

No. 88, 1965.]

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.

## ACT

To fix the rates of normal tax payable by persons other than companies in respect of taxable incomes for the years of assessment ending the twenty-eighth day of February, 1966, and the thirtieth day of June, 1966, and by companies in respect of certain taxable incomes for certain years of assessment ending during the period of twenty-four months ending the thirty-first day of December, 1966, to provide for the repayment of certain portions of the said taxes to the taxpayers concerned, to provide for the payment of a portion of the normal tax payable by certain companies into provincial revenue funds, to provide for the basis of calculation of any tax levied by a provincial council on the incomes of persons other than companies, and to amend certain sections of and Schedules to the Income Tax Act, 1962 and to insert certain sections in the said Act.

*(English text signed by the State President.)  
(Assented to 18th June, 1965.)*

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

Rates of normal tax.

1. The rates of normal tax to be levied in terms of sub-section (2) of section *five* of the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act, in respect of the relevant years of assessment referred to in the Schedule to this Act, shall be as set forth in that Schedule.

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

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

(2) The provisions of this section shall be deemed to have come into operation on the first day of March, 1965.

Calculation of provincial income taxes in respect of year of assessment ending 28th February, 1966, or 30th June, 1966.

3. For the purposes of assessing any tax imposed by a provincial council in the exercise of its powers under the Financial Relations Consolidation and Amendment Act, 1945 (Act No. 38 of 1945), on the incomes of persons, the amount of normal tax payable under this Act by any person other than a company in respect of the year of assessment ending the twenty-eighth day of February, 1966, or the thirtieth day of June, 1966, whichever is applicable, shall, notwithstanding the provisions of the first-mentioned Act, be deemed to be equal

to the amount which would have been payable as normal tax in terms of item (a) of paragraph 1 of the Schedule to this Act if the proviso to that item had not been enacted.

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

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

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

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

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

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

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

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

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

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

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

(b) Notwithstanding the provisions of paragraphs 33 and 34 of the Fourth Schedule to the principal Act, the amounts accruing from time to time in terms of those paragraphs to the Consolidated Revenue Fund or the Transkeian Revenue Fund shall be reduced by so much of such amounts as the Secretary determines to be payable to the credit of the said loan account,

and any amounts (other than amounts repayable under the provisions of sub-section (6)) refunded by the Secretary in respect of the loan portion of the normal tax shall be paid as a drawback from amounts accruing to the said loan account.

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

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

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

(6) The Minister of Finance shall determine a date, not being later than the twenty-eighth day of February, 1973, after which the loan portion of the normal tax shall be repaid to the person by whom it was paid: Provided that if in the opinion of the Secretary the circumstances of the case warrant such action, he may, subject to such conditions as he may impose, make such repayment to a person other than the person by whom such loan portion was paid: Provided further that in the event of the death, insolvency or liquidation (in the case of a company) of the person concerned before the date so determined, the Secretary may, before such date, repay to the estate of such person or to the company in liquidation the amount paid by the person concerned in respect of such loan portion, together with simple interest determined as hereinafter provided.

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

(8) A person shall for the purposes of this section be deemed to have paid the loan portion of the normal tax for which he is liable in respect of the year of assessment ending on the twenty-eighth day of February, 1966—

(a) if employees' tax has during such year been deducted or withheld from his remuneration as required by the principal Act and he either is not required under that Act to pay provisional tax in respect of such year of assessment or has made arrangements to the satisfaction of the Secretary for increased deductions by way of employees' tax to cover his liability for provisional tax in respect of such year, on the first day of September, 1965; or

(b) if during such year of assessment he has paid directly by way of provisional tax in respect of such year of assessment the amount payable by him in terms of item (a) of sub-paragraph (1) of paragraph 21 of the Fourth Schedule to the principal Act or sub-paragraph (1) of paragraph 22 of that Schedule or item (a) of paragraph 23 of that Schedule, on the first day of the month during which he paid such amount; or

(c) if the provisions of paragraph (a) or (b) do not apply, on the first day of the month during which he pays the full amount of such loan portion: Provided that where normal, provincial income or personal tax is due by such person, whether for the said year of assessment or any other year of assessment, the Secretary may for the purposes of this section appropriate to such loan portion so much of any amount paid in respect of such tax by such person as may be necessary to

discharge such person's liability for such loan portion, and the date of payment of such loan portion shall for the purposes of this section be deemed to be such date as the Secretary, having regard to the circumstances of the case, may determine.

(9) Notwithstanding anything to the contrary in any other law contained, no stamp duty shall be payable in respect of any receipt given by any person for the repayment to him of the loan portion of the normal tax.

(10) The State President may make regulations as to all matters which he considers it necessary or expedient to prescribe in order that the objects of this section may be achieved, and may in such regulations prescribe penalties for any contravention thereof or failure to comply therewith not exceeding a fine of fifty rand.

(11) The State President may by proclamation in the *Gazette* determine a date after which assessments for the payment of the loan portion of the normal tax shall not be issued by the Secretary.

(12) The provisions of this section shall be deemed to have come into operation on the first day of March, 1965.

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 and section 4 of Act 90 of 1964.

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

(a) with effect from the commencement of the year of assessment ended the twenty-eighth day of February, 1965, by the substitution for the definition of "local authority" of the following definition:

"'local authority' means any divisional council, rural council, municipal council, town council, village council, town board, local board, village management board, health committee or school board or any district council or any local or general council established or deemed to have been established under the provisions of the Bantu Affairs Act, 1959 (Act No. 55 of 1959), and includes the Rand Water Board, the Evaton Bantu Township Liaison Committee constituted under Part II of Schedule B to Proclamation No. 54 of 1959 and the Far West Rand Dolomitic Water Association formed on the sixth day of July, 1964;"; and

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

"'married person' means any person who—

(a) during any portion of the period in respect of which any assessment is made was married and not living apart from his spouse in circumstances which, in the opinion of the Secretary, indicate that the separation is likely to be permanent, or was a widower or widow; or

(b) during the whole of such period—

(i) was divorced or was separated under an order of judicial separation, if the proceedings for such divorce or judicial separation were instituted not later than the twenty-first day of March, 1962; or

(ii) was separated under a written agreement of separation entered into not later than that date,

and who is entitled to any deduction in respect of a child under paragraph (c) of sub-section (1) of section *six*;";

Amendment of section 5 of Act 58 of 1962, as substituted by section 2 of Act 6 of 1963 and amended by section 5 of Act 90 of 1964.

6. Section *five* of the principal Act is hereby amended by the addition of the following sub-sections:

"(3) (a) Where it is proved to the satisfaction of the Secretary that a portion (but not the whole) of the taxable income of any taxpayer in respect of any period of assessment commencing on or after the first day of March, 1965, is attributable to the inclusion in the taxpayer's income of the income of his wife, and each spouse's portion of such taxable income, as

determined in accordance with sub-sections (5) and (6), is not less than one hundred rand, the normal tax chargeable in respect of such taxable income shall, unless the provisions of sub-paragraph (3) of paragraph 15 of the First Schedule or paragraph 17 of that Schedule or paragraph 7 of the Second Schedule apply in the case of the taxpayer, be an amount which bears to such taxable income the same ratio as the amount of normal tax which, applying the relevant rate fixed in terms of sub-section (2), would be chargeable in respect of a taxable income equal to the rating amount (determined as provided in sub-section (4)), bears to such rating amount: Provided that in no case shall the amount of normal tax chargeable be less than the amount of normal tax which would be chargeable at the relevant rate fixed in terms of sub-section (2) in respect of the first rand of taxable income, and nothing in this section contained shall be construed as relieving any person from liability for taxation under this Act upon any portion of his taxable income.

(b) In determining under this sub-section the amount of normal tax which is or would be chargeable no regard shall be had to the deductions provided for in section *six* or *six bis*.

(4) For the purposes of sub-section (3) the rating amount shall be deemed to be the aggregate of—

(a) the greater of the sums remaining after deducting from the husband's and the wife's portions (determined in accordance with the provisions of sub-sections (5) and (6)) of the taxable income of the taxpayer for the period of assessment the respective amounts (if any) allowed to be deducted in terms of sub-section (7), or if such sums are equal in value, either such sum; and

(b) an amount equal to one-half of the lesser of the sums referred to in paragraph (a), or if such sums are equal in value, one-half of either such sum; and

(c) an amount equal to twice the amount (if any) by which the taxable income of the taxpayer exceeds eight thousand rand:

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

(5) For the purposes of this section—

(a) the husband's portion of the taxable income of the taxpayer for any period of assessment shall, subject to the provisions of sub-section (6), be deemed to be an amount equal to the amount at which the husband's taxable income for such period would have been determined under the provisions of this Act if the provisions of sub-section (2) of section *seven* had not been applicable: Provided that in the determination of such amount—

(i) any deduction to be allowed under the provisions of sub-section (3) of section *nineteen* shall be calculated at the same percentage as the deduction allowed to the taxpayer under those provisions in the determination of the taxable income of the taxpayer for the said period;

(ii) any balance of assessed loss to be set off under the provisions of paragraph (a) of sub-section (1) of section *twenty* shall be restricted to so much of such loss as the Secretary is satisfied was not extinguished under those provisions in the determination of the taxpayer's taxable income or assessed loss for any previous period of assessment; and

(b) the wife's portion of the taxable income of the taxpayer for such period shall, subject to the provisions of sub-

section (6), be deemed to be the amount by which such taxable income exceeds the husband's portion of such taxable income as determined under paragraph (a).

(6) For the purpose of determining under the provisions of sub-section (5) the husband's and wife's portions of the taxable income of a taxpayer in respect of any period of assessment—

(a) any amount which in fact was received by or accrued to either spouse (in this sub-section referred to as the spouse) during such period by way of salary, emoluments, remuneration or any other income of a similar nature from the other spouse or any partnership of which the other spouse was at the time of such receipt or accrual a member or any private company of which the other spouse was at such time a director or any private company in which the other spouse was at such time the main shareholder or one of the principal shareholders; and

(b) any income received by or accrued to the spouse by reason or as a result of any donation, settlement or other disposition made by the other spouse, or of any agreement or arrangement between the spouses which, in the opinion of the Secretary, has the effect of diverting income to the spouse from the other spouse,

shall be deemed to be income of the other spouse.

(7) The amount which, for the purpose of determining the rating amount referred to in sub-section (4), may be deducted from a spouse's portion (as determined in accordance with sub-sections (5) and (6)) of the taxable income of the taxpayer for any period of assessment, shall be the amount which would in terms of sub-paragraph (3) of paragraph 15 of the First Schedule or paragraph 17 of that Schedule or paragraph 7 of the Second Schedule have been deducted from the taxable income of such spouse for such period for the purpose of calculating the rates of normal tax payable by such spouse if the taxable income of such spouse for such period had been separately determined under the provisions of this Act without applying the provisions of sub-section (2) of section seven: Provided that the amount which may be deducted as aforesaid shall not exceed an amount equal to the said portion.

(8) The provisions of sub-paragraph (3) of paragraph 15 of the First Schedule or paragraph 17 of that Schedule or paragraph 7 of the Second Schedule shall not apply if the amount of normal tax (before any deduction is made under the provisions of section *six* or *six bis*) which would be payable by the taxpayer at the rate determined under those provisions, exceeds the amount of normal tax (before any deduction is made under the provisions of section *six* or *six bis*) determined under the provisions of sub-section (3)."

Insertion of  
section *6bis* in  
Act 58 of 1962.

7. The following section is hereby inserted in the principal Act after section *six*:

"Rebate in respect of foreign income taxes on royalties and similar income.

*6bis*. There shall be deducted from the normal tax (as calculated after deducting the rebates provided for in sub-section (1) of section *six* and before the addition of any sum which in terms of any Income Tax Act is a loan portion which is repayable to the person concerned) payable by any person, in whose taxable income there is included any amount received by or accrued to him in respect of the use in any country other than the Republic or the grant of permission to use in such other country any patent as defined in the Patents Act, 1952 (Act No. 37 of 1952), or any design as defined in the Designs Act, 1916 (Act No. 9 of 1916), or any trade mark as defined in the Trade Marks Act, 1963 (Act No. 62 of 1963), or any copyright as defined in the Copyright Act, 1965, or any other property which in the opinion of the Secretary is of a similar nature, or any motion picture film or any sound recording or advertising matter used or intended to be used in connection with such film,

the sum of any taxes on income proved to the satisfaction of the Secretary to be payable, without any right of recovery, by such person to the government of any country other than the Republic in respect of the said amount: Provided that the rebate under this sub-section shall not exceed so much of the normal tax (calculated as aforesaid) payable by the taxpayer as the Secretary determines to be attributable to the inclusion in his taxable income of the said amount."

Amendment of section 7 of Act 58 of 1962, as amended by section 5 of Act 90 of 1962.

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

"(2) Any income received by or accrued to or in favour of a woman married with or without community of property and not living apart from her husband in circumstances which, in the opinion of the Secretary, indicate that the separation is likely to be permanent, shall be deemed for the purposes of this Act to be income accrued to her husband."

Amendment of section 8 of Act 58 of 1962, as amended by section 6 of Act 90 of 1962 and section 6 of Act 90 of 1964.

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

(a) by the substitution for paragraph (a) of sub-section (4) of the following paragraph:

"(a) There shall be included in the taxpayer's income all amounts allowed to be deducted or set off under the provisions of sections *eleven* to *twenty*, inclusive, except paragraphs (k), (p) and (q) of section *eleven*, section *eleven quin*, sub-section (2) of section *twelve* or the said sub-section as applied by sub-section (3) of that section, or sub-section (5) of section *thirteen*, or sub-section (7) of section *thirteen bis*, or under the corresponding provisions of any previous Income Tax Act, whether in the current or any previous year of assessment, which have been recovered or recouped during the current year of assessment."; and

(b) by the addition to the said sub-section of the following paragraphs:

"(g) If any amount referred to in paragraph (a) of this sub-section is an amount which has been recovered or recouped by any person during any year of assessment as a result of the loss, sale or disposal in any other manner by such person of an aircraft, and if that person satisfies the Secretary that—

(i) he will within a period of one year (or such longer period as the Secretary in the circumstances of the case may allow) after the end of that year of assessment conclude a contract for the acquisition by him of a further aircraft to replace the aforesaid aircraft; and

(ii) such further aircraft will be used by him for the purposes of his trade for a period of not less than three years,

the said amount shall, notwithstanding anything to the contrary contained in paragraph (a), but subject to the provisions of paragraphs (h), (i) and (j), not be included in the income of that person for the aforesaid year of assessment, except to the extent that such amount is not in terms of paragraph (a) of sub-section (2) of section *fourteen bis* deductible from the cost or estimated cost price of such further aircraft.

(h) Within three months after the end of the year of assessment during which any amount referred to in paragraph (g) has been recovered or recouped by the person concerned, there shall be deposited by the said person with the Public Debt Commissioners for such period and on such conditions as may be approved by the Secretary an amount equal to the amount to be excluded from such

person's income in terms of that paragraph, less such amount, if any, as has in the meantime been paid by the said person in respect of the cost price of the further aircraft referred to in that paragraph.

- (i) If owing to any occurrence (other than the loss by the person concerned of the further aircraft referred to in paragraph (g)) or because of any circumstance arising during any year of assessment, the Secretary is no longer satisfied in regard to the matters in regard to which he is in terms of that paragraph required to be satisfied, the amount not included in the taxpayer's income in terms of that paragraph shall be included in the income of the taxpayer for the year of assessment during which such occurrence takes place or such circumstance arises.
- (j) If as a result of the loss, sale or disposal in any other manner by the person concerned of the further aircraft referred to in paragraph (g) there has accrued to or has been received by the taxpayer an amount in excess of the cost thereof less the amount not included in the taxpayer's income in terms of the said paragraph, so much of the excess as does not exceed such last-mentioned amount shall (unless such last-mentioned amount has been included in income in terms of paragraph (i)) be deemed to have been recovered or recouped and shall, in addition to any amount referred to in paragraph (a) which has been recovered or recouped, be included in the taxpayer's income for the year of assessment during which such further aircraft was so lost, sold or disposed of."

(2) The amendment effected by paragraph (a) of sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the first day of January, 1964, and the amendment effected by paragraph (b) of that sub-section shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1965.

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 and section 8 of Act 90 of 1964.

10. Section *ten* of the principal Act is hereby amended—

- (a) by the deletion at the end of sub-paragraph (ii) of paragraph (c) of sub-section (1) of the word "and" and by the addition to that paragraph, with effect from the commencement of the year of assessment ended the twenty-eighth day of February, 1965, of the following sub-paragraph:

"(iv) any subject of a foreign state who is temporarily employed in the Republic provided the exemption of such salaries and emoluments is authorized by an agreement entered into by the governments of such foreign state and the Republic;"

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

"(i) interest received from any deposit in the Post Office Savings Bank, including interest on Post Office Savings Bank Certificates or on Tax Redemption Certificates, or annual interest accrued in respect of any Union Loan Certificates or National Savings Certificates, or interest received in respect of any loan portion of the normal or super tax imposed under the Income Tax Act, 1953, or any subsequent Act of Parliament, or annual interest accrued in respect of Five per cent Five Year Treasury Bonds, Five per cent Seven Year Treasury Bonds, Four and a half per cent Seven Year Treasury Bonds, Four and a half per cent Seven Year Treasury Bonds (Conversion Issue), Five per cent Five Year (Second Series) Treasury Bonds and any amount credited as interest in respect of any subscription share, but not in respect of any amount paid or credited on any paid-up share in any building society: Provided that the exemption in respect of interest—

- (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 one hundred rand;

- (ii) on Tax Redemption Certificates held by any one person shall be limited to the sum of fifty rand;
- (iii) on Five per cent Five Year Treasury Bonds shall be limited to the sum of one thousand rand in the case of any taxpayer;
- (iv) on Five per cent Seven Year Treasury Bonds and Four and a half per cent Seven Year Treasury Bonds shall be limited to the sum of one thousand rand in the aggregate in the case of any taxpayer;
- (v) on Four and a half per cent Seven Year Treasury Bonds (Conversion Issue) shall be limited to the sum of nine hundred rand in the case of any taxpayer; and
- (vi) on Five per cent Five Year (Second Series) Treasury Bonds shall be limited to the sum of one thousand rand in the case of any taxpayer;"; and

(c) by the substitution for paragraph (x) of the said subsection of the following paragraph:

“(x) so much of any amount (being a lump sum) referred to in paragraph (i) or (iii) of the proviso to paragraph (c) of the definition of ‘gross income’ in section *one* or in paragraph (d) of the said definition as does not exceed four thousand rand less the sum of any other amounts which have been excluded from the taxpayer’s income by virtue of the exemption conferred by this paragraph, whether in the current or any previous year of assessment.”

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963 and section 9 of Act 90 of 1964.

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

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

“(e) save as provided in sub-paragraph (2) of paragraph 12 of the First Schedule, such sum as the Secretary may think just and reasonable as representing the amount by which the value of any machinery, implements, utensils and articles used by the taxpayer for the purpose of his trade has been diminished by reason of wear and tear during the year of assessment:

Provided that—

- (i) where a deduction has been allowed under paragraph (d), the Secretary shall take into consideration the sum allowed under that paragraph in determining the sum to be allowed under this paragraph;
- (ii) in no case shall any allowance be made for the depreciation of buildings or other structures or works of a permanent nature;
- (iii) no allowance shall be made under this paragraph in respect of any ship to which the provisions of paragraph (a) of section *fourteen* apply or in respect of any aircraft to which the provisions of paragraph (a) or (b) of sub-section (1) of section *fourteen bis* apply;
- (iv) the value of new or unused machinery, implements, utensils or articles which were used by the taxpayer directly in a process of manufacture or, if brought into use on or after the fifteenth day of March, 1961, in any other process which in the opinion of the Secretary is of a similar nature, and were acquired to replace machinery, implements, utensils or articles which were damaged or destroyed, shall be reduced by any amount which has been recovered or recouped as contemplated in paragraph (a) of sub-section (4) of section *eight* or the corresponding provisions of any previous Income

Tax Act in respect of the damage or destroyed machinery, implements, utensils or articles and has been excluded from the taxpayer's income in terms of paragraph (e) of the said sub-section or the corresponding provisions of any previous Income Tax Act, and not included in the taxpayer's income in terms of the proviso to the said paragraph or the corresponding provisions of any previous Income Tax Act in the current or any previous year of assessment;

- (v) the value of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade shall be increased by the amount of any expenditure (other than expenditure referred to in paragraph (a)) which is proved to the satisfaction of the Secretary to have been incurred by the taxpayer in moving such machinery, implements, utensils or articles from one location to another;
- (vi) the value of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade shall be reduced by the amount of any deduction made under sub-section (1) of section *twelve* or under that sub-section as applied by sub-section (3) of the said section, or under the corresponding provisions of any previous Income Tax Act;"; and

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

“(o) save as provided in sub-paragraph (2) of paragraph 12 of the First Schedule, an allowance in respect of any building (or portion thereof) of the nature described in sub-section (1) or (4) of section *thirteen* or sub-section (1) of section *thirteen bis* or of any improvements (or portion thereof) to such building or of any machinery, implements, utensils or articles used by the taxpayer for the purposes of his trade which have been scrapped by such taxpayer during the year of assessment, such allowance to be the excess of the original cost to such taxpayer of such building (or portion thereof) or such improvements (or portion thereof) or such machinery, implements, utensils or articles over the total amount arrived at by adding all the allowances made in respect thereof under paragraph (e) of this section, or sub-section (1) of section *twelve* or that sub-section as applied by sub-section (3) of the said section; or sub-section (1) or (4) of section *thirteen*, or sub-section (1), (2) or (3) of section *thirteen bis* or paragraph (a) or (b) of section *fourteen* or the corresponding provisions of any previous Income Tax Act or paragraph (a) or (b) of sub-section (1) of section *fourteen bis*, to any amount or the value of any advantage accruing to the taxpayer in respect of the sale or other disposal of such building, machinery, implements, utensils or articles: Provided that—

- (i) no allowance shall be made in the case of any such building (or portion thereof) or any such improvements (or portion thereof) which has or have been scrapped within a period of ten years from the date of erection or purchase;
- (ii) for the purposes of this paragraph the cost of any building (or portion thereof) or any improvements (or portion thereof) shall be deemed to be that portion of the actual cost on which the allowance in question was made;
- (iii) for the purposes of this paragraph the cost of any machinery, implements, utensils or articles shall be deemed to be the actual cost plus the amount by which the value of such machinery, implements, utensils or articles has been increased in terms of para-

graph (v) of the proviso to paragraph (e) or the corresponding provisions of any previous Income Tax Act, and less the amount by which such value has been reduced in terms of paragraph (iv) of the said proviso or the corresponding provisions of any previous Income Tax Act;

- (iv) for the purposes of this paragraph the cost of any aircraft in respect of which any allowance has been made to the taxpayer under the provisions of section *fourteen bis* shall be deemed to be the actual cost less any amount (not being an amount which has been included in the income of the taxpayer for any year of assessment in terms of paragraph (i) of sub-section (4) of section *eight*) by which the cost or estimated cost price of such aircraft has in the calculation of such allowance been reduced in terms of paragraph (a) of sub-section (2) of section *fourteen bis*;"

(2) The amendments effected by sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1965.

Substitution of sections 11 *ter*, 11 *quat* and 11 *quin* of Act 58 of 1962, as inserted by section 10 of Act 90 of 1964.

12. (1) The following sections are hereby substituted for sections *eleven ter*, *eleven quat* and *eleven quin* of the principal Act:

"Allowance to manufacturers in economic development areas in respect of the cost of power, water and transport.

11*ter*. (1) If the Minister of Finance, having regard to the circumstances of the case so directs, there shall, subject to the provisions of sub-section (2), be allowed to be deducted from the income of any taxpayer who carries on in an area in which, in the opinion of the said Minister, economic development should be encouraged (in this Act referred to as an economic development area), the trade of a manufacturer or any trade which in the opinion of the Secretary is of a similar nature, an allowance equal to ten per cent of any amount which is proved to the satisfaction of the Secretary to have been incurred by the taxpayer during the year of assessment directly in respect of—

- (a) the cost of power or water supplied to the taxpayer in the said area and used by him in the course of the said trade; or
- (b) the cost of the transportation in the Republic for the purposes of the said trade of raw materials, goods, animals or articles used by the taxpayer in the course of such trade or of goods or articles manufactured or produced by the taxpayer in the course of such trade, provided such cost ranks for deduction from the taxpayer's income under the provisions of section *eleven*.

(2) (a) The allowance under sub-section (1) shall be made in respect of such year or years of assessment as the Minister of Finance, having regard to the circumstances of the case, may direct.

- (b) No allowance shall be made under sub-section (1) in respect of the cost of power, water or transportation incurred before the first day of May, 1964.

Allowance to manufacturers in economic development areas in respect of increased administrative and manufacturing costs.

11*quat*. (1) Subject to the provisions of sub-section (2) where any taxpayer has on or after the first day of May, 1964—

- (a) transferred to any economic development area, any factory formerly situated elsewhere than in such an area: or
- (b) under any scheme of expansion of any factory situated elsewhere than in such an area, established any factory in such an area,

there shall, if the Minister of Finance, having regard to the circumstances of the case so directs, be allowed to be deducted from the taxpayer's income for any of the years of assessment referred to in paragraph (b) of sub-section (2) an amount

determined by the said Minister as representing the additional or abnormal administrative or manufacturing costs incurred by the taxpayer during the relevant year in consequence of such transfer or establishment, provided such costs rank for deduction from the taxpayer's income under the provisions of section *eleven*.

(2) (a) For the purposes of sub-section (1) 'manufacturing costs' include expenditure incurred by the taxpayer in the course of operations which in the opinion of the Secretary are similar to manufacturing operations.

(b) An allowance may be made under sub-section (1) in respect of any or all of the following years of assessment, namely, the year of assessment of the taxpayer during which he has transferred or established a factory in the circumstances contemplated by that sub-section, and the first four succeeding years of assessment of the taxpayer.

Allowance in respect of expenditure on housing for employees of manufacturers in economic development areas. **11quin. (1) If—**

(a) any person (hereinafter referred to as the industrialist) carries on in any economic development area, the trade of a manufacturer or any trade which in the opinion of the Secretary is of a similar nature, and in the course of such trade incurs expenditure in connection with the erection or acquisition of any dwelling for the exclusive occupation of persons or the households of persons who are the industrialist's employees and are employed by him for the purposes of such trade; or

(b) any company of which the industrialist is the sole or principal shareholder and which is engaged mainly in the provision of housing facilities for employees of the industrialist, incurs such expenditure,

there shall, if the Minister of Finance, having regard to the circumstances of the case so directs, but subject to the provisions of sub-sections (2) and (3), be deducted from the income of the industrialist (if such expenditure was incurred by him) or the said company (if such expenditure was incurred by it) an allowance (in lieu of any allowance in respect of such expenditure under the provisions of paragraph (t) of section *eleven*)—

(i) for the year of assessment during which the erection of such dwelling is completed or such dwelling is acquired, of such amount, not exceeding thirty-five per cent of such expenditure, as the Minister of Finance may direct; and

(ii) for each of the succeeding nine years of assessment, of such amount, not exceeding ten per cent of such expenditure, as the Minister of Finance may direct.

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

(3) The allowance under sub-section (1) shall not be made in respect of any year of assessment referred to in that sub-section in respect of expenditure incurred in connection with the erection or acquisition of any dwelling if—

(a) prior to or during such year the industrialist or the company by whom such expenditure was incurred ceased to be the owner of such dwelling; or

(b) such dwelling was during any portion of such year occupied by any person other than an employee of the industrialist or a member of the household of such employee.”

(2) The amendments effected by sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the twenty-third day of March, 1965:

Amendment of section 12 of Act 58 of 1962, as substituted by section 11 of Act 90 of 1964.

13. (1) Section *twelve* of the principal Act is hereby amended by the substitution for sub-sections (1), (2) and (3) of the following sub-sections:

“(1) In respect of new or unused machinery or plant brought into use by any taxpayer for the purposes of his trade and used by him directly in a process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, there shall be allowed to be deducted from the income of such taxpayer for the year of assessment during which such machinery or plant is so brought into use an allowance equal to fifteen per cent of the cost to him of such machinery or plant: Provided that in the case of machinery or plant which has been acquired to replace machinery or plant which was damaged or destroyed, the allowance shall be calculated on such cost less any amount which has been recovered or recouped in respect of the damaged or destroyed machinery or plant and has been excluded from the taxpayer's income in terms of paragraph (e) of sub-section (4) of section *eight* or the corresponding provisions of any previous Income Tax Act, whether in the current or any previous year of assessment: Provided further that where such machinery or plant has been brought into use on or after the first day of May, 1964, in any economic development area, the Minister of Finance may with due regard to the circumstances of the case direct that the allowance be increased to a sum not exceeding thirty per cent of such cost.

(2) There shall further be allowed to be deducted from the income of any taxpayer, in respect of new or unused machinery or plant brought into use by him for the purposes of his trade and used by him directly in a process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, an allowance, to be known as a machinery investment allowance, for the year of assessment (not being later than that ending on the twenty-eighth day of February, 1966) during which such machinery or plant was so brought into use, equal to twenty per cent of the cost to the taxpayer of such machinery or plant: Provided that—

- (i) the allowance may be made for any year of assessment ending later than that ending on the twenty-eighth day of February, 1966, if the machinery or plant was brought into use in an economic development area and the Minister of Finance, having regard to the circumstances of the case, directs that such allowance be granted;
- (ii) the Minister of Finance may, in the case of any such machinery or plant brought into use in an economic development area, with due regard to the circumstances of the case direct that the allowance be increased to a sum not exceeding—
  - (a) thirty per cent of such cost if the machinery or plant was brought into use before the first day of May, 1964; or
  - (b) thirty-five per cent of such cost if the machinery or plant was brought into use on or after that date.

(3) The provisions of sub-sections (1) and (2) shall *mutatis mutandis* apply—

- (a) with reference to new or unused machinery, implements, utensils and articles (other than vehicles and other than equipment for managers' and servants' rooms and offices) brought into use by a taxpayer for the purposes of his trade as hotelkeeper; and
- (b) where the Minister of Finance, having regard to the circumstances of the case so directs, with reference to—

- (i) used machinery or plant brought into use and used directly in a process of manufacture or any other process which in the opinion of the Secretary is of a similar nature, in an economic development area;
- (ii) used machinery, implements, utensils and articles (other than vehicles and other than equipment for managers' and servants' rooms and offices) brought into use for the purposes of his trade by an hotelkeeper in such an area:

Provided that—

- (i) the allowance provided for in sub-section (1), as applied by this sub-section—

- (aa) shall not be permitted to be deducted in respect of any used machinery, plant, implements, utensils or articles brought into use as aforesaid before the first day of May, 1964, if an allowance has already been deducted in respect thereof for the year of assessment during which such machinery, plant, implements, utensils or articles were brought into use and used as new or unused machinery, plant, implements, utensils or articles, either under sub-section (1) or under the corresponding provisions of any previous Income Tax Act;

- (bb) in respect of any used machinery, plant, implements, utensils or articles brought into use as aforesaid on or after the first day of May, 1964, shall, if an allowance has already been deducted in respect thereof for the year of assessment during which such machinery, plant, implements, utensils or articles were brought into use and used as new or unused machinery, plant, implements, utensils or articles, either under sub-section (1) or under that sub-section as applied by this sub-section or under the corresponding provisions of any previous Income Tax Act, be such a proportion, not exceeding fifteen per cent, of the cost thereof as the Minister of Finance may direct;

- (ii) where an allowance has been permitted to be deducted under sub-section (2) or the corresponding provisions of any previous Income Tax Act, in the case of new or unused machinery, plant, implements, utensils or articles, the allowance under that sub-section, as applied by this sub-section, in respect thereof as used machinery, plant, implements, utensils or articles shall if such used machinery, plant, implements, utensils or articles were brought into use—

- (aa) before the first day of May, 1964, be such a proportion, not exceeding ten per cent, of the cost thereof as the Minister of Finance may direct; or

- (bb) on or after that date, be such a proportion, not exceeding fifteen per cent, of the cost thereof as the Minister of Finance may direct;

- (iii) the machinery investment allowance may be granted in respect of the machinery, implements, utensils or articles referred to in paragraph (a) of this sub-section for any year of assessment ending later than that ending on the twenty-eighth day of February, 1966, if such machinery, implements, utensils or articles were brought into use in an establishment which was during the year of assessment in question registered as an hotel under the Hotels Act, 1965, and in such case the provisions of proviso (i) to sub-section (2) shall not apply."

(2) The amendments effected by sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the twenty-third day of March, 1965.

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

- (a) by the insertion after sub-section (4) of the following sub-section:

"(4)*bis* The provisions of sub-section (4) shall not apply in respect of any year of assessment ending on or after the first day of January, 1964.";

- (b) by the substitution for sub-sections (5) and (6) of the following sub-sections:

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 and section 12 of Act 90 of 1964.

“(5) In addition to the deductions provided for in sub-sections (1) to (4), inclusive, there shall be allowed to be deducted from the income of any taxpayer an allowance to be known as the building investment allowance, in respect of the cost to the taxpayer—

- (a) of any building the erection of which was commenced on or after the second day of March, 1960, but not later than the fourteenth day of March, 1961, and of any improvements (other than repairs) commenced on or after the second day of March, 1960, but not later than the fourteenth day of March, 1961, to such building or to any building the erection of which was commenced before the second day of March, 1960, if the building in question was wholly or mainly used by him for the purpose of carrying on therein any process of manufacture in the course of his trade (other than mining or farming) or for the purpose of carrying on therein his trade of hotelkeeper;
- (b) of any building the erection of which was commenced on or after the fifteenth day of March, 1961, but not later than the thirtieth day of June, 1966, and of any improvements (other than repairs) commenced on or after the fifteenth day of March, 1961, but not later than the thirtieth day of June, 1966, to any such building or to any building the erection of which was commenced before the fifteenth day of March, 1961, 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 mining or farming) any process of manufacture or any other process which in the opinion of the Secretary is of a similar nature or for the purpose of carrying on therein his trade of hotelkeeper, or if such building was let by him and was wholly or mainly used for the purpose of carrying on therein any process as aforesaid in the course of any trade (other than mining or farming) or for the purpose of carrying on therein the trade of hotelkeeper:

Provided that—

- (i) the building investment allowance may be granted in respect of the cost to the taxpayer of any building (other than an hotel building) the erection of which was commenced after the thirtieth day of June, 1966, or of any improvements (other than improvements to an hotel building) commenced after that date, if such building is, or, as the case may be, such improvements are, of the nature referred to in paragraph (b) and such building is, or such improvements are, as the case may be, situated in any economic development area and the said Minister, having regard to the circumstances of the case, directs that such allowance be granted;
- (ii) no allowance shall be made under this sub-section in respect of any building or improvements on any premises not owned by the taxpayer unless the taxpayer at the date on which the erection of such building or the introduction of such improvements is commenced is entitled to the occupation of such premises for a period ending not less than ten years after such date.

(6) The building investment allowance shall be a sum equal to ten per cent of the cost of the buildings or improvements in question for the year of assessment (but, except in the case of any building or improvements in respect of which an allowance is made under proviso (i) to sub-section (5), not later than that ending on the twenty-eighth day of February, 1967) during 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;
- (b) in the case of the cost of any improvements to a building, the improvements were completed:

Provided that the Minister of Finance may, having regard to the circumstances of the case direct that the allowance in respect of any building referred to in paragraph (b) of sub-section (5) or proviso (i) to that sub-section which has been used in the manner aforesaid in an economic development area, or in respect of improvements to such building, shall be increased to a sum not exceeding—

- (i) twenty per cent of such cost if the erection of such building was, or such improvements were, commenced before the first day of May, 1964; or
  - (ii) twenty-five per cent of such cost if the erection of such building was, or such improvements were, commenced on or after that date.”; and
- (c) by the addition of the following sub-section:
- “(7) The building investment allowance shall not be made in respect of the cost of any building or improvements if an allowance may be made in respect of such cost or any portion thereof under the provisions of sub-section (7) of section *thirteen bis*.”.

(2) The amendments effected by paragraphs (a) and (c) of sub-section (1) shall be deemed to have come into operation on the first day of January, 1964, in respect of assessments for years of assessment ending on or after that date, and the amendments effected by paragraph (b) of that sub-section shall apply in respect of assessments for years of assessment ending on or after the twenty-third day of March, 1965.

Insertion of section 13bis in Act 58 of 1962.

15. (1) The following section is hereby inserted in the principal Act after section *thirteen*:

“Deductions in respect of buildings used by hotel-keepers. 13bis. (1) Notwithstanding anything to the contrary contained in paragraph (ii) of the proviso to paragraph (e) of section *eleven*, there shall be allowed to be deducted from the income of any taxpayer for any year of assessment ending on or after the first day of January, 1964, an allowance equal to two per cent of the cost (after the set-off of any amount as provided in sub-section (6)) to the taxpayer—

- (a) of any building the erection of which was commenced by the taxpayer on or after the second day of March, 1960, but not later than the thirty-first day of December, 1963, and of any improvements (other than repairs) thereto commenced not later than the thirty-first day of December, 1963, if such building was wholly or mainly used by him during the year of assessment for the purpose of carrying on therein his trade of hotelkeeper; or
- (b) of any building the erection of which was commenced by the taxpayer on or after the fifteenth day of March, 1961, but not later than the thirty-first day of December, 1963, and of any improvements (other than repairs) thereto commenced not later than the thirty-first day of December, 1963, if such building was during the year of assessment let by the taxpayer and wholly or mainly used for the purpose of carrying on therein the trade of hotelkeeper; or
- (c) of any building the erection of which was commenced by the taxpayer on or after the first day of January, 1964, and of any improvements (other than repairs) thereto commenced not later than the thirtieth day of June, 1965, if such building—
  - (i) was brought into use not later than the thirtieth day of June, 1965; and
  - (ii) was during the year of assessment wholly or mainly used by the taxpayer for the purpose of carrying on therein his trade of hotelkeeper or was during such year let by the taxpayer and wholly or mainly



used by the lessee for the purpose of carrying on therein the lessee's trade of hotelkeeper; or

(d) of such portion—

(i) of any building (other than a building in respect of the cost of which an allowance under the preceding provisions of this sub-section is or was deductible from the income of the taxpayer for the current or any previous year of assessment) the erection of which was commenced by the taxpayer on or after the first day of January, 1964; or

(ii) of any improvements (other than repairs) to any building referred to in this paragraph or paragraph (a) or (b), if such improvements were commenced on or after the first day of January, 1964; or

(iii) of any improvements (other than repairs) to any building referred to in paragraph (c), if such improvements were commenced on or after the first day of July, 1965,

as the Secretary is satisfied—

(aa) was during the year of assessment used by the taxpayer for the purpose of carrying on therein his trade of hotelkeeper; or

(bb) was during such year let by the taxpayer and used by the lessee for the purpose of carrying on therein the lessee's trade of hotelkeeper; or

(e) of such portion of any building improvements (other than repairs and other than improvements in respect of the cost of which, or of any portion thereof, an allowance under the preceding provisions of this sub-section is or was deductible from the income of the taxpayer for the current or any previous year of assessment) commenced on or after the first day of January, 1964, as the Secretary is satisfied was during the year of assessment in question used by the taxpayer for the purposes of his trade of hotelkeeper or was during the year of assessment in question let by the taxpayer and used by the lessee for the purposes of the lessee's trade of hotelkeeper, provided the building (or a portion thereof) to which such improvements were effected was during the year of assessment in question registered as an hotel under the Hotels Act, 1965:

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

(2) In addition to any allowance under sub-section (1), there shall be allowed to be deducted from the income of the taxpayer an allowance in respect of the cost (after the set-off of any amount as provided in sub-section (6)) of any building or improvements referred to in paragraph (c) of sub-section (1) or of any portion of any building or improvements referred to in paragraph (d) or (e) of sub-section (1), provided such building (or a portion thereof), or the building (or a portion thereof) to which such improvements were effected, as the case may be, was during the year of assessment in question registered as an hotel under the Hotels Act, 1965, and such hotel was on the last day of such year graded by the board established under that Act: Provided that no allowance shall be made under this sub-section in respect of such portion of the cost of any building or any improvements as has been taken into account in the calcula-

tion of any allowance to the taxpayer under paragraph (g) of section *eleven*, whether in the current or any previous year of assessment.

(3) The allowance under sub-section (2) shall be such percentage of the cost (as reduced in terms of that sub-section) referred to in that sub-section, as may be fixed by the State President by regulation under sub-section (4) for the grade of hotel which is, in terms of a determination of the board referred to in sub-section (1), applicable in respect of the relevant building (or a portion thereof) on the last day of the year of assessment: Provided that where no such allowance may be granted in respect of such cost in respect of any year of assessment (hereinafter referred to as the earlier year) solely by reason of the fact that the hotel in question was graded by the said board for the first time after the last day of the earlier year, the allowance made in accordance with the said regulation in respect of such cost in respect of the first year of assessment in respect of which that allowance may be made shall, provided the said board certifies that such hotel satisfied the requirements for a specified grading under the Hotels Act, 1965, on the last day of the earlier year, be increased by an amount equal to the allowance to which the taxpayer would, in respect of the earlier year, have been entitled in respect of such cost in accordance with the said regulation if the grading so specified had applied to such hotel on the last day of the earlier year.

(4) The State President may make regulations prescribing the rates of the allowances under sub-section (2) in respect of the various grades of hotels determined under the provisions of sub-section (1) of section *fifteen* of the Hotels Act, 1965, and may in such regulations prescribe rates which vary according to the grade of hotel or the year of assessment for which any such allowance may be made: Provided that any rate so prescribed in respect of any year of assessment in respect of any grade of hotel shall not exceed eight per cent of the cost or portion thereof on which the relevant allowance is to be calculated.

(5) The aggregate of the allowances under the preceding provisions of this section and sub-section (1) of section *thirteen*, as applied by sub-section (4) of that section, and the corresponding provisions of any previous Income Tax Act, in respect of the cost of any building or portion thereof or any improvements or portion thereof shall not exceed such cost or, if such allowances have been calculated on a portion of such cost, such portion.

(6) (a) If in any year of assessment there falls to be included in a taxpayer's income in terms of paragraph (a) of sub-section (4) of section *eight* an amount which has been recovered or recouped in respect of any allowance made under the preceding provisions of this section or the provisions of sub-section (1) of section *thirteen*, as applied by sub-section (4) of that section, or the corresponding provisions of any previous Income Tax Act, in respect of any building or portion thereof or any improvements or portion thereof, so much of the amount so recovered or recouped as is set off against the cost of a further building as hereinafter provided shall, notwithstanding the provisions of the said paragraph, at the option of the taxpayer to be notified by him in writing to the Secretary when submitting his return of income for the year of assessment during which the recovery or recoupment occurred, and provided he erects within twelve months or such further period as

the Secretary may allow from the date on which the event giving rise to the recovery or recoupment occurred, any other building in respect of the cost of which an allowance is made under the preceding provisions of this section, not be included in his income for such year of assessment, but shall be set off against so much of the cost to him of such further building erected by him as remains after the deduction of any portion of such cost in respect of which an allowance has been granted to the taxpayer under paragraph (g) of section *eleven*, whether in the current or any previous year of assessment.

- (b) Where any allowance has been made under the provisions of sub-section (1) of section *thirteen*, as applied by sub-section (4) of that section, in respect of the cost of any building, any amount which has in terms of sub-section (3) of that section been set off against such cost, shall be set off against such cost in the calculation of any allowance made in respect thereof under the preceding provisions of this section.

(7) In addition to the deductions provided for in the preceding provisions of this section there shall be allowed to be deducted from the income of any taxpayer for the relevant year of assessment referred to in sub-section (8), an allowance to be known as the hotel building investment allowance, in respect of the cost to the taxpayer—

- (a) of any building referred to in paragraph (a) of sub-section (1), if such building was first used by the taxpayer on or after the first day of January, 1964, for the purpose of carrying on therein his trade of hotelkeeper; or
- (b) of any building referred to in paragraph (b) of sub-section (1), if such building was first used by the lessee on or after the first day of January, 1964, for the purpose of carrying on therein his trade of hotelkeeper; or
- (c) of any improvements referred to in paragraph (a) or (b) of sub-section (1), if such improvements were completed on or after the first day of January, 1964; or
- (d) of any building or improvements referred to in paragraph (c) of sub-section (1) or of the portion of any building referred to in paragraph (d) of that sub-section or of the portion of any improvements referred to in the said paragraph (d); or
- (e) of the portion of any improvements referred to in paragraph (e) of sub-section (1), whether or not the building (or a portion thereof) to which such improvements were effected was registered as an hotel under the Hotels Act, 1965:

Provided that the said allowance shall not be made—

- (i) in respect of the cost of any building the erection of which was commenced later than the thirtieth day of June, 1966, or of any improvements commenced later than that date, if the building in question was not during the year of assessment in question registered as an hotel under the Hotels Act, 1965; or
- (ii) in respect of the cost of any building first used after the end of the year of assessment ending on the twenty-eighth day of February, 1967, for the purpose of carrying on therein the trade of hotelkeeper, if such building was not during the year of assessment in question registered as an hotel under the Hotels Act, 1965; or
- (iii) in respect of any building improvements completed after the end of the year of assessment ending on the twenty-eighth day of February, 1967, if the building (or a portion thereof)

to which such improvements were effected, was not on the date on which such improvements were commenced registered as an hotel under the Hotels Act, 1965; or

- (iv) in respect of any portion of the cost of any building or improvements on any premises not owned by the taxpayer, unless the taxpayer at the date on which the erection of such building or the introduction of such improvements is commenced; is entitled to the occupation of such premises for a period ending not less than ten years after such date.

(8) The hotel building investment allowance shall be a sum equal to ten per cent of the relevant cost referred to in sub-section (7) and shall be allowed for the year of assessment (being a year of assessment ending on or after the first day of January, 1964), during which—

- (a) in the case of the cost of erection of a building (or portion thereof) used by the taxpayer or the lessee, the building was first so used;
- (b) in the case of the cost of any improvements (or portion thereof) to a building, the improvements were completed:

Provided that the Minister of Finance may, having regard to the circumstances of the case, direct that the allowance in respect of the cost of any building (or a portion thereof) the erection of which was commenced on or after the fifteenth day of March, 1961, and which has been used as aforesaid in any economic development area or in respect of improvements to such building or a portion thereof, shall be increased to a sum not exceeding—

- (i) twenty per cent of such cost if the erection of such building was, or such improvements were, commenced before the first day of May, 1964; or
- (ii) twenty-five per cent of such cost if the erection of such building was, or such improvements were, commenced on or after that date.”

(2) The amendment effected by sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the first day of January, 1964.

Insertion of section 14bis in Act 58 of 1962.

16. (1) The following section is hereby inserted in the principal Act after section *fourteen*:

“Deductions in respect of aircraft. 14bis. (1) There shall, subject to the provisions of sub-section (2), be allowed to be deducted from the income of any person—

- (a) in respect of any aircraft acquired by such person on or after the first day of April, 1965, and used by him for the purposes of his trade during the year of assessment, an allowance equal to twenty-five per cent of the adjustable cost to him of such aircraft: Provided that—
- (i) where an allowance under paragraph (b) has been made to any person in respect of any aircraft, no allowance shall be made to such person under this paragraph in respect of that aircraft for the year of assessment in which the aircraft is for the first time used by him for the purposes of his trade;
- (ii) the aggregate of all the allowances made to any person in respect of any aircraft under this paragraph and paragraph (b) shall not exceed the cost to such person of such aircraft or, if such aircraft was acquired by such person to replace an aircraft and the cost of the aircraft so acquired has in terms of paragraph (a) of sub-section (2) been reduced by an amount which has not in terms of paragraph (i) of sub-section (4) of section *eight* been included in the income

of the taxpayer for the current or any previous year of assessment, the adjustable cost to such person of the aircraft so acquired;

(b) if such person is a person referred to in paragraph (c) of sub-section (1) of section *nine* and such person on or after the first day of April, 1965, concludes a contract for the acquisition by him of a new aircraft (whether built or still to be built), or of an aircraft which is not new and is proved to the satisfaction of the Secretary for Transport at all times since its construction to have been maintained in the highest class applicable to an aircraft of its type, and such person satisfies the Secretary that the aircraft in question is or will be registered by him in the Republic and is or will be used by him in his business of transporting by air and for reward persons, livestock, goods or mail, an allowance in respect of the year of assessment during which such contract is concluded equal to forty per cent of the adjustable cost to such person of that aircraft, or, if at the time at which the allowance under this paragraph has to be made, the cost price of the aircraft has not yet been determined, of the adjustable estimated cost price of that aircraft, provided the said person satisfies the Secretary that not less than forty per cent of the cost price or of the estimated cost price, as the case may be, of the aircraft will be paid by him within a period of two years or, if the Secretary agrees, three years after the end of that year of assessment or, if the said person does not so satisfy the Secretary, an allowance in respect of any year of assessment equal to forty per cent of the portion, if any, of the adjustable cost price of the aircraft paid by him during that year of assessment: Provided that—

(i) the provisions of this paragraph shall not apply in respect of any aircraft the registration of which in the Republic in the name of the taxpayer concerned does not or will not constitute its first registration in the Republic;

(ii) if any taxpayer to whom an allowance equal to forty per cent of the adjustable cost price or adjustable estimated cost price, as the case may be, of any aircraft has been made under this paragraph, fails to pay at least forty per cent of the cost price or estimated cost price, as the case may be, of such aircraft within the said period of two or (as the case may be) three years after the end of the year of assessment in respect of which the said allowance has been made, the said allowance shall be included in the income of the said taxpayer for the year of assessment ending on the same day as the said period, and there shall be deducted from the income of the said taxpayer for that year of assessment an allowance equal to forty per cent of the portion, if any, of the adjustable cost price of such aircraft paid by him during the said period, and from the income of the said taxpayer for any year of assessment thereafter an allowance equal to forty per cent of the portion, if any, of the adjustable cost price of such aircraft paid by him during that year of assessment;

(iii) if in respect of any year of assessment the Secretary is no longer satisfied that an aircraft in respect of which an allowance has been made under the preceding provisions of this paragraph (whether in the current or any previous year of assessment) will be registered in the Republic or will be used by the taxpayer as aforesaid, or if in any year of assessment any such aircraft which has been registered in the Republic or has been used by the taxpayer as aforesaid, ceases to be so registered or used, or if in any year of assessment the taxpayer ceases to be a person referred to in paragraph (c) of sub-section (1) of section *nine*, so much of the amount of the said allowance as is not in terms of sub-section (4) of section *eight* required to be included in the taxpayer's income for the current or any other year of assessment and is not in terms of paragraph (a) of sub-section (2) of this section required to be deducted from the cost or estimated cost price of a further aircraft acquired to replace such aircraft, less such amount as would, if this paragraph had not been enacted, have been allowed to the taxpayer by way of deductions (in addition to those actually allowed) under paragraph (a) of this section or paragraph (o) of section *eleven*, either in the current or any previous year of assessment, shall in terms of this proviso be included in the income of the taxpayer for the current year of assessment.

(2) For the purposes of this section—

(a) 'adjustable cost' or 'adjustable cost price', in relation to any aircraft, means the cost to the taxpayer of such aircraft or, if such aircraft was acquired by the taxpayer to replace an aircraft and the aircraft so acquired is an aircraft in relation to which the Secretary is satisfied in regard to the matters in regard to which he is required to be satisfied in terms of paragraph (g) of sub-section (4) of section *eight*, the cost to the taxpayer of the aircraft so acquired, less so much of any amount referred to in paragraph (a) of that sub-section which has been recovered or recouped in respect of the aircraft so replaced as does not exceed such cost, and 'adjustable estimated cost price' shall be construed accordingly;

(b) where any allowance under this section is determinable on a portion of the adjustable cost price paid in respect of any aircraft, such portion shall be deemed to be an amount which bears to the portion of the cost price paid the same ratio as the adjustable cost price bears to the full cost price or, if at the time at which the allowance has to be made the cost price of the aircraft has not yet been determined, the estimated cost price payable in respect of such aircraft."

(2) The amendment effected by sub-section (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1965.

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

17. Section *nineteen* of the principal Act is hereby amended by the substitution for sub-section (3) of the following sub-section:

"(3) In respect of income in the form of dividends (other than dividends referred to in paragraph (s) of section *eleven*) derived by any person other than a company there shall be allowed as a deduction in the determination of the taxable income of such person an amount representing a percentage of such dividends calculated in accordance with the following scale:

Where, but for the provisions of this sub-section, sub-section (2) and section twenty the taxable income of the taxpayer (as determined before the deduction of any amount under section twenty-one bis) for the year of assessment in question—

	Percentage of aforesaid dividends to be deducted.
would not exceed R2,600	100 per cent
would exceed R2,600 but not R2,800	94 " "
" " R2,800 " " R3,000	88 " "
" " R3,000 " " R3,200	82 " "
" " R3,200 " " R3,400	76 " "
" " R3,400 " " R3,600	70 " "
" " R3,600 " " R3,800	64 " "
" " R3,800 " " R4,000	58 " "
" " R4,000 " " R4,200	52 " "
" " R4,200 " " R4,400	46 " "
" " R4,400 " " R4,600	40 " "
" " R4,600	33½ " " "

Amendment of section 20 of Act 58 of 1962, as amended by section 13 of Act 90 of 1964.

18. Section *twenty* of the principal Act is hereby amended with effect from the commencement of the year of assessment ended the twenty-ninth day of February, 1964, by the deletion of sub-section (1)*bis*.

Insertion of section 28*bis* in Act 58 of 1962.

19. (1) The following section is hereby inserted in the principal Act after section *twenty-eight*:

"Assessments on transfer of business undertaking by foreign company to South African subsidiary.

28*bis*. If the Secretary is satisfied that the circumstances warrant a concession and it is proved to his satisfaction—

- (a) that any company (hereinafter referred to as the subsidiary) which is registered, managed and controlled in the Republic has under an arrangement with any other company (hereinafter referred to as the foreign company) which is registered, managed and controlled outside the Republic, acquired all the assets and assumed all the liabilities of the foreign company relating to any industrial, commercial or other business undertaking of the foreign company in the Republic which has been transferred by the foreign company to the subsidiary as a going concern; and
- (b) that at the time the arrangement was implemented all the issued shares of the subsidiary were held for its own benefit by the foreign company or a company which was registered, managed and controlled outside the Republic and was controlled by or controlled the foreign company,

any taxable income derived or any assessed loss incurred by the foreign company prior to the discontinuance by it of the said undertaking and any taxable income derived or assessed loss incurred by the subsidiary after the transfer to it of such undertaking shall, subject to any conditions imposed by the Secretary, be determined in accordance with the provisions of this Act as though, so far as the foreign company is concerned, such undertaking had not been discontinued by it and, so far as the subsidiary is concerned, such undertaking had belonged to and had been carried on by it prior to the transfer to it of such undertaking."

(2) The amendment effected by sub-section (1) shall be deemed to have first taken effect in respect of assessments for the year of assessment ended the twenty-ninth day of February, 1964.

Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963 and section 15 of Act 90 of 1964.

20. Section *thirty-six* of the principal Act is hereby amended by the deletion at the end of sub-section (3)*bis* of the word "or".

Amendment of section 42 of Act 58 of 1962.

21. Section *forty-two* of the principal Act is hereby amended—

- (a) by the deletion at the end of paragraph (b) of sub-section (2) of the word "and"; and
- (b) by the addition to the said sub-section of the following paragraph:

“(d) dividends accruing to any ecclesiastical, charitable or educational institution of a public character, whether or not supported wholly or partly by grants from public revenue.”.

Amendment of section 57 of Act 58 of 1962.

22. Section *fifty-seven* of the principal Act is hereby amended, with effect from the first day of March, 1965, by the substitution for sub-section (1) of the following sub-section:

“(1) If any property—

- (a) was on or before the twenty-eighth day of February, 1965, disposed of under a donation by a woman married in or out of community of property and not separated from her husband under a judicial order or notarial deed of separation; or
- (b) has after that date been disposed of under a donation by a woman married in or out of community of property and not living apart from her husband in circumstances which, in the opinion of the Secretary, indicate that the separation is likely to be permanent,

that property shall for the purposes of this Part be deemed to have been disposed of under a donation by her husband:

Provided that—

- (i) any tax paid or payable by the husband in respect of any property disposed of under a donation by the wife may be recovered from the assets of the wife;
- (ii) if either the husband or the wife makes written application therefor to the Secretary or the Secretary considers it desirable, separate payments may be made by, or separate notices of assessment may be sent to, the respective spouses in respect of the property disposed of under any donation by such husband and wife, respectively, but the total amount of such separate payments or the total tax payable in respect of the separate assessments so issued, as the case may be, shall not be less than the total amount of tax which would have been payable by the husband alone if the value of the property disposed of under a donation by the husband and wife together had been assessed as the value of property disposed of under a donation by the husband alone.”.

Amendment of section 68 of Act 58 of 1962, as amended by section 26 of Act 90 of 1962.

23. Section *sixty-eight* of the principal Act is hereby amended by the substitution for sub-section (1) of the following sub-section:

“(1) The income received by or accrued to or in favour of a woman married with or without community of property and not living apart from her husband in circumstances which, in the opinion of the Secretary, indicate that the separation is likely to be permanent, shall be included by him in returns of income required to be rendered by him under this Act: Provided that—

- (i) if either spouse makes written application therefor to the Secretary, and the Secretary considers it desirable; or
- (ii) if in any other case the Secretary considers it desirable,

returns of income shall be required to be rendered by both spouses separately.”.

Amendment of section 74 of Act 58 of 1962.

24. Section *seventy-four* of the principal Act is hereby amended by the substitution for sub-section (3) of the following sub-section:

“(3) Any officer engaged in carrying out the provisions of this Act who has in relation to the affairs of a particular person been authorized thereto by the Secretary in writing or by telegram, may, for the purposes of the administration of this Act—

- (a) without previous notice, at any time during the day enter any premises whatsoever and on such premises search for any moneys, books, records, accounts or documents;
- (b) in carrying out any such search, open or cause to be opened or removed and opened, any article in which he suspects any moneys, books, records, accounts or documents to be contained;
- (c) seize any such books, records, accounts or documents as in his opinion may afford evidence which may be material in assessing the liability of any person for any tax;



- (d) retain any such books, records, accounts or documents for as long as they may be required for any assessment or for any criminal or other proceedings under this Act.”.

Amendment of paragraph 15 of 1st Schedule to Act 58 of 1962.

25. Paragraph 15 of the First Schedule to the principal Act is hereby amended by the substitution for sub-paragraph (3) of the following sub-paragraph:

“(3) For the purpose only of calculating the rates of normal tax payable in respect of any year of assessment by a farmer whose income for that year includes income derived from the disposal of plantations or forest produce, there shall subject to the provisions of section five of this Act, be deducted from the taxable income of such farmer the amount by which the taxable income derived by him in that year from the disposal of plantations and forest produce exceeds the annual average taxable income derived by him from that source over the three years of assessment immediately preceding the said year of assessment: Provided that—

- (i) the provisions of this sub-paragraph shall not apply unless the Secretary is satisfied that the disposal of plantations or forest produce forms part of the normal farming operations of the farmer concerned;
- (ii) the Secretary's determination as to what portion of a farmer's taxable income is derived from the disposal of plantations and forest produce shall be final;
- (iii) in no case shall the rate of tax be less than that applicable to the first rand of taxable income, and nothing in this paragraph contained shall be construed as relieving any farmer from liability for taxation under this Act upon any portion of his taxable income.”.

Amendment of paragraph 17 of 1st Schedule to Act 58 of 1962.

26. The following paragraph is hereby substituted for paragraph 17 of the First Schedule to the principal Act:

“17. For the purpose only of calculating the rates of normal tax payable in respect of any year of assessment by any farmer whose sugar cane fields have been damaged by fire, there shall, subject to the provisions of section five of this Act, be deducted from the taxable income of such farmer for such year of assessment so much of that taxable income as is proved to the satisfaction of the Secretary to have been derived from the disposal of sugar cane as a result of fire in his cane fields and but for such fire would not have been derived by him in that year, but in no case shall the rate of tax be less than that applicable to the first rand of taxable income, and nothing herein contained shall be construed as relieving such farmer from liability for taxation under this Act upon any portion of his taxable income.”.

Amendment of paragraph 7 of 2nd Schedule to Act 58 of 1962.

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

“7. For the purpose only of calculating the rate of normal tax payable in respect of any year of assessment by any person whose income for that year includes an amount determined in accordance with the provisions of this Schedule, there shall, subject to the provisions of section five of this Act, be deducted from the taxable income of such person the amount so included in his income, but in no case shall the rate of tax be less than that applicable to the first rand of taxable income and nothing herein contained shall be construed as relieving any person from liability for taxation under this Act upon any portion of his taxable income.”.

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

28. (1) Paragraph 19 of the Fourth Schedule to the principal Act is hereby amended by the substitution for sub-paragraph (1) of the following sub-paragraph:

“(1) Every provisional taxpayer shall, during every period within which provisional tax is payable as provided in this Part or any extension of such period granted in terms of sub-paragraph (2) of paragraph 25, submit to the Secretary, in such form as the Secretary may prescribe, an estimate of the total taxable income which will be derived

by the taxpayer in respect of the year of assessment in respect of which provisional tax is payable: Provided that the amount of any estimate submitted by a provisional taxpayer during any relevant period referred to in item (a) of sub-paragraph (1) of paragraph 21 or item (a) of paragraph 23, or any extension of any such period granted in terms of sub-paragraph (2) of paragraph 25, shall, unless the Secretary having regard to the circumstances of the case agrees to accept an estimate of a lower amount, not be less than the amount of the provisional taxpayer's taxable income as assessed by the Secretary, for the latest year of assessment preceding the year of assessment in question in respect of which an assessment has been issued by the Secretary not less than fourteen days before the date on which such estimate is submitted by the provisional taxpayer: Provided further that where in the case of a company such latest year of assessment in relation to such company is a transition period as defined in sub-section (1) of section *twenty-one bis* of this Act, the taxable income for such latest year shall for the purposes of this paragraph be deemed to be an amount equal to the amount at which such taxable income would have been determined if no deduction from income had been made in terms of the said section."

(2) The amendments effected by sub-section (1) shall apply in respect of estimates of taxable income submitted by provisional taxpayers to the Secretary for Inland Revenue on or after the date of promulgation of this Act in respect of years of assessment ending on or after such date.

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

29. (1) Paragraph 20 of the Fourth Schedule to the principal Act is hereby amended by the substitution for sub-paragraph

(1) of the following sub-paragraph:

"(1) If the final or last estimate of his taxable income made in terms of sub-paragraph (1) of paragraph 19 by a provisional taxpayer in respect of any year of assessment discloses his estimated taxable income in respect of that year of assessment in an amount which is less than ninety per cent of the amount of his taxable income as finally determined for that year and which is also less than the amount of his taxable income, as assessed by the Secretary, for the latest year of assessment preceding the year of assessment in question in respect of which an assessment has been issued by the Secretary not less than fourteen days before the date on which such estimate is submitted by the provisional taxpayer, the taxpayer shall, subject to the provisions of sub-paragraphs (2), (3) and (4), be required to pay to the Secretary in addition to the normal and provincial taxes chargeable in respect of his taxable income an amount by way of additional tax equal to twenty per cent of the difference between the sum of the amounts of normal and provincial taxes as calculated in respect of the taxable income as so estimated by the taxpayer and the lesser of the following amounts, namely—

- (a) the sum of the amounts of normal and provincial taxes calculated in respect of ninety per cent of his taxable income as finally determined for the relevant year of assessment; and
- (b) the sum of the amounts of normal and provincial taxes calculated in respect of his taxable income for the said latest year of assessment at the rates applicable in respect of the year of assessment in respect of which the estimate has been submitted:

Provided that where, in the case of a company, such latest year of assessment is a transition period as defined in sub-section (1) of section *twenty-one bis* of this Act, the taxable income for such, latest year of assessment shall for the purposes of this paragraph be deemed to be an amount equal to the amount at which the taxable income of the taxpayer would have been determined if no deduction had been made from his income in terms of that section.

(2) The amendments effected by sub-section (1) shall apply in respect of estimates of taxable income submitted by provisional taxpayers to the Secretary for Inland Revenue on or after the date of promulgation of this Act in respect of years of assessment ending on or after such date.

Amendment of paragraphs 21 to 24, inclusive, of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by sections 26 and 27 of Act 72 of 1963.

30. (1) The following paragraphs are hereby substituted for paragraphs 21 to 24, inclusive, of the Fourth Schedule to the principal Act:

**"PAYMENT OF PROVISIONAL TAX BY PROVISIONAL TAXPAYERS (OTHER THAN COMPANIES) WHOSE INCOME IS NOT NORMALLY DERIVED WHOLLY OR MAINLY FROM FARMING, FISHING OR DIAMOND DIGGING.**

21. (1) Subject to the provisions of sub-paragraph (2) provisional tax shall be paid by every provisional taxpayer (other than a company) in the following manner, namely—

(a) within the period of six months reckoned from the commencement of the year of assessment in question, one half of an amount equal to the total estimated liability of such taxpayer (as determined in accordance with paragraph 17) for normal and provincial taxes in respect of that year, less the total amount of any employees' tax deducted by the taxpayer's employer from the taxpayer's remuneration during such period; and

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

(2) If the Secretary has in terms of sub-section (13)ter of section sixty-six of this Act agreed to accept accounts from any provisional taxpayer in respect of any year of assessment drawn to a date falling after the end of such year, the period referred to in item (a) of sub-paragraph (1) shall, notwithstanding the provisions of that sub-paragraph, be reckoned from such date as the Secretary upon application of the taxpayer and having regard to the circumstances of the case may approve, and in such case the last day of such year of assessment shall for the purposes of item (b) of that sub-paragraph be deemed to be the day preceding the first anniversary of the said date.

(3) The provisions of this paragraph shall not apply in the case of any provisional taxpayer in respect of whom the Secretary has under item (a) of paragraph 26 directed that the provisions of paragraph 22 shall apply.

**PROVISIONAL TAX PAYMENTS BY PROVISIONAL TAXPAYERS (OTHER THAN COMPANIES) WHOSE INCOME IS NORMALLY DERIVED WHOLLY OR MAINLY FROM FARMING, FISHING OR DIAMOND DIGGING.**

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

(2) If the Secretary has in terms of sub-section (13)ter of section sixty-six of this Act agreed to accept accounts from any provisional taxpayer referred to in sub-paragraph (1) in respect of any year of assessment drawn to a date falling after the end of such year the Secretary may upon the application of the taxpayer direct that the last day of such year of assessment shall for the purposes of sub-paragraph (1) be deemed to be such day as the Secretary having regard to the circumstances of the case fixes.

## PROVISIONAL TAX PAYMENTS BY COMPANIES.

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

- (a) within six months of the commencement of the year of assessment in question, one half of an amount equal to the total estimated liability of such company (as determined in accordance with paragraph 17) for normal tax in respect of that year; and
- (b) not later than the last day of the year of assessment in question, an amount equal to the total estimated liability of such company (as finally determined in accordance with paragraph 17) for normal tax in respect of that year, less the amount paid in terms of item (a).

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

(2) The amendment effected by sub-section (1) shall apply with effect from the commencement of the year of assessment ending the twenty-eighth day of February, 1966.

Commencement  
of certain  
amendments.

31. Save in so far as is otherwise provided therein or the context otherwise indicates, the amendments effected to the principal Act by this Act shall first take effect in respect of assessments for the year of assessment ending the twenty-eighth day of February, 1966.

Short title.

32. This Act shall be called the Income Tax Act, 1965.