

No. 36, 1958.]

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ACT

To fix the rates of normal and super income tax in respect of the year of assessment ended the thirtieth day of June, 1958, to provide for the repayment of certain portions of the said taxes to the taxpayers concerned and for the payment of a portion of the normal tax payable by certain companies into provincial revenue funds and to amend the law relating to income tax.

(English text signed by the Governor-General.)
(Assented to 23rd September, 1958.)

BE IT ENACTED by the Queen's Most Excellent Majesty, the Senate and the House of Assembly of the Union of South Africa, as follows:—

1. (1) In terms of sub-section (2) of section *five* and sub-section (2) of section *twenty-three* respectively of the Income Tax Act, 1941 (Act No. 31 of 1941), hereinafter referred to as the principal Act, the rates of normal and super tax to be levied for the year of assessment ended the thirtieth day of June, 1958, shall be as follows:

Rates of normal
and super tax.

(A) In so far as normal tax is concerned—

(a) in respect of the taxable income (excluding so much as is derived from mining operations carried on in the Union by any company, but including so much as the Commissioner determines to be attributable to the inclusion in the gross income derived from mining in the Union for gold, of any amount referred to in paragraph (f) of the definition of "gross income" in section *seven* of the principal Act)—

(i) in the case of all companies, except as provided in paragraph (b) of sub-section (1) of section *two* of this Act, for each pound of the taxable income, six shillings and sixpence;

(ii) in the case of persons other than companies, for each pound of the taxable income not exceeding nine thousand three hundred pounds, eighteen pence increased by one one-thousandth of a penny for each pound of such taxable income in excess of one pound, and for each pound of the taxable income over and above nine thousand three hundred pounds, thirty-seven pence: Provided that for a married person the rate for each pound of the taxable income not exceeding nine thousand three hundred pounds shall be fifteen pence increased by one one-thousandth of a penny for each pound of such taxable income in excess of one pound, and for each pound of the taxable income over and above nine thousand three hundred pounds, thirty-four pence: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item (including the foregoing proviso thereto) a sum equal to twenty-five per centum of the net amount arrived at after deducting the rebates provided for in section *thirteen* of the principal Act from the amount of tax so calculated;

(b) in respect of so much of the taxable income as has been derived by any company from mining in the Union for gold (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 (f) of the definition of "gross income" in section seven of the principal Act), on each pound of the taxable income a percentage determined in accordance with the formula:

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

in which formula (and in the formulae set out in the 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 twenty thousand pounds, 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 twenty thousand pounds, 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 twelve hundred and fifty pounds by which the said taxable income exceeds twenty thousand pounds;

- (c) in respect of so much of the taxable income as has been derived by any company from mining in the Union for diamonds, for each pound of the taxable income, nine shillings and six pence;
- (d) in respect of so much of the taxable income as has been derived by any company from mining operations (other than mining for gold or diamonds) carried on by such company in the Union, for each pound of the taxable income, six shillings and six pence;
- (e) in respect of so much of the taxable income of any company, the sole or principal business of which in the Union 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, as the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (f) of the definition of "gross income" in section seven of the principal Act, for each pound so determined to be attributable to the inclusion of any such amount, the amount by which the average rate of normal tax as determined under paragraph (b) of sub-section (2) exceeds the rate prescribed in item (i) of sub-paragraph (a).

(B) In so far as super tax is concerned, for each pound of the income subject to super tax not exceeding nine thousand three hundred pounds, two shillings increased by one four-hundredth of a penny for each pound of such income subject to super tax in excess of one pound, and for each pound of the income subject to super tax over and above nine thousand three hundred pounds, five shillings and ten pence: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this paragraph a sum equal to twenty-five per centum of the net amount arrived at after deducting the rebates provided for in section twenty-nine of the principal Act from the amount of tax so calculated.

- (2) (a) For the purposes of paragraph (A) of sub-section (1) income derived from mining in the Union for gold shall include any income derived from silver, osmiridium, uranium, pyrites or other minerals which may

be won in the course of the mining for gold, and any income which, in the opinion of the Commissioner, results directly from mining for gold.

- (b) For the purposes of sub-paragraph (e) of paragraph (A) of sub-section (1), the average rate of normal tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with the said sub-paragraph for the period assessed) paid by the company concerned in respect of its aggregate taxable income from gold mining for the period from the first day of July, 1916, to the end of the period assessed, by the number of the pounds contained in the said aggregate taxable income.
- (c) The tax determined in accordance with any one of the sub-paragraphs (a) to (e) of paragraph (A) of sub-section (1), shall be payable in addition to the tax determined in accordance with any other of the said sub-paragraphs.

(3) For the purposes of assessing any tax imposed by a provincial council in the exercise of its powers under the Financial Relations Consolidation and Amendment Act, 1945 (Act No. 38 of 1945), on the incomes of persons, the amounts of normal tax and super tax payable under the Income Tax Acts of the Union by any taxpayer in respect of the year of assessment ended the thirtieth day of June, 1958, shall be deemed to be equal to the respective amounts which would have been payable as normal tax and super tax if the provisions relating to the addition referred to in the second proviso to item (ii) of sub-paragraph (a) of paragraph (A) of sub-section (1) and in the proviso to paragraph (B) of the said sub-section had not been enacted.

2. (1) (a) Notwithstanding the provisions of sub-section (1) of section *five* of the principal Act, two-thirteenthths of any amount of tax determined in accordance with item (i) of sub-paragraph (a) of paragraph (A) of sub-section (1) of section *one* of this Act (hereinafter referred to as the provincial portion of the normal tax), shall accrue for the benefit of the respective provincial revenue funds in the proportions set out in Proclamation No. 310 of 1957, but subject to such modifications as may be determined by the Governor-General by proclamation in the *Gazette* and shall in the said proportions be paid into the said provincial revenue funds in accordance with the laws relating to the collection, banking and custody of provincial revenues as though it were a tax imposed by the provincial councils of the said provinces on the incomes of companies.
- (b) The provincial portion of the normal tax prescribed in item (i) of sub-paragraph (a) of paragraph (A) of sub-section (1) of section *one* of this Act shall not be payable by any company, the sole or principal business of which in the Union is or has been mining for gold, in respect of so much of its taxable income as the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (f) of the definition of "gross income" in section *seven* of the principal Act, and for the purpose of sub-paragraph (e) of paragraph (A) of sub-section (1) of section *one* of this Act the rate of tax prescribed in item (i) of the said sub-paragraph (a) shall be deemed to be five shillings for each pound of the taxable income.

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

(2) The provisions of this section shall be deemed to have come into operation on the first day of July, 1958.

3. (1) Notwithstanding the provisions of sub-section (1) of section *five* and sub-section (1) of section *twenty-three* respectively of the principal Act, the following portions of the normal and super tax determined in accordance with the provisions of section *one* of this Act in respect of any person for the year of assessment ended the thirtieth day of June, 1958 (which portions are, except as provided in sub-section (4), hereinafter referred

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

to as the loan portions of the normal and super tax), shall be repayable to such person in the manner and at the time hereinafter provided, namely—

- (a) one-thirteenth of each completed one pound of the amount of the tax determined in accordance with item (i) of sub-paragraph (a) of paragraph (A) of sub-section (1) of the said section;
 - (b) two twenty-fifths of each completed one pound of the amount of the tax determined in accordance with item (ii) of the aforesaid sub-paragraph after the deduction of the rebates provided for in section *thirteen* of the principal Act;
 - (c) one-nineteenth of each completed one pound of the amount of the tax determined in accordance with sub-paragraph (c) of the aforesaid paragraph;
 - (d) one-thirteenth of each completed one pound of the amount of the tax determined in accordance with sub-paragraph (d) of the aforesaid paragraph;
 - (e) two twenty-fifths of each completed one pound of the amount of the tax determined in accordance with paragraph (B) of the aforesaid sub-section after the deduction of the rebates provided for in section *twenty-nine* of the principal Act.
- (2) (a) The liability for the payment of any unpaid amount of the loan portions of the normal and super tax due by any person shall cease upon the death, insolvency or liquidation (in the case of a company) of that person, and the estate of a deceased or insolvent person or a company in liquidation shall not be liable for the payment of any of the loan portions of the normal and super tax in respect of any income received by or accrued to or in favour of such estate or such company in liquidation: Provided that nothing in this paragraph contained shall be construed as relieving any trust created under the will of a deceased person from liability for the payment of any of the loan portions of the normal and super tax in respect of any income received by or accrued to or in favour of such trust.
- (b) A person to whom the provisions of section *fifteen* of the principal Act apply and who has no recognized agent in the Union other than the master of the ship or the pilot of the aircraft concerned, shall not be liable for the payment of any of the loan portions of the normal and super tax in respect of his taxable income determined in accordance with the said provisions.
- (c) The loan portion of the normal tax prescribed in item (i) of sub-paragraph (a) of paragraph (A) of sub-section (1) of section *one* of this Act shall not be payable by any company, the sole or principal business of which in the Union is or has been mining for gold, in respect of so much of its taxable income as the Commissioner determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (f) of the definition of "gross income" in section *seven* of the principal Act.
- (d) No person (other than a company) not ordinarily resident nor carrying on business in the Union and no company not registered nor carrying on business in the Union, shall be liable for the payment of the loan portions of the normal and super tax.
- (3) The provisions of section *sixty-five* of the principal Act shall not apply in relation to the loan portions of the normal and super tax.
- (4) The loan portions of the normal and super tax shall for the purposes of sub-sections (2) and (3) (excluding the proviso to paragraph (a) of sub-section (2)) be deemed to be—
- (a) as regards the loan portion of the normal tax—
 - (i) in the case of any company, an amount calculated at the rate of sixpence for each pound of the taxable income in question; and
 - (ii) in the case of any person other than a company, an amount calculated at the rate of ten per centum

of the net amount arrived at after deducting the rebates provided for in section *thirteen* of the principal Act from the amount of tax calculated in accordance with the provisions of item (ii) (excluding the second proviso thereto) of subparagraph (a) of paragraph (A) of sub-section (1) of section *one* of this Act; and

- (b) as regards the loan portion of the super tax, an amount calculated at the rate of ten per centum of the net amount arrived at after deducting the rebates provided for in section *twenty-nine* of the principal Act from the amount of tax calculated in accordance with the provisions of paragraph (B) (excluding the proviso thereto) of sub-section (1) of section *one* of this Act.

(5) There shall from time to time be paid to the credit of the loan account referred to in the General Loans Consolidation and Amendment Act, 1917 (Act No. 22 of 1917), amounts equal to the amounts which the Commissioner determines to have been collected in respect of the loan portions of the normal and super tax.

- (6) (a) The Commissioner shall, at such time as he may decide, but not later than the end of the period referred to in paragraph (c), issue to every person who has paid any of the loan portions of the normal and super tax, a certificate for the amount so paid by such person: Provided that in the event of the death, insolvency or liquidation (in the case of a company) of the person concerned before the issue of such certificate, the Commissioner may instead of issuing such certificate repay to the estate of such person or to the company in liquidation the amount paid by the person concerned in respect of any loan portions of the normal and super tax together with simple interest at the rate of four and one-half per centum per annum on each completed one pound of such amount calculated from the date of payment of such amount by such person to the date on which the said amount is repaid by the Commissioner in terms of this proviso.

- (b) If any person has failed to pay the full amount due by him in respect of the normal and super tax or in respect of such tax and any interest payable thereon under sub-section (2) of section *eighty-three* of the principal Act, the Commissioner shall appropriate to those portions of the normal and super tax which are not loan portions and to any interest payable as aforesaid, in such order as he may in any particular case determine, so much of the amount paid by such person as may be necessary to discharge his liability in respect of those portions of the normal and super tax which are not loan portions and of such interest, and such person or his estate or (in the case of a company) the company in liquidation shall be entitled to a certificate or repayment, as the case may be, under paragraph (a) only in respect of the balance (if any) of the amount paid which has not been so appropriated.

- (c) A certificate issued in terms of paragraph (a) shall not be transferable and shall, save in such special circumstances and on such conditions as the Governor-General may prescribe, not be redeemable until the expiry of a period of five years from the first day of the month in which payment of the amount in respect of which such certificate has been issued, was effected: Provided that if in the opinion of the Commissioner the circumstances of the case warrant such action, he may, subject to such conditions as he may impose, pay the amount due under any certificate to a person other than the person to whom that certificate was issued in terms of paragraph (a).

- (d) Upon expiry of the period referred to in paragraph (c), the relevant certificate shall become redeemable forthwith and may be redeemed in such manner as the Governor-General may prescribe.
- (e) Any such certificate shall bear simple interest at the rate of four and one-half per centum per annum for the period referred to in paragraph (c) on each completed one pound of the amount of the loan portion of the normal and super tax in respect of which such certificate has been issued, which interest may be included in the face value of the certificate and shall not be payable before the date on which such certificate is redeemed.
- (f) (i) Where the amount in respect of which any certificate has or would, but for the proviso to paragraph (a), have been issued, was paid by instalments, the date of payment of the last of such instalments shall for the purposes of this sub-section be deemed to be the date of payment of that amount.
- (ii) If in the case of any taxpayer who in terms of section *fifty-six* of the principal Act has on or before the first day of July, 1958, made any provisional payment in respect of the taxes leviable under this Act, the amount so paid is on finality of the assessment found to be equal to or in excess of the amount (including the amount of the loan portion of the normal tax) properly chargeable, the date of payment of the loan portion of the normal tax shall be deemed to be the first day of July, 1958.
- (g) Notwithstanding anything to the contrary in any other law contained, no stamp duty shall be payable in respect of any receipt given by any person for the payment to him of any amount in terms of the proviso to paragraph (a) or upon the redemption of any certificate which has been issued in terms of this sub-section.
- (h) The provisions of the General Loans Consolidation and Amendment Act, 1917 (Act No. 22 of 1917), shall in so far as they may be applicable, and subject to the provisions of this section, *mutatis mutandis* apply in respect of certificates issued in terms of this sub-section.

(7) The Governor-General may make regulations as to all matters which he considers it necessary or expedient to prescribe in order that the purposes of this section may be achieved, and may in such regulations prescribe penalties for any contravention thereof or failure to comply therewith not exceeding a fine of twenty-five pounds.

(8) The regulations made under the Income Tax Act, 1953 (Act No. 34 of 1953), shall *mutatis mutandis* apply for purposes of this section and shall be deemed to have been made in terms of sub-section (7).

(9) The Governor-General may by proclamation in the *Gazette* determine a date after which assessments for the payment of the loan portions of the normal and super taxes shall not be issued by the Commissioner.

(10) The provisions of this section shall be deemed to have come into operation on the first day of July, 1958.

4. Section *one* of the principal Act is hereby amended—

- (a) by the addition at the end of the definition of "dividend" of the following:
"but does not include—
- (i) (aa) the nominal value of any bonus shares awarded to a shareholder to the extent to which such shares have been paid up by means of the application of the whole or any portion of the share premium account of a company; or
- (ii) (bb) any cash or the value of any asset given to a shareholder to the extent to which the cash or the value of the asset represents a reduction of the share premium account of a company; or
- (iii) (cc) the nominal value of any bonus shares awarded to a shareholder as part of the equity share capital of a company, by a company which is recognized as a public company in terms of section

Amendment of section 1 of Act 31 of 1941, as amended by section 2 of Act 39 of 1945, section 3 of Act 55 of 1946, section 2 of Act 40 of 1948, section 2 of Act 45 of 1949, section 2 of Act 56 of 1952, section 2 of Act 43 of 1955, section 2 of Act 55 of 1956 and section 4 of Act 61 of 1957.

thirty-three, or by any company not so recognized which is registered in the Union (not being a private company as defined in section *one hundred and four* of the Companies Act, 1926 (as in force on the twenty-sixth day of June, 1946)) and in respect of which the Commissioner is satisfied that—

- (i) the general public was throughout the year of assessment in question substantially interested as shareholders in every class of the equity shares issued by the company; and
 - (ii) the business of the company is conducted and its profits are distributed in such a manner that no person enjoys or receives or is entitled to enjoy or receive, by reason of shareholding, participation in the management or otherwise, any advantage which would not be enjoyed or received by him if the company had been under the control of a board of directors acting in the best interests of all its shareholders and had been one which could have been recognized as a public company under paragraph (a) of sub-section (2) of section *thirty-three*; and
- (b) by the insertion after the said definition of the following definition:

“‘equity share capital’ means in relation to any company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution; and the expression ‘equity shares’ shall be construed accordingly;”.

5. Section *seven* of the principal Act is hereby amended by the insertion after paragraph (g)*bis*. of the following paragraph:

“(g)*ter*. any amount received or accrued by way of grant or subsidy in respect of any of the matters mentioned in items (a) to (j), inclusive, of sub-paragraph (1) of paragraph 17 of the Third Schedule;”.

Amendment of section 7 of Act 31 of 1941, as amended by section 2 of Act 34 of 1942, section 2 of Act 26 of 1943, section 3 of Act 39 of 1945, section 4 of Act 55 of 1946, section 3 of Act 45 of 1949, section 2 of Act 64 of 1951, section 3 of Act 56 of 1952, section 4 of Act 43 of 1955 and section 3 of Act 55 of 1956.

6. (1) Section *nine* of the principal Act is hereby amended by the substitution for the second proviso to paragraph (c) of sub-section (1) of the following proviso:

“Provided further that nothing in this paragraph shall be construed as imposing liability for taxation under this Act upon any salary or emolument paid to any person in the employment of the Government of the Union (including the Railway Administration) in respect of any period for which such person is stationed in the territory of South West Africa;”.

(2) The amendment effected by sub-section (1) shall be deemed first to have taken effect in respect of assessments for the year of assessment which ended on the thirtieth day of June, 1955.

Amendment of section 9 of Act 31 of 1941, as amended by section 3 of Act 26 of 1943, section 4 of Act 39 of 1945, section 5 of Act 55 of 1946, section 4 of Act 45 of 1949, section 3 of Act 34 of 1953 and section 4 of Act 55 of 1956.

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

- (a) by the substitution in paragraph (c) of sub-section (1) for the words “or a trade union” of the words “a trade Union or a non-proprietary stock exchange”;
- (b) by the insertion in paragraph (i) of the said sub-section after the words “Income Tax Act of the Union” the words “or annual interest accrued in respect of Five per cent. Five Year Treasury Bonds” and the

Amendment of section 10 of Act 31 of 1941, as amended by section 3 of Act 34 of 1942, section 4 of Act 26 of 1943, section 2 of Act 47 of 1944, section 5 of

substitution for the proviso to the said paragraph of the following proviso: Act 39 of 1945, section 6 of Act 55 of 1946, section 3 of Act 40 of 1948, section 5 of Act 45 of 1949, section 4 of Act 56 of 1952, section 4 of Act 34 of 1953, section 5 of Act 55 of 1956 and section 5 of Act 61 of 1957.

(i) on deposits in the Post Office Savings Bank and on Post Office Savings Bank Certificates made or held by any one person shall be limited in each case to the sum of fifty pounds;

(ii) on Tax Redemption Certificates held by any one person shall be limited to the sum of twenty-five pounds; and

(iii) on Five per cent. Five Year Treasury Bonds shall be limited to the sum of five hundred pounds in the case of any taxpayer;";

(c) by the insertion in sub-paragraph (ii) of paragraph (j) of the said sub-section before the word "provided" of the words "except the Administration of the territory of South-West Africa"; and

(d) by the insertion after paragraph (t) of the said sub-section of the following paragraphs:

"(u) the receipts and accruals derived by any company from the realization of assets consisting of gold bullion or shares in companies, if such assets were acquired by such company with funds which were transferred to the Union from any country outside the Union by arrangement with the Treasury or with funds derived from the realization of similar assets acquired with the proceeds derived from any such assets or from dividends received in respect of such shares and the Treasury has with the approval of the Minister of Finance, given an undertaking that any such receipts and accruals shall be exempt from the tax: Provided that particulars of the terms and conditions of any arrangement with and any undertaking given by the Treasury and the period during which such undertaking is to endure are published in the *Gazette*;

(v) the receipts and accruals of any bank, if the Commissioner is satisfied that such bank is not resident in the Union, is entrusted by the Government of a territory outside the Union with the custody of the principal foreign exchange reserves of that territory and the Minister of Finance decides to apply the provisions of this paragraph to that bank in respect of the year of assessment under charge."

(2) The amendment effected by paragraph (c) of sub-section (1) shall be deemed first to have taken effect in respect of assessments for the year of assessment which ended on the thirtieth day of June, 1955.

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

(a) by the insertion in paragraph (d) *quat.* of sub-section (2) after the words "two hundred gross register tons" of the words "and the reference in paragraph (d) to a shore-based whaling boat being construed as a reference to a shore-based whaling boat of less than two hundred gross register tons";

(b) by the insertion after paragraph (f) of the said sub-section of the following paragraph:

"(f) *bis.* in the case of income derived by any person from mining operations, any expenditure incurred by such person during the year of assessment on prospecting operations (including surveys, boreholes, trenches, pits and other exploratory work preliminary to the establishment of a mine) in respect of any area within the Union in respect of which a mining lease has not been granted by the State, together with any other expenditure which in the opinion of the Commissioner is incidental to such operations: Provided that—

(i) except in the case of any person who derives income from mining for diamonds in the Union, the Commissioner may determine that any expenditure referred to in this paragraph shall be deducted in a series of annual instalments, so that only a portion of such expenditure is deducted in the year of assess-

Amendment of section 11 of Act 31 of 1941, as amended by section 4 of Act 34 of 1942, section 5 of Act 26 of 1943, section 6 of Act 39 of 1945, section 7 of Act 55 of 1946, section 4 of Act 40 of 1948, section 6 of Act 45 of 1949, section 5 of Act 56 of 1952, section 5 of Act 34 of 1953, section 2 of Act 55 of 1954, section 5 of Act 43 of 1955, section 6 of Act 55 of 1956 and section 6 of Act 61 of 1957.

ment in which it is incurred, and the residue in such subsequent years of assessment and in such proportions as the Commissioner may determine, until the expenditure is extinguished;

- (ii) in the case of any company which derives income from different classes of mining operations, the deduction under this paragraph shall be made from the income derived from such class or classes of mining operations and in such proportions as the Commissioner may determine;
 - (iii) any expenditure which has been allowed to be deducted from the income of any person in terms of this paragraph shall not be included in such person's capital expenditure as defined in sub-section (10) of section *twenty*;" and
- (c) by the addition at the end of paragraph (d) of sub-section (5) of the following proviso:

"Provided that any bonus shares awarded by any company to shareholders of that company on or after the first day of July, 1957, shall have no value."

9. Section *twenty* of the principal Act is hereby amended by the substitution for sub-section (2) of the following sub-section:

"(2) In the case of incomes derived from the working of any diamond mines, there shall in lieu of the said quotient be deducted in respect of the year of assessment during which the production of diamonds commences, the amount of capital expenditure incurred up to the close of that year of assessment, and thereafter in respect of each succeeding year of assessment the actual capital expenditure incurred during the year of assessment."

Amendment of section 20 of Act 31 of 1941, as amended by section 11 of Act 55 of 1946, section 4 of Act 52 of 1947, section 6 of Act 40 of 1948, section 3 of Act 64 of 1951, section 8 of Act 55 of 1956 and section 7 of Act 61 of 1957.

10. Section *twenty-one* of the principal Act is hereby amended by the substitution for sub-section (2) of the following sub-section:

"(2) The amount allowed to rank as capital expenditure for redemption by the new owner under the provisions of sub-section (1) shall for the purposes of paragraph (f) of the definition of 'gross income' in section *seven* or for the purposes of sub-section (1) of section *twenty*, as the case may be, be deemed to be a recoupment from capital expenditure by the person from whom ownership was acquired."

Amendment of section 21 of Act 31 of 1941, as amended by section 12 of Act 55 of 1946.

11. Section *fifty* of the principal Act is hereby amended by the insertion after the definition of "fair value" of the following definition:

"'paid up capital' (except where that expression is used in paragraph (a) of sub-section (2) of section *fifty-three*), in relation to any company, means the nominal value of the paid up capital of that company reduced as provided in the said paragraph and excluding so much of the nominal value of any bonus shares as did not rank as a dividend in terms of paragraph (iii) (cc) of the definition of 'dividend' in section *one*;"

Amendment of section 50 of Act 31 of 1941, as inserted by section 10 of Act 43 of 1955 and amended by section 12 of Act 55 of 1956.

12. Section *fifty-one* of the principal Act is hereby amended—

- (a) by the insertion in paragraph (f) after the word "date", where it occurs for the first time, of the words "together with an amount equal to so much of the nominal value of any bonus shares awarded to shareholders on or after the first day of July, 1957, as did not rank as a dividend in terms of paragraph (iii) (cc) of the definition of 'dividend' in section *one*"; and

Amendment of section 51 of Act 31 of 1941, as inserted by section 10 of Act 43 of 1955 and amended by section 13 of Act 55 of 1956.

- (b) by the insertion in paragraph (i) after the word "tax" of the words "in terms of this section excluding paragraphs (f) and (g)".

13. Section *fifty-three* of the principal Act is hereby amended by the insertion in paragraph (b) of sub-section (1) after the word "unappropriated" wherever it occurs in the said paragraph of the words "(together with an amount equal to so much of the nominal value of any bonus shares awarded to shareholders on or after the first day of July, 1957, as did not rank as a dividend in terms of paragraph (iii) (cc) of the definition of 'dividend' in section one)".

Amendment of section 53 of Act 31 of 1941, as inserted by section 10 of Act 43 of 1955.

14. Section *fifty-five* of the principal Act is hereby amended—

Amendment of section 55 of Act 31 of 1941.

(a) by the addition of the following paragraph to sub-section (1), the existing sub-section becoming paragraph (a):

"(b) For the purposes of this sub-section, persons liable to taxation under the provisions of this Act shall be deemed to include—

- (i) any person who rendered, or was required to render, a return in respect of the last preceding year of assessment and who has not been advised by the Commissioner in writing that he is not required to render a return in respect of the year of assessment under charge;
- (ii) any person, other than a company, whose gross income for the year of assessment under charge exceeded the amount to be stated by the Commissioner in the notice referred to in paragraph (a);
- (iii) any company which derived gross income during the year of assessment under charge.";

(b) by the substitution for sub-section (5) of the following sub-section:

"(5) Every person shall, on publication of the annual notice or on receipt of a form delivered or sent by post as provided in sub-section (3) or of a notice issued in terms of sub-section (4), prepare and deliver in the prescribed manner, within the time mentioned in any such notice or form to the person appointed to receive the same, a return in the form prescribed, giving the particulars required and all other details in relation thereto which may be prescribed. Such return shall be signed by the taxpayer, or by his agent duly authorised in that behalf."

15. The following section is hereby substituted for section *fifty-nine* of the principal Act:—

Substitution of section 59 of Act 31 of 1941.

"Duty to furnish returns as to employees, their earnings and other matters.

59. (1) Every person shall, if required by the Commissioner, furnish to him, in such form and within such time as may be prescribed or as the Commissioner may direct, returns showing—

- (a) the names and addresses of all persons or of all persons of any particular class employed by him, and the earnings, salary, wages, allowances or pensions, whether in money or otherwise, received by or accrued to or in favour of each such person in respect of such employment;
- (b) all amounts received by or accrued to or in favour of any person in respect of any share or interest in any business carried on by the person furnishing the return;
- (c) all moneys received by the person furnishing the return from any person for investment or on loan or on deposit with or without interest;
- (d) all interest or rent received by or accrued to or in favour of any person from the person furnishing the return or from any business carried on by the last-named person in the Union;
- (e) all interest, rent or dividends collected for or on behalf of any person by the person furnishing the return;

(f) all such other information in his possession with regard to the income received by or accrued to or in favour of himself or of any other person as may be required by the Commissioner.

(2) In addition to the returns specified in sub-section (1), every person, whether a taxpayer or not, shall, as and when required by the Commissioner, supply such information and furnish such returns or such further or other returns as the Commissioner may require.

(3) Every person to whom a form of return or a written request for information is sent by the Commissioner shall complete the form of return or comply with the written request for information in accordance with the requirements of the Commissioner and shall return the completed form or furnish the information to the Commissioner at such place and within such time as the Commissioner may direct."

16. Section *sixty-three* of the principal Act is hereby amended by the insertion in paragraph (f) of sub-section (1) after the words "cheque books" of the words "bank statements, deposit slips, paid cheques".

Amendment of section 63 of Act 31 of 1941, as amended by section 19 of Act 55 of 1946 and section 15 of Act 55 of 1956.

17. The Third Schedule to the principal Act is hereby amended by the addition at the end of sub-paragraph (b) of paragraph 13 of the following provisos:

Amendment of the Third Schedule to Act 31 of 1941, as added by section 7 of Act 52 of 1947, and amended by section 7 of Act 40 of 1948, section 17 of Act 45 of 1949, section 6 of Act 64 of 1951, section 5 of Act 55 of 1954 and section 15 of Act 61 of 1957.

"Provided that no standard value adopted under this sub-paragraph on or after the first day of July, 1958, shall be more than twenty per centum higher or lower than the standard value fixed under sub-paragraph (a) in respect of livestock of the class in question: Provided further that any farmer who classifies any kind of his livestock on a basis other than that applied by the Governor-General for the purpose of fixing a standard value under sub-paragraph (a), may adopt in respect of any class into which he so classifies that livestock such a standard value as may be approved by the Commissioner with due regard to the values so fixed."

18. Section *two* of the Income Tax Act, 1957 (Act No. 61 of 1957), is hereby amended, with effect from the date of commencement of the said section, by the deletion in paragraph (a) of sub-section (1) of the words "of each completed one pound".

Amendment of section 2 of Act 61 of 1957.

19. Section *three* of the Income Tax Act, 1957 (Act No. 61 of 1957), is hereby amended, with effect from the date of commencement of the said section—

Amendment of section 3 of Act 61 of 1957.

(a) by the insertion after sub-section (3) of the following sub-section:

"(3)*bis*. Notwithstanding the provisions of sub-section (1), the loan portions of the normal and super tax shall for the purposes of sub-sections (2) and (3) (excluding the proviso to paragraph (a) of sub-section (2)) be deemed to be—

(a) as regards the loan portion of the normal tax—

(i) in the case of any company, an amount calculated at the rate of sixpence for each pound of the taxable income in question; and

(ii) in the case of any person other than a company, an amount calculated at the rate of ten per centum of the net amount arrived at after deducting the rebates provided for in section *thirteen* of the principal Act from the amount of tax calculated in accordance with the provisions of item (ii) (excluding the second proviso thereto) of sub-paragraph (a) of paragraph (A) of sub-section (1) of section *one* of this Act; and

- (b) as regards the loan portion of the super tax, an amount calculated at the rate of ten per centum of the net amount arrived at after deducting the rebates provided for in section *twenty-nine* of the principal Act from the amount of tax calculated in accordance with the provisions of paragraph (B) (excluding the proviso thereto) of sub-section (1) of section *one* of this Act.”;
- (b) by the substitution in paragraph (c) of sub-section (5) for the words “date of payment of the amount in respect of which such certificate has been issued” of the words “first day of the month in which payment of the amount in respect of which such certificate has been issued, was effected”; and
- (c) by the deletion in sub-section (7) of the words “and published under Government Notice No. 727 of 1955 in the *Gazette* of the 1st April, 1955”.

20. Except where otherwise provided in this Act the amendments effected by this Act shall, save in the case of the amendments effected by sections *sixteen* and *seventeen* first take effect in respect of assessments for the year of assessment ended on the thirtieth day of June, 1958.

Commencement
of certain
amendments.

21. This Act shall be called the Income Tax Act, 1958.

Short title.