged in terms of the provisions of the said constitution, will or other written instrument to distribute so much of its net revenue (being the gross income of the fund less the costs of its administration) as the Commissioner directs to any such institution: Provided that—
 (i) the Commissioner may approve such fund subject to such conditions as he may deem necessary to ensure that no benefits are allocated by the fund for other than ecclesiastical, charitable or educational purposes for the benefit of the general public;

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- (ii) the net revenue of such fund shall, unless the Minister of Finance in any case otherwise directs, be applied for the furtherance of its objects in the Republic or in any country the territory of which formerly formed part of the Republic; 5
- (iii) no such fund shall, unless the Commissioner in any case otherwise directs, carry on any business;
- (iv) if the Commissioner is satisfied that the administrator of any such fund has during any year of assessment failed to comply with any condition imposed by him under paragraph (i) of this proviso, or with the provisions of paragraph (ii) or (iii) of this proviso, he may withdraw his approval of the fund with effect from the commencement of that year of assessment; and 10
- (v) any decision of the Commissioner in the exercise of his discretion under this paragraph shall be subject to objection and appeal;” 15
- (c) by the substitution for subparagraph (ii) of paragraph (i) of subsection (1) of the following subparagraph: 20
- “(ii) so much of the interest on Post Office Savings Bank Certificates as in the case of any taxpayer is derived on so much of the total amount invested in such certificates as does not exceed the sum of **[R40 000] R70 000** [: Provided that where interest has become or becomes payable during the year of assessment ended or ending on 28 February 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];” 25 30 35 40
- (d) by the substitution in subparagraph (xv) of paragraph (i) of subsection (1) for the expression “R100” of the expression “R250”; 45
- (e) by the substitution in subparagraph (xvi) of paragraph (i) of subsection (1) for the expression “R100” of the expression “R250”;
- (f) by the substitution in paragraph (nD) of subsection (1) for the words preceding subparagraph (i) of the following words: 50
- “50 per cent of the taxable portion of any allowance or advance (other than any allowance or advance to which the provisions of paragraph (iii) of the proviso to paragraph (c) of the definition of ‘gross income’ in section 1 or the provisions of paragraph (nF) of this subsection apply) which—” 55
- (g) by the insertion after paragraph (nE) of subsection (1) of the following paragraph: 60
- “(nF) in respect of the year of assessment ending on—
- (i) 28 February 1986, 75 per cent;
- (ii) 28 February 1987, 60 per cent;

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(iii) 29 February 1988, 40 per cent; or
 (iv) 28 February 1989, 20 per cent,
 of an amount received by or accrued to an em-
 ployee or the holder of an office, being the taxable
 portion of an allowance or advance paid for the
 purpose of defraying expenditure incurred in re-
 spect of any motor vehicle used by him, which, if it
 had been received by or had accrued to him during
 the year of assessment ended on 28 February 1985
 would, by virtue of the provisions of this Act or
 any other law, not have been subject to tax and
 which, but for the provisions of this paragraph,
 would have been includable in his taxable income
 in terms of the provisions of section 8 (1) (a);”;
 and

(h) by the addition to subsection (1) of the following para-
 graph:

“(zF) any amount (other than interest) received by or
 accrued to any person from the State in terms of
 any export incentive scheme, being a payment in
 lieu of any allowance or credit to which such per-
 son was or could have become entitled in terms of
 the provisions of section 11bis (6).”.

(2) The amendment effected by subsection (1) (a) shall, for
 the purposes of assessments under the principal Act, be deemed
 to have taken effect as from the commencement of years of as-
 sessment ended or ending on or after 28 February 1985.

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,
 section 8 of
 Act 91 of 1982,
 section 11 of
 Act 94 of 1983
 and section 12 of
 Act 121 of 1984.

7. Section 11bis of the principal Act is hereby amended by the
 substitution for the proviso to paragraph (b) of subsection (7) of
 the following proviso:

“Provided that the Director-General may—

- (i) if he is satisfied that such decision was based on false or
 incorrect information or an arithmetical error; or
 (ii) if he has by way of a promissory note or otherwise
 made a payment to the said person in lieu of an amount
 previously notified by him as contemplated in subsec-
 tion (6).

withdraw such decision and substitute a fresh decision
 therefor.”.

Amendment of
 section 11sept of
 Act 58 of 1962,
 as substituted by
 section 9 of
 Act 104 of 1979,
 and amended by
 section 11 of
 Act 96 of 1981,

8. (1) Section 11sept of the principal Act is hereby amended
 by the substitution in subsection (5) for the words following
 upon paragraph (h) of the following words:

“but excluding any such expenditure incurred on or after 1
 September 1984 which in the opinion of the Commissioner
 relates to the training of any such employee (other than an
 instructor referred to in paragraph (g)) whose remuneration

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section 9 of
Act 91 of 1982
and section 13 of
Act 121 of 1984.

(as determined in accordance with the definition of 'remuneration' in paragraph 1 of the Fourth Schedule but including any amounts referred to in paragraphs (iv) and (vii) of that definition) exceeded R15 000 during the relevant year of assessment of the taxpayer." 5

(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 September 1984.

Amendment of
section 12 of
Act 58 of 1962,
as substituted by
section 15 of
Act 55 of 1966
and amended by
section 12 of
Act 52 of 1970,
section 11 of
Act 88 of 1971,
section 11 of
Act 90 of 1972,
section 12 of
Act 65 of 1973,
section 15 of
Act 85 of 1974,
section 11 of
Act 69 of 1975,
section 13 of
Act 113 of 1977,
section 6 of
Act 101 of 1978,
section 10 of
Act 104 of 1979,
section 9 of
Act 104 of 1980,
section 12 of
Act 96 of 1981,
section 11 of
Act 91 of 1982
and section 14 of
Act 121 of 1984.

9. (1) Section 12 of the principal Act is hereby amended— 10

(a) by the substitution in subsection (1) for the words following upon paragraph (d) and preceding the first proviso of the following words:

"there shall subject to the provisions of subsection (7) be allowed to be deducted from the income of 15 such taxpayer for the year of assessment during which such machinery or plant is so brought into use an allowance, to be known as the 'machinery initial allowance', provided such machinery or plant is so brought into use on or before 31 December 1986." 20

(b) by the substitution in paragraph (ii) of subsection (1A) for the words preceding the proviso of the following words:

"in respect of new or unused machinery or plant 25 brought into use on or after 15 August 1974 but before or on 30 June 1985, 25 per cent of such cost.";

(c) by the insertion after paragraph (iii) of subsection (1A) of the word "or"; 30

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

"(iv) in respect of new or unused machinery or plant brought into use on or after 1 July 1985, 50 per cent of such cost." 35

(e) by the substitution in paragraph (ii) of subsection (2) for the words preceding subparagraph (aa) of the following words:

"such machinery or plant is brought into use after the end of the year of assessment ended 28 February 1966 but before or on 30 June 1985, and—"; and

(f) by the deletion of subparagraph (iii) of paragraph (c) of subsection (2A).

(2) The amendment effected by subsection (1) shall, for the 45 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 1985.

Amendment of
section 13 of
Act 58 of 1962,
as amended by
section 12 of
Act 90 of 1962,
section 5 of
Act 6 of 1963,
section 11 of
Act 72 of 1963,
section 12 of
Act 90 of 1964,
section 14 of
Act 88 of 1965,
section 17 of
Act 55 of 1966,
section 13 of
Act 52 of 1970,
section 13 of
Act 88 of 1971,
section 12 of

10. (1) Section 13 of the principal Act is hereby amended— 50

(a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:

"Notwithstanding anything to the contrary contained in paragraph (ii) of the proviso to section 11 (e), there shall be allowed to be deducted from the income of the taxpayer an allowance equal to two 55 per cent of the cost (after the deduction of any amount referred to in subsection (3) or (7) or the corresponding provisions of any previous Income Tax Act) to the taxpayer of—";

(b) by the substitution for subsection (2) of the following 60 subsection:

"(2) The aggregate of the allowances under subsection (1) or the corresponding provisions of any previous Income Tax Act in respect of any building or improvements shall not exceed the cost (after the deduction of 65

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Act 90 of 1972,
section 13 of
Act 65 of 1973,
section 16 of
Act 85 of 1974,
section 13 of
Act 69 of 1975,
section 7 of
Act 101 of 1978,
section 10 of
Act 104 of 1980
and section 14 of
Act 96 of 1981.

any amount referred to in subsection (3) or the corresponding provisions of any previous Income Tax Act) of such building or improvements, as the case may be, less the aggregate of any allowances made to the taxpayer in respect of such building or improvements, as the case may be, under subsection (7) or section 11 (g) or the corresponding provisions of any previous Income Tax Act.”;

(c) by the substitution for paragraph (ii) of the proviso to subsection (6) of the following paragraph:

“(ii) the allowance under subsection (5) (c), (d) or (e) shall not be made in respect of any building brought into use or in respect of any improvements completed after 30 June 1986.”; and

(d) by the insertion after subsection (6A) of the following subsections:

“(7) In addition to the deduction provided for in subsection (1), there shall be allowed to be deducted from the income of any taxpayer an allowance, to be known as the building initial allowance, in respect of the cost to the taxpayer of any building (other than a building in respect of which a building investment allowance has been granted) the erection of which was commenced on or before 31 December 1986, and of any improvements to any building (other than repairs and other than improvements in respect of which a building investment allowance has been granted) commenced on or before that date, if the building in question was wholly or mainly used by him for the purpose of carrying on therein in the course of his trade (other than farming or mining) any process of manufacture, or if such building was let by him and was wholly or mainly used by the lessee for the purpose of carrying on therein any such process in the course of the lessee’s trade (other than farming or mining): Provided that the building initial allowance shall not be granted in respect of—

(a) any building or improvements on any premises not owned by the taxpayer unless the taxpayer is, at the date on which the erection of such building or the effecting of such improvements is commenced, entitled to the occupation of such premises for a period ending not less than 10 years after such date; or

(b) any building let by the taxpayer or any improvements thereto unless the receipts and accruals derived by the lessee in carrying on his aforementioned trade, constitute income for the purposes of this Act; or

(c) any building brought into use or improvements completed after 31 December 1987.

(7A) The building initial allowance shall be calculated at the rate of 17,5 per cent of the cost to the taxpayer of the relevant building or improvements and shall be granted for the year of assessment in which—

(a) in the case of the cost of erection of a building used by the taxpayer or the lessee, the building was first so used; or

(b) in the case of the cost of any improvements to a building, the improvements were completed.”.

(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 July 1985.

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Amendment of section 18 of Act 58 of 1962, as inserted by section 12 of Act 104 of 1980 and amended by section 15 of Act 96 of 1981 and section 15 of Act 121 of 1984.

11. Section 18 of the principal Act is hereby amended—
- (a) by the substitution in paragraph (b) of subsection (2) for the expressions “R3 000” and “R2 250” of the expressions “R4 000” and “R3 000”, respectively; and
 - (b) by the substitution in paragraph (c) of subsection (2) for the expressions “R1 000” and “R750” of the expressions “R1 500” and “R1 000”, respectively.

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, section 15 of Act 91 of 1982, section 17 of Act 94 of 1983 and section 17 of Act 121 of 1984.

12. (1) Section 19 of the principal Act is hereby amended—
- (a) by the substitution for subsection (1A) of the following subsection:

10

“(1A) There shall for the purposes of determining the taxable income of any taxpayer who is a natural person be allowed as a deduction from his income in the form of dividends referred to in subsection (5A) an amount of **[R100]** R250 less the sum of the amounts 15 which are in terms of section 10 (1) (i) (xv) and (xvi) exempt from tax in his hands in respect of the year of assessment under charge: Provided that the amount so allowed as a deduction shall not exceed the amount by which the income in the form of the said dividends de- 20 rived by such person during the year of assessment under charge and in respect of which a deduction is allowable under subsection (3) of this section, exceeds the amount allowed as a deduction from such income under section 11 (a), (b), (i) and (j) as applied by sub- 25 section (1) of this section.”; and
 - (b) by the substitution for paragraph (b) of subsection (3) of the following paragraph:

“(b) any company which during any portion of the year of assessment was a close corporation, an amount 30 equal to one-third of such dividends.”.

(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 January 1985. 35

Amendment of section 23A of Act 58 of 1962, as inserted by section 21 of Act 121 of 1984.

13. (1) Section 23A of the principal Act is hereby amended by the substitution in subsection (1) for the definition of “machinery, plant or aircraft rental” of the following definition:
- “(i) ‘machinery, plant or aircraft rental’ means a rental—
- (a) which is derived by a lessor from the letting of ma- 40 chinery or plant in respect of which the lessor has in the current or any previous year of assessment qualified for an allowance under section 12, or of any aircraft in respect of which the lessor has in the current or any previous year of assessment 45 qualified for an allowance under section 14bis; and
 - (b) which has become payable under an agreement of lease other than an agreement of lease formally and finally signed by every party to the agreement before 15 March 1984 **[(iii)]**, 50 but excluding any such rental which is derived by the lessor from the letting of any such machinery, plant or aircraft which was during the year of assessment mainly used by him in the course of any trade carried on by him, other than the letting of the said machinery, plant 55 or aircraft; (iii)”.

(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 15 March 1984. 60

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Amendment of section 24 of Act 58 of 1962, as amended by section 22 of Act 89 of 1969 and section 21 of Act 94 of 1983.

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

“Provided that in the case of such an agreement in terms of which such ownership or transfer shall not so pass or be passed before the receipt by the taxpayer of a portion of the said amount payable, which portion only becomes due and payable on or after the expiry of a period of not less than 12 months after the date of the said agreement, the Commissioner, taking into consideration any allowance he has made under section 11 (j), may make such further allowance as under the special circumstances of the trade of the taxpayer seems to him reasonable, in respect of all amounts which are deemed to have accrued under such agreements but which have not been received at the close of the taxpayer’s accounting period:”.

Amendment of section 27 of Act 58 of 1962, as amended by section 17 of Act 113 of 1977, section 11 of Act 101 of 1978, section 19 of Act 104 of 1980 and section 21 of Act 96 of 1981.

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

(a) by the substitution for the second proviso to paragraph (b) of subsection (2) of the following proviso:

“Provided further that no allowance shall be made under this paragraph in respect of such portion of the cost of any building or of any improvements as has been taken into account in the calculation of any storage building initial allowance or any allowance to such co-operative under section 11 (g), whether in the current or any previous year of assessment;”;

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

“(d) (i) an allowance, to be known as the special machinery initial allowance, [equal to twenty-five per cent] in respect of the cost [(as established to the satisfaction of the Commissioner or, in the case of machinery or plant referred to in subsection (2A), as determined under that subsection)] to such agricultural co-operative of any new or unused machinery or plant which is brought into use by such co-operative [during any year of assessment commencing on or after 1 April 1977] on or before 31 December 1986 and is used by it directly for storing or packing pastoral, agricultural or other farm products of its members (including any person who is for the purposes of the definition of ‘storage building’ in subsection (9) deemed to be a member of such co-operative) or for subjecting such products to a primary process, such allowance to be granted for the year of assessment during which such machinery or plant is so brought into use: Provided that no allowance shall be granted under this paragraph in respect of the cost of any machinery or plant if an allowance in respect of such cost has been granted under the provisions of section 12 (1);

(ii) the special machinery initial allowance shall be calculated on the cost (as established to the satisfaction of the Commissioner or, in the case of machinery or plant referred to in subsection (2A), as determined under that subsection) to such co-operative of the machinery or plant which qualifies for the allowance, and the rate of the allowance shall be —

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- (aa) in respect of machinery or plant which has been or is brought into use on or before 30 June 1985, 25 per cent of such cost; or
- (bb) in respect of machinery or plant which has been or is brought into use on or after 1 July 1985, 50 per cent of such cost;”;
- (c) by the addition to subsection (2) of the following paragraph:
- “(i) an allowance, to be known as the storage building initial allowance, equal to 17,5 per cent of the cost to such agricultural co-operative—
- (i) of any building erected and brought into use by such co-operative as a storage building, provided the erection of such building was commenced on or before 31 December 1986; or
- (ii) of any improvements (other than repairs) to any building used by such co-operative as a storage building, provided such improvements were commenced on or before 31 December 1986,
- such allowance to be granted in respect of the year of assessment during which such storage building is brought into use or such improvements are completed, as the case may be: Provided that the storage building initial allowance shall not be granted in respect of—
- (a) any building or improvements on any premises not owned by the agricultural co-operative, unless such co-operative is, at the date on which the erection of such building or the effecting of such improvements is commenced, entitled to the occupation of such premises for a period ending not less than 10 years after such date;
- (b) the cost of any building or improvements in respect of which a storage building investment allowance has been granted or an allowance has been granted under the provisions of section 13 (5); or
- (c) the cost of any building brought into use after 31 December 1987 or of any improvements completed after that date.”; and
- (d) by the substitution for subsection (3) of the following subsection:
- “(3) The aggregate of the allowances under subsection (2) (b) and section 13 (1) in respect of any building or improvements shall not exceed the cost (after the deduction of any amount referred to in subsection (4)) of such building or improvements, as the case may be, less the aggregate of any storage building initial allowance and any allowances made to the agricultural co-operative concerned in respect of such building or improvements, as the case may be, under section 11 (g).”.
- (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 July 1985.

Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963,

16. (1) Section 36 of the principal Act is hereby amended by 60 the insertion after subsection (7E) of the following subsection:

“(7F) The aggregate of the amounts of capital expenditure determined under subsection (7C) in respect of any year of assessment in relation to any one mine shall, unless

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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, section 21 of Act 65 of 1973, section 28 of Act 85 of 1974, section 20 of Act 104 of 1980 and section 25 of Act 94 of 1983.

the Minister of Finance, after consultation with the Minister of Mineral and Energy Affairs and having regard to any relevant fiscal, financial or technical implications, otherwise directs, not exceed the taxable income (as determined before the deduction of any amount allowable under section 15 (a)) derived by the taxpayer from mining on that mine, 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 that mine: Provided that where the taxpayer was on 5 December 1984 carrying on mining operations on two or more mines, the said mines shall for the purposes of this subsection be deemed to be one mine.”

(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 5 December 1984.

Insertion of section 40B in Act 58 of 1962.

17. The following section is hereby inserted in Part II of Chapter II of the principal Act after section 40A:

“Determination of taxable income and normal tax payable in respect of certain dividends.

40B. (1) (a) If any private company which has declared a dividend to its shareholders not earlier than three months prior to or in the course of the winding-up or deregistration of the company, could on the date on which such dividend was declared have been converted into a close corporation in terms of the provisions of section 27 of the Close Corporations Act, 1984 (Act No. 69 of 1984), the company may elect that such dividend shall be dealt with in terms of the provisions of this section.

(b) Any election made by a company under the provisions of paragraph (a), shall be notified to the Commissioner on the declaration referred to in subsection (3) (c).

(2) Where the provisions of this section are applicable to any dividend declared by a private company, so much of such dividend as has been distributed out of profits of the company, other than profits of a capital nature and other than any profits taken into account in the determination of any amount included in the income of any shareholder of the said company in terms of the provisions of section 8B, shall be deemed to be taxable income which accrued to the company on the date on which the said dividend was declared.

(3) Notwithstanding anything to the contrary in this Act contained—

(a) the amount of taxable income which is in terms of subsection (2) deemed to have accrued to the company, shall be determined separately from any other taxable income derived by the company, and any assessed loss incurred by the company shall not be available for set-off against the said amount;

(b) normal tax shall be paid by the company in respect of the said amount of taxable income at the rate of 10 per cent of that amount;

(c) the said normal tax shall be paid within 30 days after the date of declaration of the dividend, or within such further period as the Commissioner may allow, and at the time of payment of the tax the company shall submit to the Commissioner a

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declaration in such form as the Commissioner may prescribe, together with such accounts as may be required for the purpose of determining the amount of taxable income in respect of which the tax is payable; and

(d) the dividend in question shall in the hands of the shareholders of the company be exempt from normal tax and non-resident shareholders' tax.

(4) If any company which has declared a dividend which has been dealt with in terms of the provisions of this section is not wound up or deregistered within 12 months after the date of commencement of the winding-up or deregistration or during such further period as the Commissioner may allow, the provisions of this section shall be deemed not to be applicable to the said dividend, and in such case any amount paid by the company in terms of the provisions of subsection (3) shall be refunded."

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, section 23 of Act 96 of 1981, section 31 of Act 94 of 1983, section 4 of Act 30 of 1984 and section 28 of Act 121 of 1984.

18. (1) Section 56 of the principal Act is hereby amended by the substitution for paragraph (a) of subsection (1) of the following paragraph:

"(a) to or for the benefit of the spouse of the donor under a duly registered antenuptial **[contract]** or post-nuptial contract or under a notarial contract entered into as contemplated in section 21 of the Matrimonial Property Act, 1984 (Act No. 88 of 1984);"

(2) Subsection (1) shall be deemed to have taken effect on 1 November 1984.

Amendment of section 83 of Act 58 of 1962, as amended by section 21 of Act 90 of 1964, section 22 of Act 103 of 1976 and section 15 of Act 104 of 1979.

19. Section 83 of the principal Act is hereby amended by the substitution for paragraph (a) of subsection (7) of the following paragraph:

"(a) Every notice of appeal shall be in writing and shall be lodged with the Commissioner within a period of 30 days after the date of the notice mentioned in section 81 (4) or, if the Commissioner has in terms of the provisions of section 106 (4) withdrawn the last-mentioned notice and sent it anew, the date of the notice so sent anew, and no such notice of appeal shall be of any force or effect whatsoever unless it is lodged within the said period."

Amendment of section 90 of Act 58 of 1962, as amended by section 15 of Act 6 of 1963, section 23 of Act 95 of 1967 and section 35 of Act 121 of 1984.

20. Section 90 of the principal Act is hereby amended by the substitution for the first proviso of the following proviso:

"Provided that any person may recover so much of the taxation paid by him under this Act as is due to the inclusion in his income of any income deemed to have been received by him or to be his income, as the case may be, in terms of section 7 (3), (4), (5), **[or]** (6) or (7), from the person entitled, whether on his own behalf or in a representative capacity, to the receipt of the income so included:"

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Amendment of paragraph 10 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972.

21. Paragraph 10 of the Sixth Schedule to the principal Act is hereby amended—

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

“(1) For the purposes of this Schedule, but subject to the provisions of this Part, an insurance policy is a standard policy if it is a life policy as defined in section 1 of the Insurance Act, 1943 (Act No. 27 of 1943), and if—

(a) in the case of a policy the proposal for which was made to the insurer in writing on or before 24 May 1985 and accepted by him not later than 14 June 1985, it secures the payment of an insurance benefit which is payable—

(i) upon or by reason of the death or the death or earlier disablement (occurring after the commencement date of the policy) of a person whose life is insured under the policy; or

[(b) (ii) [it secures the payment of an insurance benefit which is payable] either upon or by reason of the survival for a specified term of not less than 10 years, commencing not earlier than three months before the commencement date of the policy, of a person whose life is insured under the policy, or upon or by reason of the earlier death or disablement (occurring after the commencement date of the policy) of that person; or

(b) in the case of any other policy—

(i) it is and has at all times been owned by a natural person; and

(ii) it secures the payment of an insurance benefit which is payable at any time while the policy is in force upon or by reason of the death or earlier disablement (occurring after the commencement date of the policy) of the person whose life is insured under the policy, or, where the lives of more than one person are insured under the policy, of the first of such persons who so dies or becomes disabled, and which benefit is not less than an amount equal to eight times the total net premiums payable in respect of the first full year reckoned from the commencement date of the policy, or if the premiums payable during any period of 12 months ending within a period of 10 years reckoned from the said commencement date may under the conditions of the policy be increased to an amount exceeding 115 per cent of the premiums payable during the period of 12 months immediately preceding such first-mentioned period of 12 months, eight times the highest total net premiums which will be or may become payable during any period of 12 months ending within the said period of 10 years: Provided that a policy which does not comply with the preceding provisions of this subitem shall be deemed to so comply if—

(a) it provides for the payment of an insurance benefit as contemplated therein, but the payment of such insurance benefit is excluded for a period of not more than three years from the commencement date

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of the policy in the event of death by suicide, or as a result of the state of health of the person whose life is insured under the policy being such that he could not be granted life assurance in accordance with the normal practice of the insurer concerned; or

- (b) it secures the payment of an insurance benefit which is payable either upon or by reason of the survival for a specified term of not less than 10 years, commencing not earlier than three months before the commencement date of the policy, of a person whose life is insured under the policy, or upon or by reason of the earlier death or disablement (occurring after the commencement date of the policy) of that person and the total premiums payable under the policy during any year of assessment of the owner will not exceed an amount equal to R1 500 less the sum of the premiums payable during that year of assessment under all other policies contemplated in this paragraph which are owned by such owner, his spouse or minor child, or, if the owner is a minor child, by such minor child, his parents and any other minor child of his parents,

and in either case if it satisfies the conditions appropriate to it under paragraphs 11 and 12.”; and

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

“(1A) For the purposes of subparagraph (1), “net premium” means so much of any premium payable under an insurance policy as remains after deducting therefrom such portion thereof as was paid in respect of benefits on disablement or in respect of additional benefits on accidental death, or which was so paid as an additional premium the payment of which was, in conformity with standards applied to all life insurance business of the insurer in question, considered warranted by the insurer’s valuator as a result of the state of health or the nature of the occupation of the person whose life is insured under the policy or as a result of his participation in particular activities or as a result of any other circumstances affecting his insurability.”.

Amendment of paragraph 11 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972 and amended by section 34 of Act 65 of 1973, section 65 of Act 85 of 1974 and section 37 of Act 69 of 1975.

22. Paragraph 11 of the Sixth Schedule to the principal Act is hereby amended by the substitution for items (a) and (b) of subparagraph (1) of the following items, respectively:

- (a) the premiums payable under a policy to which the provisions of paragraph 10 (1) (a) apply, shall be payable at regular yearly or shorter intervals until the **[death of the person whose life is insured under the policy, or until the death or earlier disablement of that person, or until the]** expiry of a period of not less than five years (commencing not earlier than three months before the commencement date of the policy) or the earlier death or disablement of that person;
- (b) the premiums payable under a policy to which the provisions of paragraph 10 (1) (b) apply shall be payable at regular yearly or shorter intervals until the expiry of a

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period of not less than **[five]** 10 years (commencing not earlier than three months before the commencement date of the policy) or until the earlier death or disablement of the person whose life is insured under the policy;”

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Amendment of paragraph 12 of 6th Schedule to Act 58 of 1962, as substituted by section 35 of Act 65 of 1973.

23. Paragraph 12 of the Sixth Schedule to the principal Act is hereby amended by the substitution for subparagraph (b) of the following subparagraph:

- “(b) in the case of a policy referred to in paragraph 10 (1) (a), a benefit consisting of a bonus or share of profits payable out of the insurer’s profits under a distribution to all policy holders who are entitled to participate in the insurer’s profits, or payable under an apportionment of the insurer’s profits or of a specified or defined portion thereof in terms of the policy conditions, if the amount to be paid by way of such bonus or share of profits remains uncertain until it is determined or is apportioned in terms of the policy conditions by the insurer and the right to the payment of such bonus or share of profits is entirely conditional upon the availability of such profits at the time of such distribution or apportionment; or”.

Amendment of paragraph 14 of 6th Schedule to Act 58 of 1962, as added by section 28 of Act 90 of 1972 and amended by section 37 of Act 65 of 1973, section 67 of Act 85 of 1974 and section 29 of Act 96 of 1981.

24. Paragraph 14 of the Sixth Schedule to the principal Act is hereby amended—

- (a) by the substitution for item (b) of subparagraph (1) of the following item:
- “(b) in the case of a policy which qualified as a standard policy under the provisions of paragraphs 10, 11 and 12 and does not qualify as a standard policy under any provision of this Part other than the said paragraphs, the conditions of the policy are varied so that any premium or other consideration payable to the insurer during the period of five years (or, in the case of a policy referred to in paragraph 10 (1) (b), 10 years), reckoned from the commencement date of the policy, is reduced or ceases to be payable, and the policy as so varied no longer satisfies the conditions as to premiums prescribed in paragraph 11; or”;
- (b) by the substitution in item (c) of subparagraph (1) for the words preceding the proviso of the following words: “during a period of five years (or, in the case of a policy referred to in paragraph 10 (1) (b), 10 years), and one month, reckoned from the commencement date of the policy, a period of thirteen months elapses during which premiums become payable under the policy but are not paid.”;
- (c) by the substitution for paragraph (iii) of the proviso to item (e) of subparagraph (1) of the following paragraph:
- “(iii) the policy (other than a policy referred to in paragraph 10 (1) (b)) qualifies as a standard policy under the provisions of paragraphs 10, 11 and 12 and the only right surrendered is a right to the payment of a bonus or share of profits of the same nature as a bonus or share of profits referred to in paragraph 12 (b); or”;
- (d) by the substitution for item (f) of subparagraph (1) of the following item:
- “(f) in the case of a policy which qualified as a standard policy under the provisions of paragraphs 10, 11 and 12, and does not qualify as a standard policy

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under any provision of this Part other than the said paragraphs, it is converted into a paid-up policy within a period of five years (or, in the case of a policy referred to in paragraph 10 (1) (b), 10 years) reckoned from the commencement date of the policy and has not been re-instated as contemplated in paragraph 11 (2A) (iii), unless the sum of all the premiums and other considerations payable by the owner of the policy to the insurer in respect of such policy and any other insurance policies during the year of assessment of the insurer during which the policy is so converted into a paid-up policy, and during each of the four preceding years of assessment of the insurer, did not exceed R4 000; or";

- (e) by the addition to item (g) of subparagraph (1) of the following further proviso:

"Provided further that the provisions of this item shall not apply in any case where item (h) applies;";

- (f) by the addition to subparagraph (1) of the following items:

"(h) in the case of a policy owned by a person other than a natural person, any loan or advance (other than an advance contemplated in paragraph 11 (2A) (ii)) is on or after 25 May 1985 and within a period of 10 years reckoned from the commencement date of the policy, made by the insurer or any other person under or on the security or strength of the policy, regardless of whether interest on such loan or advance is payable or not; or

(i) in the case of a policy referred to in paragraph (b) of the proviso to paragraph 10 (1) (b), the policy is varied so as to provide for an increase in the premiums payable, and in consequence of such increase the total premiums payable under the policy during any year of assessment of the owner exceed or will exceed an amount equal to R1 500 less the sum of the premiums payable during that year of assessment under all other such policies which are standard policies under the provisions of paragraphs 10, 11 and 12 and which are owned by such owner, his spouse or minor child, or, where such owner is a minor child, by such minor child, his parents and any other minor child of his parents; or

(j) during the period of 10 years reckoned from the commencement date of the policy, a policy referred to in paragraph 10 (1) (b) is varied so as to provide for the payment of increased premiums, in such manner that the premiums payable during any period of 12 months exceed an amount equal to 115 per cent of the premiums payable during the period of 12 months immediately preceding such first-mentioned period of 12 months, and the policy would not have qualified as a standard policy had such increased premiums been payable in terms of the policy as originally in force."; and

- (g) by the substitution for item (d) of subparagraph (2) of the following item:

"(d) as from the date on which a loan or advance is made under or on the security or strength of the policy as contemplated in item (g) or (h) of the said subparagraph."

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Amendment of paragraph 16 of 6th Schedule to Act 58 of 1962, as substituted by section 39 of Act 65 of 1973.

25. Paragraph 16 of the Sixth Schedule to the principal Act is hereby amended by the addition of the following subparagraph:

- “(5) Any insurer who receives notification that an insurance policy issued by him has on or after 25 May 1985 been ceded, pledged or assigned by the owner thereof to any other person, shall within three months after the date upon which he receives such notification, furnish the Commissioner with the name and address of the owner of the policy and of the person to whom the policy has been ceded, pledged or assigned, unless—
- (i) the insurer is satisfied that the policy was not so ceded, pledged or assigned in consequence of any loan or advance made on or after the said date on the security or strength of the policy; or
- (ii) the policy is owned by a natural person.”

Amendment of paragraph 1 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

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

- (a) by the substitution in the definition of “official rate of interest” for the expression “12 per cent” of the expression “18 per cent”;
- (b) by the substitution for paragraph (c) of the definition of “taxable benefit” of the following paragraph:
- “(c) any lump sum benefit payable by a benefit fund, pension fund or provident fund, being a benefit referred to in the definition of ‘benefit fund’ in section 1 of this Act or in paragraph [(a)] (i) of the proviso to paragraph (c) of the definition of ‘pension fund’ in that section or in paragraph (a) of the definition of ‘provident fund’ in that section.”; and
- (c) by the substitution in the Afrikaans text for paragraph (b) of the definition of “verwante inrigting” of the following paragraph:
- “(b) waar die werkgewer nie ’n maatskappy is nie, ’n maatskappy wat regstreeks of onregstreeks deur die werkgewer, of deur ’n vennootskap waarvan die werkgewer ’n lid is, bestuur of beheer word; of”.

Amendment of paragraph 2 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

27. Paragraph 2 of the Seventh Schedule to the principal Act is hereby amended—

- (a) by the substitution for subparagraph (f) of the following subparagraph:
- “(f) a loan (other than a loan treated as a dividend under the provisions of section 8B of this Act or a loan in respect of which a subsidy is payable as contemplated in subparagraph (gA)) has been granted to the employee, whether by the employer or by any other person by arrangement with the employer or any associated institution in relation to the employer, and either no interest is payable by the employee on such loan or interest is payable by him thereon at a rate lower than the official rate of interest; or”;
- (b) by the substitution for subparagraph (g) of the following subparagraph:
- “(g) the employer has [under any home ownership or housing scheme in which the employee is a participant] paid any subsidy in respect of the amount of interest or capital repayments payable by [such] the employee in terms of any loan; or”;

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(c) by the insertion after subparagraph (g) of the following subparagraph:

“(gA) the employer has in respect of any loan granted to the employee by any lender, paid to such lender any subsidy, being an amount which, together with any interest payable by the employee on such loan, exceeds the amount of the interest which, if calculated at the official rate of interest, would have been payable on such loan; or”; and

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

“the employer has, whether directly or indirectly, paid any amount owing by the employee to any third person, [whether directly or indirectly] without requiring the employee to reimburse the employer for the amount paid or the employer has released the employee from an obligation to pay any amount owing by the employee to the employer.”

Amendment of paragraph 5 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

28. Paragraph 5 of the Seventh Schedule to the principal Act is hereby amended by the addition of the following subparagraph:

“(4) For the purposes of subparagraph (3) (b), ‘long service’ means an initial unbroken period of service of not less than 15 years or any subsequent unbroken period of service of not less than 10 years.”

Amendment of paragraph 6 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

29. Paragraph 6 of the Seventh Schedule to the principal Act is hereby amended by the addition to item (b) of subparagraph (2) of the following proviso:

“: Provided that where an employee is granted the sole right of use of the asset for a period extending over the useful life of the asset or over a major portion thereof, the value to be placed on the private or domestic use of the asset shall be the cost thereof to the employer, and in such case the taxable benefit in respect of such use shall be deemed to have accrued to the employee on the date on which he was first granted the right of use of such asset.”

Amendment of paragraph 7 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

30. Paragraph 7 of the Seventh Schedule to the principal Act is hereby amended—

(a) by the substitution in item (a) of subparagraph (4) for the scale of values of the following scale:

Where the determined value of such vehicle—	“Value of private use for each month or part of a month	
	Column A R	Column B R
does not exceed R 7 000	230	190
exceeds R 7 000 but does not exceed R 8 000	262	221
“ R 8 000 “ “ R 9 000	280	239
“ R 9 000 “ “ R10 000	302	259
“ R10 000 “ “ R11 000	322	279
“ R11 000 “ “ R12 000	341	297
“ R12 000 “ “ R13 000	362	317

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Where the determined value of such vehicle—	"Value of private use for each month or part of a month	
	Column A R	Column B R
exceeds R13 000 but does not exceed R14 000	385	340
" R14 000 " " R15 000	410	365
" R15 000 " " R16 000	427	381
" R16 000 " " R17 000	448	401
" R17 000 " " R18 000	471	422
" R18 000 " " R19 000	492	444
" R19 000 " " R20 000	513	464
" R20 000 " " R21 000	535	485
" R21 000 " " R22 000	553	502
" R22 000 " " R23 000	581	529
" R23 000 " " R24 000	594	542
" R24 000 " " R25 000	613	560
" R25 000 " " R26 000	637	584
" R26 000 " " R27 000	668	614
" R27 000 " " R28 000	683	629
" R28 000 " " R29 000	694	638
" R29 000 " " R30 000	727	671
" R30 000 " " R35 000	773	716
" R35 000 " " R40 000	866	809";

and

(b) by the substitution for the proviso to item (a) of subparagraph (4) of the following proviso:

"Provided that—

- (i) where the determined value of such vehicle exceeds the sum of R40 000, the value of private use for each such month shall be the sum of **[R389]** **R866** where column A is applicable, or **[R345]** **R809** where column B is applicable, plus in either case an amount of **[R8]** **R21** for each completed amount of R1 000 by which such determined value exceeds R40 000;
- (ii) if the employee bears the full cost of maintaining the vehicle (including the cost of repairs, servicing, lubrication and tyres), the value of private use for each such month as determined in accordance with the foregoing provisions of this subparagraph shall be reduced by an amount of **[R28]** **R30**; and".

Amendment of paragraph 9 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

31. Paragraph 9 of the Seventh Schedule to the principal Act is hereby amended—

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

"(2) The cash equivalent of the value of the taxable benefit derived from the occupation of residential accommodation as contemplated in paragraph 2 (d) shall be the rental value of such accommodation (as determined under subparagraph (3), (4), **[or]** (5) or (9) of this paragraph in respect of the year of assessment) less any rental consideration given by the employee for such accommodation in respect of such year, any rental consideration given by him in respect of household goods supplied with such accommodation and any charge made to the employee by the employer in respect of power or fuel provided with the accommodation."; and

(b) by the addition of the following subparagraph:

"(9) Where the accommodation in question is owned by the employee or his spouse and has been let by him to the employer, the rental value of the accommodation shall be deemed to be the rental payable therefor by the employer, and in such case the said rental shall for the purposes of this Act (excluding this subparagraph) be deemed not to have been received by or not to have accrued to the employee."

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Insertion of paragraph 10A in 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

32. The following paragraph is hereby inserted in the Seventh Schedule to the principal Act after paragraph 10:

"10A. (1) Where—

- (a) any employee has been granted the right to occupy residential accommodation owned by his employer or by any associated institution in relation to his employer; 5
- (b) the employee, his spouse or minor child is in terms of an agreement entered into with such employer or associated institution, entitled or obliged to acquire such residential accommodation at a future date at a price stated in such agreement; and 10
- (c) the employee is required to pay in respect of his occupation of such residential accommodation a rental which is calculated wholly or partly as a percentage of the price referred to in item (b), 15

it shall be deemed for the purposes of this Schedule that the employer or, where the residential accommodation is owned by such associated institution, the associated institution, has granted to the employee a loan equal to the price referred to in item (b) and that interest is payable on such loan at a rate equal to the percentage referred to in item (c). 20

(2) The provisions of paragraph 2 (d) shall not apply to any residential accommodation with which an employee has been provided in the circumstances contemplated in subparagraph (1), and the provisions of paragraph 2 (a) shall not apply where any such residential accommodation is acquired by the employee in terms of an agreement referred to in item (b) of that subparagraph at a price which is not lower than the cost of such residential accommodation to the employer." 25 30

Amendment of paragraph 11 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

33. Paragraph 11 of the Seventh Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for the expression "paragraph 14" of the expression "paragraphs 13A and 14". 35

Substitution of paragraph 12 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

34. The following heading and paragraph are hereby substituted for the heading immediately preceding paragraph 12 of the Seventh Schedule to the principal Act and that paragraph, respectively: 40

"Subsidies in respect of loans [loan interest under home ownership or housing schemes]"

12. Subject to the provisions of [paragraph] paragraphs 13A and 14 the cash equivalent of the value of the taxable benefit consisting of any subsidy in respect of the amounts of interest or capital repayments referred to in paragraph 2 (g) or any subsidy contemplated in paragraph 2 (gA) shall be the amount of such subsidy [: Provided that where the rate of interest payable on the loan exceeds the official rate of interest and the subsidy is payable under a home ownership or housing scheme approved by the Commissioner, there shall for the purposes of this paragraph be deducted from the subsidy so much thereof as the Commissioner is satisfied would not have been payable under such scheme had the rate of interest payable on the loan been equal to the official rate of interest].". 45 50 55

Amendment of paragraph 13 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

35. Paragraph 13 of the Seventh Schedule to the principal Act is hereby amended by the substitution in the Afrikaans text for item (c) of subparagraph (2) of the following item:

"(c) vanweë die onthefing deur 'n werkgewer van 'n verpligting om 'n bedrag deur die werknemer aan die werkgewer verskuldig, te betaal, indien bedoelde onthefing na die afsterwe van die [werkgewer] werknemer geskied, tensy die werkgewer 'n private maatskappy is 60

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en die werknemer toe die bedrag verskuldig geword het of te eniger tyd daarna 'n aandeelhouer in daardie maatskappy was.”.

Insertion of paragraph 13A in 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

36. The following heading and paragraph are hereby inserted in the Seventh Schedule to the principal Act after paragraph 13: 5

“Deduction in respect of the cash equivalent of certain housing benefits”

13A. (1) For the purposes of this paragraph—
‘remuneration’, in relation to any employee, means the aggregate of the amounts of remuneration (as determined in accordance with the definition of ‘remuneration’ in paragraph 1 of the Fourth Schedule but including any amounts referred to in paragraphs (iv) and (vii) of that definition) which have been derived by him from his employer and any companies and funds which are associated institutions in relation to the employer but excluding the value of any taxable benefit contemplated in subparagraph (2) and the amount of any remuneration derived by any employee who is not the controlling shareholder or one of the controlling shareholders of the employer company, from an associated institution in relation to the employer if it is shown to the satisfaction of the Commissioner that the employee’s employment with the employer is not and was not in any way connected with the employee’s employment with such associated institution (any decision of the Commissioner under this paragraph being subject to objection and appeal);

‘remuneration factor’, in relation to a year of assessment during which an employee has derived a taxable benefit contemplated in subparagraph (2), means the remuneration derived by him during the year of assessment immediately preceding the first-mentioned year of assessment: Provided that—

(i) where during a portion of such preceding year the employee was not in the employment of the employer or any associated institution in relation to the employer, the remuneration factor shall as respects that employee be deemed to be an amount which bears to the amount of his remuneration for the portion of such preceding year during which he was in such employment the same ratio as the period of 365 days bears to the number of days in such last-mentioned portion;

(ii) where during the whole of such preceding year, the employee was not in the employment of the employer or of any associated institution in relation to the employer, the remuneration factor shall as respects that employee be deemed to be an amount which bears to the employee’s remuneration during the first month during which he was in the employment of the employer the same ratio as 365 days bears to the number of days during which he was in such employment.

(2) Where any full-time employee has under a home ownership or housing scheme approved by the Commissioner for the purposes of this paragraph, derived a taxable benefit in consequence of the granting of a loan or the payment of a subsidy in respect of a loan, and in either case the loan was utilized wholly for the purpose of acquiring, erecting, extending or improving his private residence, or was utilized wholly for the purpose of replacing a loan utilized for such a purpose, there shall be allowed to be deducted from the cash equivalent of the value of such benefit, as determined under paragraph 11 or 12, whichever is applicable, an

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amount equal to such cash equivalent less so much of the employee's remuneration factor in relation to the year of assessment as exceeds R8 000.

(3) The Commissioner shall not in terms of subparagraph (2) approve any home ownership or housing scheme unless he is satisfied that such scheme is operated solely for the purpose of providing *bona fide* assistance to employees in the provision of their private residences and that no benefit under the scheme will be granted in substitution for any reward for services rendered which would otherwise have been granted to such employees.”

Amendment of paragraph 14 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

37. Paragraph 14 of the Seventh Schedule to the principal Act is hereby amended—

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

“Subject to the provisions of [subparagraph] subparagraphs (2) and (3), where an employee has under a home ownership or housing scheme approved by the Commissioner for the purposes of this paragraph, derived a taxable benefit in consequence of the granting of a loan or in respect of a subsidy on interest or capital repayments in respect of a loan, and in either case the loan was utilized wholly for the purposes of acquiring, erecting, extending or improving his private residence, or was utilized wholly to replace a loan utilized for such a purpose, the cash equivalent of such benefit, as determined under paragraph 11 or 12, whichever is applicable, and paragraph 13A, shall be reduced—”;

and

(b) by the addition of the following subparagraph:

“(3) The provisions of subparagraph (1) shall, in relation to a loan contracted on or after 1 March 1985 and utilized as contemplated in that subparagraph, not apply to so much of the cash equivalent of the value of a taxable benefit derived by the employee concerned in consequence of the granting or subsidizing of such loan as contemplated in that subparagraph, as relates to any portion of such loan which, together with any loan previously so granted or subsidized for the benefit of the said employee under the scheme in question, exceeds the amount of R50 000, unless the agreement for the acquisition, erection, extension or improvement of the employee's residence in respect of which such first-mentioned loan was utilized, was concluded by the employee before the said date: Provided that where the cash equivalent of the value of any taxable benefit derived by the employee falls to be dealt with under the said provisions and—

(a) in consequence of his transfer from one centre to another, the employee has disposed of the residence to which such taxable benefit relates and has acquired or erected a new residence; or

(b) in consequence of the termination of service with one employer and the commencement of service with another employer, the employee has obtained a new loan to replace the loan in respect of which such taxable benefit was derived,

the reference in this subparagraph to the amount of R50 000 shall, in respect of any taxable benefit relating 60

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to such new residence or such new loan which falls to be dealt with under the said provisions, be construed as a reference to the greater of R50 000 or the amount of so much of the loan relating to the residence in respect of which the first-mentioned taxable benefit was derived as was owing when such loan was repaid.” 5

Amendment of paragraph 15 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

38. Paragraph 15 of the Seventh Schedule to the principal Act is hereby amended—

(a) by the substitution for the heading thereto and for subparagraph (1) of the following heading and subparagraph, respectively:

“Deduction in respect of the cash equivalent of certain taxable benefits [derived during the year of assessment ending on 28 February 1986]”

(1) Subject to the provisions of subparagraph (2), the cash equivalent—

(a) determined under paragraph 6 [7, 9 or 11] in respect of any taxable benefit derived by an employee during the year of assessment ending on 28 February 1986, shall be reduced by 50 per cent of such cash equivalent; and 20

(b) determined under paragraph 7, 9 or 11 in respect of any taxable benefit derived by an employee during the year of assessment ending on— 25

(i) 28 February 1986 shall be reduced by 75 per cent of such taxable benefit;

(ii) 28 February 1987 shall be reduced by 60 per cent of such taxable benefit;

(iii) 29 February 1988 shall be reduced by 40 per cent of such taxable benefit; or 30

(iv) 28 February 1989 shall be reduced by 20 per cent of such taxable benefit.

and in such case the amount to be included in the employee's gross income under paragraph (i) of the definition of 'gross income' in section 1 of this Act shall be the said cash equivalent as reduced under this paragraph.”;

(b) by the addition at the end of item (b) of subparagraph (2) of the word “or”; and 40

(c) by the addition to subparagraph (2) of the following item:

“(c) the cash equivalent of any taxable benefit derived in consequence of the granting of a loan, unless the lender and borrower under such loan had on or before 13 February 1985 bound themselves to grant and receive the loan.”. 45

Amendment of paragraph 20 of 7th Schedule to Act 58 of 1962, as added by section 46 of Act 121 of 1984.

39. Paragraph 20 of the Seventh Schedule to the principal Act is hereby amended by the deletion in subparagraph (1) of the words following item (j). 50

Amendment of section 7 of Act 94 of 1983.

40. Section 7 of the Income Tax Act, 1983, is hereby amended by the deletion of subsection (2).

Commissioner for Inland Revenue not required to assess to tax the value of certain benefits or advantages.

41. The Commissioner for Inland Revenue shall not be required to assess to tax the value of any benefit or advantage granted in respect of employment or to the holder of any office if such benefit was derived by the taxpayer during the year of assessment ended on 28 February 1985 or during any preceding year of assessment and such benefit or advantage would, if it had 55

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been derived by the taxpayer during a year of assessment ending on or after 1 March 1985, have constituted a taxable benefit as defined in paragraph 1 of the Seventh Schedule to the principal Act, if the Commissioner is satisfied that in accordance with the practice generally prevailing in respect of assessments for the year of assessment during which such benefit or advantage was derived, the value of such benefit or advantage would not have been assessable to tax, or, where such benefit or advantage was derived during the year of assessment ended on 29 February 1984 or any preceding year of assessment, the value of the benefit or advantage was not returned by the taxpayer in his return of income for the relevant year of assessment by reason of a *bona fide* and reasonable belief of the taxpayer that the value of such benefit or advantage was not assessable to tax.

No steps by Commissioner for Inland Revenue in certain circumstances.

42. Notwithstanding anything to the contrary contained in the principal Act, where during the period with effect from 18 March 1985 up to and including 30 August 1985, any person—

- (a) who was not registered as a taxpayer with the Commissioner for Inland Revenue, or who was so registered but whose whereabouts were unknown to the Commissioner, renders a full and true return of his income which he was required to render under that Act but which he had failed so to render; or
- (b) who had previously rendered a return of income to the Commissioner, reveals to the Commissioner full and true details of his income which were required to be included in such return but which he had failed so to include and which were unknown to the Commissioner,

the Commissioner shall, if such first-mentioned return of income was rendered or such details of income were revealed otherwise than in response to a request or demand addressed by the Commissioner to that person or his representative and otherwise than in consequence of an investigation into that person's affairs instituted by the Commissioner, refrain from taking steps for the assessment or recovery of any penalty or for the institution of any legal proceedings to which such person has exposed himself by reason of such failure.

Commencement of certain amendments.

43. 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 1986.

Short title.

44. This Act shall be called the Income Tax Act, 1985.

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Schedule

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING 28 FEBRUARY 1986 AND 30 JUNE 1986, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF TWELVE MONTHS ENDING 31 MARCH 1986.

(Section 1 of this Act)

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

(a) in respect of the taxable income of any person other than a company, an amount of tax calculated in accordance with the tables below: Provided that there shall be added to the amount of tax calculated in accordance with the said tables a surcharge equal to 7 per cent of so much of the net amount (being an amount arrived at by deducting the rebates provided for in section 6 of the principal Act from the tax so calculated) as exceeds R750;

Table in Respect of Married Persons

Taxable Income		Rates of Tax in respect of Married Persons
Where the taxable income — does not exceed R12 000		16 per cent of each R1 of the taxable income;
exceeds R12 000 but does not exceed	R13 000	R1 920 plus 18 per cent of the amount by which the taxable income exceeds R12 000;
„ R13 000 „ „ „	R14 000	R2 100 plus 20 per cent of the amount by which the taxable income exceeds R13 000;
„ R14 000 „ „ „	R15 000	R2 300 plus 22 per cent of the amount by which the taxable income exceeds R14 000;
„ R15 000 „ „ „	R16 000	R2 520 plus 24 per cent of the amount by which the taxable income exceeds R15 000;
„ R16 000 „ „ „	R18 000	R2 760 plus 26 per cent of the amount by which the taxable income exceeds R16 000;
„ R18 000 „ „ „	R20 000	R3 280 plus 28 per cent of the amount by which the taxable income exceeds R18 000;
„ R20 000 „ „ „	R22 000	R3 840 plus 30 per cent of the amount by which the taxable income exceeds R20 000;
„ R22 000 „ „ „	R24 000	R4 440 plus 32 per cent of the amount by which the taxable income exceeds R22 000;
„ R24 000 „ „ „	R26 000	R5 080 plus 34 per cent of the amount by which the taxable income exceeds R24 000;
„ R26 000 „ „ „	R28 000	R5 760 plus 36 per cent of the amount by which the taxable income exceeds R26 000;
„ R28 000 „ „ „	R30 000	R6 480 plus 38 per cent of the amount by which the taxable income exceeds R28 000;
„ R30 000 „ „ „	R32 000	R7 240 plus 40 per cent of the amount by which the taxable income exceeds R30 000;
„ R32 000 „ „ „	R34 000	R8 040 plus 42 per cent of the amount by which the taxable income exceeds R32 000;
„ R34 000 „ „ „	R36 000	R8 880 plus 43 per cent of the amount by which the taxable income exceeds R34 000;
„ R36 000 „ „ „	R38 000	R9 740 plus 44 per cent of the amount by which the taxable income exceeds R36 000;
„ R38 000 „ „ „	R40 000	R10 620 plus 45 per cent of the amount by which the taxable income exceeds R38 000;
„ R40 000 „ „ „	R50 000	R11 520 plus 46 per cent of the amount by which the taxable income exceeds R40 000;
„ R50 000 „ „ „	R60 000	R16 120 plus 48 per cent of the amount by which the taxable income exceeds R50 000;
„ R60 000		R20 920 plus 50 per cent of the amount by which the taxable income exceeds R60 000;

Table in Respect of Persons Who are Not Married Persons

Taxable Income	Rates of Tax in respect of Persons who are not Married Persons
Where the taxable income — does not exceed R10 000	16 per cent of each R1 of the taxable income;
exceeds R10 000 but does not exceed R11 000	R1 600 plus 18 per cent of the amount by which the taxable income exceeds R10 000;
„ R11 000 „ „ „ R12 000	R1 780 plus 20 per cent of the amount by which the taxable income exceeds R11 000;
„ R12 000 „ „ „ R13 000	R1 980 plus 22 per cent of the amount by which the taxable income exceeds R12 000;
„ R13 000 „ „ „ R14 000	R2 200 plus 24 per cent of the amount by which the taxable income exceeds R13 000;
„ R14 000 „ „ „ R15 000	R2 440 plus 26 per cent of the amount by which the taxable income exceeds R14 000;
„ R15 000 „ „ „ R16 000	R2 700 plus 28 per cent of the amount by which the taxable income exceeds R15 000;
„ R16 000 „ „ „ R18 000	R2 980 plus 30 per cent of the amount by which the taxable income exceeds R16 000;
„ R18 000 „ „ „ R20 000	R3 580 plus 32 per cent of the amount by which the taxable income exceeds R18 000;
„ R20 000 „ „ „ R22 000	R4 220 plus 34 per cent of the amount by which the taxable income exceeds R20 000;
„ R22 000 „ „ „ R24 000	R4 900 plus 36 per cent of the amount by which the taxable income exceeds R22 000;
„ R24 000 „ „ „ R26 000	R5 620 plus 38 per cent of the amount by which the taxable income exceeds R24 000;
„ R26 000 „ „ „ R28 000	R6 380 plus 40 per cent of the amount by which the taxable income exceeds R26 000;
„ R28 000 „ „ „ R30 000	R7 180 plus 42 per cent of the amount by which the taxable income exceeds R28 000;
„ R30 000 „ „ „ R32 000	R8 020 plus 44 per cent of the amount by which the taxable income exceeds R30 000;
„ R32 000 „ „ „ R34 000	R8 900 plus 45 per cent of the amount by which the taxable income exceeds R32 000;
„ R34 000 „ „ „ R36 000	R9 800 plus 46 per cent of the amount by which the taxable income exceeds R34 000;
„ R36 000 „ „ „ R38 000	R10 720 plus 47 per cent of the amount by which the taxable income exceeds R36 000;
„ R38 000 „ „ „ R40 000	R11 660 plus 48 per cent of the amount by which the taxable income exceeds R38 000;
„ R40 000 „ „ „ R42 000	R12 620 plus 49 per cent of the amount by which the taxable income exceeds R40 000;
„ R42 000	R13 600 plus 50 per cent of the amount by which the taxable income exceeds R42 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)), 50 cents;

(c) on each rand of the taxable income derived by any company from mining for gold otherwise than on any post-1966 gold mine (but with the exclusion of so much of the taxable income as the 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 proviso hereto) y represents such percentage and x the ratio expressed as a percentage which the taxable income so derived (with the said ex-

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clusion) 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 there shall be added to the amount of tax calculated in accordance with the preceding provisions of this subparagraph a surcharge equal to 25 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 25 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;
- (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 25 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), 50 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.

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.