

No. 95, 1967.]

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-ninth day of February, 1968, and the thirtieth day of June, 1968, and by companies in respect of taxable incomes derived from mining for natural oil during years of assessment ending on or after the first day of January, 1967, and in respect of certain other taxable incomes for years of assessment ending during the period of three months ending the thirty-first day of March, 1968; 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; to provide for the repayment to the taxpayers concerned of certain portions of the normal tax paid by those taxpayers; to amend the Income Tax Act, 1962, so as to increase the rate of the non-resident shareholders tax, to impose a non-residents tax on interest and to amend the law relating to income tax; to amend section 2 of the Income Tax Act, 1966, so as to provide that certain sums shall not be payable into provincial revenue funds and to amend the Schedule to that Act so as to change certain rates of normal tax applicable in respect of years of assessment of companies ending during the period of twelve months ending on the thirty-first day of December, 1967; and to provide for incidental matters.

(English text signed by the Acting State President.)
(Assented to 19th June, 1967.)

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

Rates of normal tax.

1. The rates of normal tax to be levied in terms of section 5 (2) of the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act, in respect of any year of assessment ending—

(a) in the case of any person other than a company, on the twenty-ninth day of February, 1968, or the thirtieth day of June, 1968; and

(b) in the case of any company, during the period of three months ending on the thirty-first day of March, 1968, shall be as set forth in the Schedule to this Act.

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

2. (1) Notwithstanding the provisions of section 5 (1) 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 fifteen per cent 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, 1967.

Calculation of provincial income taxes in respect of year of assessment ending 29th February, 1968, or 30th June, 1968.

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-ninth day of February, 1968, or the thirtieth day of June, 1968, whichever is applicable, shall, notwithstanding the provisions of the firstmentioned Act, be deemed to be equal to the amount payable as normal tax in terms of paragraph 1 (a) of the Schedule to this Act, after the deduction of the rebates provided for in sections 6 and 6bis of the principal Act.

Certain portions of the normal tax to be repayable to the tax-payers concerned.

4. (1) Notwithstanding the provisions of section 5 (1) 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 paragraph 1 (h) or (i) 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 33 of the principal Act apply and who has no recognized agent in the Republic other than the master of the ship concerned 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 76 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) The amounts accruing from time to time under any law to the Consolidated Revenue Fund or the Transkeian Revenue Fund in respect of normal, provincial income or personal taxes shall, notwithstanding the provisions of such law, 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 subsection (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 subsection (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 subsection (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, 1975, 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 subsection (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 subsection (6) or, if repayment is made under the second proviso to that subsection, 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) The Secretary may appropriate to the loan portion of the normal tax for which any person is liable in respect of the year of assessment for which such loan portion is payable, so much of—

(i) any employees tax deducted or withheld from such person's remuneration and set off in whole or part against his liability for normal and provincial taxes in respect of the said year under the provisions of paragraph 28 of the Fourth Schedule to the principal Act: and

(ii) any payments made by such person by way of provisional tax in respect of such year and set off

in whole or part against his said liability under the provisions of the said paragraph; and

- (iii) any other payments made by such person in respect of normal, provincial income or personal tax, whether for the said year or any other year of assessment, to the extent that the Secretary deems it necessary to appropriate such other payments in order to discharge in whole or part the said person's liability for the said loan portion,

as does not exceed such loan portion: Provided that the Secretary may adjust any appropriation made by him under this paragraph if the said person's liability for such loan portion is increased or reduced on assessment of such liability by the Secretary under the principal Act or in order to rectify any calculation or accounting error.

- (b) A person shall for the purposes of this section be deemed to have paid the amounts finally appropriated to the loan portion of the normal tax for which he is liable in respect of the year of assessment for which such loan portion is payable—

- (i) if employees tax has during such year of assessment 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, 1967; or
- (ii) 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 paragraph 21 (1) (a), 22 (1) or 23 (a) of the Fourth Schedule to the principal Act, on the first day of the month during which he paid such amount; or
- (iii) if the provisions of subparagraphs (i) or (ii) do not apply, on such date as the Secretary, having regard to the payments made by the said person, 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, 1967.

Amendment of section 1 of Act 58 of 1962, as amended by section 3 of Act 90 of 1962, section 1 of Act 6 of 1963, section 4 of Act 72 of 1963, section 4 of Act 90 of 1964, section 5 of Act 88 of 1965 and section 5 of Act 55 of 1966.

5. Section 1 of the principal Act is hereby amended by the insertion after paragraph (l) of the definition of "gross income" of the following paragraph:

"(IA) any amount received or accrued under the provisions of section 30 (3) of the Mining Rights Act, 1967 (Act No. 20 of 1967);".

Amendment of section 5 of Act 58 of 1962, as substituted by section 2 of Act 6 of 1963 and amended by section 5 of Act 90 of 1964, section 6 of Act 88 of 1965 and section 7 of Act 55 of 1966.

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

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

“(2) The rates of tax chargeable in respect of taxable income other than the taxable income referred to in subsection (2A), shall be fixed annually by Parliament, but the rates fixed by any Act of Parliament in respect of any year of assessment or financial year shall, subject to the provisions of the Fourth Schedule, be deemed to continue in force until the next such determination of rates and shall, subject to the said provisions, be applied for the purposes of calculating the tax payable in respect of any such taxable income received by or accrued to or in favour of any person during the next succeeding year of assessment or financial year, as the case may be, if in the opinion of the Secretary the calculation and collection of the tax chargeable in respect of such taxable income cannot without risk of loss of revenue be postponed until after the rates for that year have been determined: Provided that after the next such determination of rates any tax paid in pursuance of such interim application shall, subject to the provisions of the Fourth Schedule, be adjusted in accordance with such subsequent rates, any amounts paid in excess being refundable to and amounts shortpaid being recoverable from the taxpayer concerned.”;

- (b) by the insertion after subsection (2) of the following subsection:

“(2A) In the case of any company which during any year of assessment of such company ending on or after the first day of January, 1967, derives taxable income from mining for natural oil, the rates of normal tax payable in respect of such taxable income shall be as follows:

- (a) On each rand of such taxable income which is derived from mining for natural oil (excluding gas) won by the company, fifty cents;
- (b) on each rand of such taxable income which is derived from mining for natural oil in the form of gas won by the company, forty cents:

Provided that the normal tax calculated under the preceding provisions of this subsection shall be reduced to or by such an amount as the Minister of Mines, in consultation with the Minister of Finance, may determine under section 14 of the Mining Rights Act, 1967 (Act No. 20 of 1967): Provided further that for the purposes of this subsection where sulphur, salt or any other mineral is won by the company in the course of mining for natural oil, the income derived from the mining of such sulphur, salt or other mineral shall be deemed to be derived from mining for natural oil”;

- (c) by the substitution for subsection (3) of the following subsection:

“(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 subsections (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 paragraph 15 (3) or 17 of the First Schedule or paragraph 7 of the Second Schedule apply in the case of the taxpayer or the normal tax chargeable in the case of the taxpayer is required to be determined under the provisions of paragraph 19 of the First Schedule, 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 subsection (2),

would be chargeable in respect of a taxable income equal to the rating amount (determined as provided in subsection (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 subsection (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 subsection the amount of normal tax which is or would be chargeable no regard shall be had to the deductions provided for in section 6, *6bis* or *6ter*”; and

(d) by the substitution for subsection (8) of the following subsection:

“(8) The provisions of paragraph 15 (3) or 17 of the First 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 6, *6bis* or *6ter*) 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 6, *6bis* or *6ter*) determined under the provisions of subsection (3).”.

(2) The amendments effected by subsection (1) (c) and (d) to paragraph (b) of subsection (3) of section 5 of the principal Act and subsection (8) of that section shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1967.

Amendment of section 6 of Act 58 of 1962, as amended by section 4 of Act 90 of 1962, section 3 of Act 6 of 1963, section 5 of Act 72 of 1963 and section 8 of Act 55 of 1966.

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

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

“(1) Save as is otherwise provided in this Act, there shall in the case of a person other than a company, be deducted from the amount of tax chargeable, as determined in accordance with section 5, paragraph 15 (3), 17 or 19 of the First Schedule, or paragraph 7 of the Second Schedule, whichever may be applicable—”;

(b) by the substitution for subparagraph (i) of paragraph (c) of the said subsection of the following subparagraph:

“(i) on the last day of that year of assessment was unmarried and was not or would not had he lived have been over the age of eighteen years, or, if he was wholly dependent for his maintenance upon the taxpayer, over the age of twenty-one years, or, if he was wholly dependent for his maintenance upon the taxpayer and the Secretary is satisfied that he was a full-time student at an educational institution of a public character, over the age of twenty-six years; or”;

(c) by the insertion after paragraph (c) of the said subsection of the following paragraph:

“(cA) in respect of any one or more children born to the taxpayer during the year of assessment who were alive during any portion of such year of assessment, a further sum of eight rand irrespective of the number of such children;”.

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

8. (1) The following section is hereby inserted in the principal Act after section *6bis*:

“Rebate in respect of non-residents tax on interest. *6ter*. Where the income of any person includes any amount of interest referred to in section 64A, the non-residents tax on interest paid in respect of such amount under Part VI of this Chapter shall be deducted from the amount payable by such person by way of normal tax, as calculated after deducting the rebates provided for in section 6 and before the addition of any sum which in terms of

any Income Tax Act is a loan portion which is repayable to such person: Provided that the rebate under this section shall not exceed so much of such normal tax as the Secretary determines to be attributable to the inclusion of the said amount in such person's income."

(2) The amendment effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of April, 1967.

Amendment of section 9 of Act 58 of 1962, as amended by section 7 of Act 90 of 1962, section 6 of Act 72 of 1963 and section 7 of Act 90 of 1964.

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

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

"(cA) any contract made by such person for the disposal of any mineral (including natural oil) won by him in the course of mining operations carried on by him under any mining lease granted under the Mining Rights Act, 1967 (Act No. 20 of 1967), wheresoever such contract was made or such mining operations were carried on;" and

(b) by the insertion after paragraph (f) of the said subsection of the following paragraph:

"(fA) any services rendered by such person to, or work or labour done by such person for, any other person upon, beneath or above the continental shelf referred to in section 7 of the Territorial Waters Act, 1963 (Act No. 87 of 1963), in the course of operations carried on by such other person under any prospecting or mining lease granted under the Mining Rights Act, 1967 (Act No. 20 of 1967), or under any sublease granted under any such lease, wheresoever payment for such services or work or labour is or is to be made;"

(2) The amendments effected by subsection (1) shall apply in respect of assessments for years of assessment ending on or after the first day of January, 1967.

Amendment of section 10 of Act 58 of 1962, as amended by section 8 of Act 90 of 1962, section 7 of Act 72 of 1963, section 8 of Act 90 of 1964, section 10 of Act 88 of 1965 and section 11 of Act 55 of 1966.

10. Section 10 of the principal Act is hereby amended by the substitution for subparagraph (ii) of paragraph (w) of subsection (1) of the following subparagraph:

"(ii) that such loan or deposit has been made for the purposes of any business carried on by such person or company outside the Republic or that such loan or deposit was made by such person before he became ordinarily resident in the Republic for the first time, out of funds which the Secretary is satisfied were derived by such person entirely from sources outside the Republic; and"

Amendment of section 11 of Act 58 of 1962, as amended by section 9 of Act 90 of 1962, section 8 of Act 72 of 1963, section 9 of Act 90 of 1964, section 11 of Act 88 of 1965 and section 12 of Act 55 of 1966.

11. Section 11 of the principal Act is hereby amended—

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

"(r) notwithstanding the provisions of section 23, so much of the sum of—

(i) any donations made by a company during the year of assessment for the purposes of technological training as defined in the Technological Training Advancement Act, 1960 (Act No. 69 of 1960), at a university (as so defined), provided an amount not less than the total value of such donations has been paid during the year of assessment in question into the special account established under the said Act; and

(ii) any donations made by the company during the year of assessment to the fund established under the National Study Loans and Bursaries Act, 1964 (Act No. 89 of 1964), for the purpose of granting study loans or bursaries or both study loans and bursaries to students in need of financial assistance to enable them to continue or complete their studies at universities, declared institutions or vocational schools in the Republic,

as does not exceed two per cent of the taxable income of such company as calculated before allowing any deduction under this paragraph;”;
and

(b) by the deletion of paragraph (r)*bis*.

Amendment of section 11*bis* of Act 58 of 1962, as inserted by section 10 of Act 90 of 1962 and amended by section 9 of Act 72 of 1963 and section 13 of Act 55 of 1966.

12. Section 11*bis* of the principal Act is hereby amended by the substitution for subsection (3) of the following subsection:

“(3) The exporters’ allowance shall be an amount equal to thirty-seven and a half per cent of the market development expenditure (determined as provided in subsection (4)) incurred by the taxpayer during the year of assessment or, where in relation to the year of assessment the taxpayer has a current export turnover and a basic export turnover and such current export turnover exceeds such basic export turnover by more than ten per cent of such basic export turnover, an amount equal to—

(a) fifty per cent of such market development expenditure if such current export turnover exceeds such basic export turnover by more than ten per cent but not more than twenty-five per cent of that basic export turnover; or

(b) sixty-two and a half per cent of such market development expenditure if such current export turnover exceeds such basic export turnover by more than twenty-five per cent of that basic export turnover:

Provided that for the purposes of this subsection the current export turnover of an associated company in relation to any year of assessment shall be deemed to be the sum of the current export turnovers in relation to that year of all the associated companies of which that company is one, and the basic export turnover of that company in relation to that year shall be deemed to be the sum of the basic export turnovers of all the said associated companies in relation to that year.”

Amendment of section 12A of Act 58 of 1962, as inserted by section 16 of Act 55 of 1966.

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

“Provided that if such equipment does not qualify for the allowance solely by reason of the fact that the hotel in question was not registered as aforesaid during the relevant year of assessment, the allowance may be granted for the first succeeding year of assessment during which such hotel is so registered, provided such hotel becomes so registered within the period ending on the thirty-first day of December, 1967, or the period ending twelve months after the date of the bringing into use of such equipment, whichever period ends later.”

(2) The amendment effected by subsection (1) shall be deemed to have first taken effect in respect of assessments for the year of assessment ended on the twenty-eighth day of February, 1967.

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

14. (1) Section 13*bis* of the principal Act is hereby amended by the substitution for subsection (3) of the following subsection:

“(3) The allowance under subsection (2) in respect of the cost (as reduced in terms of that subsection) of any building (or portion thereof) or of any improvements (or a portion thereof) shall be such percentage of such cost as may be fixed by the State President by regulation under subsection (4) for the grade of hotel which is, in terms of a determination of the board referred to in subsection (2), applicable in respect of the hotel in question on the last day of the year of assessment: Provided that where such hotel is graded by the said board for the first time during any year of assessment (hereinafter referred to as the subsequent year) subsequent to any year of assessment (hereinafter referred to as the earlier year) during which such building (or the relevant portion thereof) or such improvements (or the relevant portion thereof) was or were used in carrying on the trade of hotelkeeper, and the taxpayer is entitled to the said allowance in respect of the subsequent year, the allowance for the subsequent year (as determined in accordance with the said regulation) shall, if—

- (a) such building (or the relevant portion thereof) or such improvements (or the relevant portion thereof), as the case may be, is or are completed not later than the thirty-first day of December, 1969; and
- (b) where such hotel was not during the earlier year registered under the Hotels Act, 1965, it became so registered during the period ending on the thirty-first day of December, 1969, or the period of twelve months reckoned from the date of completion of such building (or the relevant portion thereof) or of such improvements (or the relevant portion thereof), as the case may be, whatever period ends later,

be increased by an amount equal to the allowance to which the taxpayer would have been entitled under the said regulation in respect of the said cost if such regulation had at all relevant times been in force and the grading of such hotel by the said board which was applicable on the last day of the subsequent year had also applied on the last day of the earlier year.”.

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

Substitution of section 18 of Act 58 of 1962.

15. The following section is hereby substituted for section 18 of the principal Act:

“Deduction in respect of fees paid to dentists, medical practitioners, nursing homes or hospitals. 18. Notwithstanding the provisions of section 23 (a), (b) and (g) there shall be allowed to be deducted from the income of any taxpayer an allowance not exceeding in the aggregate the sum of two hundred rand, or if a child is born to the taxpayer during the year of assessment, three hundred rand, in respect of—

- (a) any sum contributed by him during the year of assessment by way of current contributions due by him, as a member, to any fund recognized by the Secretary as a benefit fund established for the sole purpose of defraying in whole or in part any nursing home, hospital, medical and dental expenditure which may be incurred by its members; and
- (b) any fees which the Secretary is satisfied, were paid by the taxpayer during the year of assessment to any nursing home in connection with any confinement of his wife, or to—
 - (i) any dentist or medical practitioner for dental and medical services rendered to, or
 - (ii) any duly registered nursing home or hospital in respect of the illness of, the taxpayer or his wife or his children or stepchildren referred to in section 6 (1) (c).”.

Amendment of section 36 of Act 58 of 1962, as amended by section 12 of Act 72 of 1963, section 15 of Act 90 of 1964, section 20 of Act 88 of 1965 and section 23 of Act 55 of 1966.

16. Section 36 of the principal Act is hereby amended by the substitution in subsection (11) for the definition of “capital expenditure” of the following definition:

“ ‘capital expenditure’ means—

- (a) expenditure on shaft sinking and mine equipment and, in the case of a natural oil mine, the cost of laying pipelines from the mining block to the marine terminal or the local refinery, as the case may be, including any single renewal or replacement of such equipment or pipelines which together with the accessories thereto exceeds in cost forty thousand rand; and
- (b) expenditure on development, general administration and management (including any interest and other charges payable after the thirty-first day of December, 1950, on loans utilized for mining purposes) prior to the commencement of production or during any period of non-production; and
- (c) in the case of any post-1966 gold mine, any new gold mine, any new deep level gold mine, any other deep level gold mine or any natural oil

mine, an amount calculated as nearly as may be in the manner prescribed for the calculation of the capital allowance provided for in section 26 (2) of the Mining Rights Act, 1967 (Act No. 20 of 1967), at the rate of eight per cent per annum in the case of any post-1966 gold mine or six per cent per annum in the case of any new gold mine or any natural oil mine or five per cent per annum in the case of any new deep level gold mine or any other deep level gold mine on the amount of the unredeemed balance of the aggregate of—

- (i) the expenditure referred to in paragraphs (a) and (b), excluding any interest and other charges on loans referred to in paragraph (b), if the mine is a post-1966 gold mine, a new gold mine, a new deep level gold mine or a natural oil mine, or the balance of capital expenditure unredeemed in terms of subsection (1) at the commencement of the year of assessment during which the mine is recognized as any other deep level gold mine, and the expenditure referred to in paragraph (a), if the mine is any other deep level gold mine;
- (ii) the amount (if any) allowed to rank as capital expenditure in terms of section 37;
- (iii) any expenditure incurred during any period of production on development on any reef on which at the date of such development stoping has not yet commenced; and
- (iv) the amount calculated in terms of this paragraph up to the end of the year of assessment under this Act or the Income Tax Act, 1941, immediately preceding the year of assessment under charge,

if the mine is a post-1966 gold mine, a new gold mine, a new deep level gold mine or a natural oil mine, for the period from the end of the month in which the expenditure is actually incurred or is in terms of proviso (dd) to this paragraph deemed to be incurred, up to the end of the year of assessment immediately preceding the first year of assessment in respect of which the determination of the taxable income derived from the working of such mine does not result in an assessed loss, and, if the mine is any other deep level gold mine, for a period of ten years from the commencement of the year of assessment during which the mine is recognized as any other deep level gold mine: Provided that—

- (aa) the amount under this paragraph shall not be calculated for any period during which mining operations are not carried on in accordance with the terms of the relevant lease;
- (bb) notwithstanding anything to the contrary in any law contained, the amount under this paragraph shall not be taken into account for the purpose of calculating the capital allowance provided for in section 26 (2) of the Mining Rights Act, 1967, or for the purpose of determining the profits of which a share is payable to the State in terms of any mining lease;
- (cc) the provisions of section 26 (3) and (4) of the Mining Rights Act, 1967, shall, in so far as they can be applied, apply *mutatis mutandis* for the purpose of determining the unredeemed balance of the aggregate of the amounts referred to in subparagraphs (i) to (iv), inclusive, of this paragraph;
- (dd) for the purposes of subsections (3) and (3)bis of this section any amount calculated under this paragraph in respect of any year of assessment shall be deemed to be capital expenditure incurred on the last day of such year of assessment;

(ee) the amount under this paragraph in respect of any new gold mine shall not be calculated in respect of any period occurring before the twentieth day of March, 1963;”.

Amendment of section 42 of Act 58 of 1962, as amended by section 21 of Act 88 of 1965.

17. Section 42 of the principal Act is hereby amended by the addition to subsection (2) of the following paragraph:

“(e) so much of the amount of any dividend declared by any company as is proved to the satisfaction of the Secretary to have been distributed—

- (i) out of taxable income derived by such company from mining for natural oil under any lease granted under the Mining Rights Act, 1967 (Act No. 20 of 1967); or
- (ii) out of dividends received by such company from any other company all the issued shares of which are held for its own benefit by the firstmentioned company, to the extent that such dividends are proved to the satisfaction of the Secretary to have been distributed by such other company out of taxable income derived by such other company from mining for natural oil under any such lease.”.

Substitution of section 45 of Act 58 of 1962, as substituted by section 24 of Act 55 of 1966.

18. The following section is hereby substituted, with effect from the twenty-second day of March, 1967, for section 45 of the principal Act:

“Rate of tax.

45. The rate of tax shall be—

- (a) seven and one-half per cent of the amount of—
 - (i) any dividend referred to in section 42 (1) (a) which was declared before the seventeenth day of August, 1966; or
 - (ii) any interim dividend referred to in section 42 (1) (b) the payment of which was approved before the seventeenth day of August, 1966;
- (b) ten per cent of the amount of—
 - (i) any dividend referred to in section 42 (1) (a) which was declared on or after the seventeenth day of August, 1966, but before the twenty-second day of March, 1967; or
 - (ii) any interim dividend referred to in section 42 (1) (b) the payment of which was approved on or after the seventeenth day of August, 1966, but before the twenty-second day of March, 1967; and
- (c) fifteen per cent of the amount of—
 - (i) any dividend referred to in section 42 (1) (a) which has been declared on or after the twenty-second day of March, 1967; or
 - (ii) any interim dividend referred to in section 42 (1) (b) the payment of which has been approved on or after the twenty-second day of March, 1967.”.

Amendment of section 50 of Act 58 of 1962, as amended by section 23 of Act 90 of 1962.

19. Section 50 of the principal Act is hereby amended by the substitution for paragraph (d) of the following paragraph:

“(d) any company which satisfies the Secretary that shares representing not less than fifty per cent of its equity share capital were throughout the specified period held by one or more persons (other than companies) not ordinarily resident nor carrying on business in the Republic, or by one or more companies registered outside the Republic and deriving the greater portion of their profits for the year of assessment in question from sources not within or deemed to be within the Republic or by one or more such persons (other than companies) and one or more such companies: Provided that where any of the said shares were held by any private company (being a company deriving the greater portion of its profits for the year of assessment in question from sources within or deemed to be within the Republic) and the Secretary is satisfied that more than fifty per cent of the equity share capital of such private company was throughout the specified period held by one or more persons (other than companies)

not ordinarily resident nor carrying on business in the Republic, whether directly or indirectly, through one or more private companies controlled by such persons, for the ultimate benefit of such persons, each of the said persons shall, for the purposes of this paragraph, be deemed to have held such portion of the said shares as is proved to the satisfaction of the Secretary to be represented by such person's direct or indirect interest in the said equity share capital: Provided further that for the purpose of determining the portion of its profits which has been derived by any company from sources within or deemed to be within the Republic for any year of assessment there shall be included in the profits derived by such company from sources within or deemed to be within the Republic as well as in the profits derived by it from all sources during such year of assessment the amount, if any, by which the dividends received by or accrued to such company during such year of assessment from any company registered in the Republic are less than the dividends which would have been received by or would have accrued to such firstmentioned company from such company registered in the Republic if the latter had distributed by way of dividends during such year of assessment an amount equal to not less than thirty per cent of its total net profits for the said year of assessment;”.

Addition of
Part VI to
Chapter II of
Act 58 of 196 .

20. (1) The following part is hereby added to Chapter II of the principal Act:

“PART VI.

Non-residents Tax on Interest.

Levy of
non-
residents
tax on
interest.

64A. Where any amount of interest accrues on or after the first day of April, 1967, to or in favour of—

- (a) any person, other than a company, not ordinarily resident in the Republic; or
- (b) the deceased estate of any person who at the date of his death was not ordinarily resident in the Republic; or
- (c) a company not registered in the Republic, and the debtor in respect of such amount is ordinarily resident or carries on business in the Republic, there shall be paid for the benefit of the Consolidated Revenue Fund a tax (in this Act referred to as non-residents tax on interest) equal to ten per cent of such amount.

Application
of provisions.

64B. For the purposes of this Part—

- (a) where interest is payable or is credited to any person having an address outside the Republic such interest shall until the contrary is proved be deemed to have accrued to a person, estate or company, as the case may be, referred to in section 64A;
- (b) where the debtor in respect of any amount of interest referred to in section 64A is the deceased estate of any person, such estate shall be deemed to be ordinarily resident or to be carrying on business in the Republic if such person at the date of his death was ordinarily resident or was carrying on business in the Republic;
- (c) where the debtor in respect of any amount of interest referred to in section 64A is a company, such company shall be deemed to be ordinarily resident in the Republic if it is registered, managed or controlled in the Republic;
- (d) any amount accruing to any shareholder in a building society out of the profits of such society shall be deemed to be interest.

Exemptions. 64C. The non-residents tax on interest shall not be payable in respect of—

- (a) any interest accruing from the Government (including the Railway Administration and any provincial administration), any local authority, the Electricity Supply Commission or the South African Reserve Bank;
- (b) any interest on any amount borrowed by the debtor outside the Republic, if the Secretary is satisfied—
 - (i) that the amount so borrowed has not been and will not be used by the debtor for the purpose of producing gross income, that the payment of such interest and the repayment of the amount so borrowed have been or will be made outside the Republic out of funds which have been or will be derived by the debtor entirely outside the Republic and that the payment of such interest and the repayment of the amount so borrowed have not in effect been or are in effect not to be made by the debtor out of his resources in the Republic; or
 - (ii) that the amount so borrowed was borrowed by the debtor in the ordinary course of any trade carried on by him outside the Republic and was not specifically intended to be used by the debtor for the purpose of producing gross income;
- (c) any interest which is or is required to be paid in the Republic on money lent or advanced in the Republic by any person who has a permanent place of business in the Republic;
- (d) any interest accruing from a debtor to any person during any period of twelve months ending on the last day of February in any calendar year which, together with any other amounts of interest accruing from such debtor to such person during such period, amounts to twenty rand or less;
- (e) interest on any bill of exchange as defined in the Bills of Exchange Act, 1964 (Act No. 34 of 1964), or on any promissory note as defined in that Act, to the extent that such interest is payable in respect of the purchase price of goods imported into the Republic, if such bill or note is handled through a banking institution registered under the Banks Act, 1965 (Act No. 23 of 1965), or the South African Reserve Bank and such banking institution or Bank has certified on such bill or note that a bill of lading or other document covering the importation of such goods has been exhibited to it;
- (f) any amount credited in respect of any subscription share in any building society;
- (g) any interest accruing to any ecclesiastical, charitable or educational institution of a public character, whether or not supported wholly or partly by grants from public revenue;
- (h) interest accruing to any bank, if the Secretary is satisfied that such bank is not resident in the Republic and is entrusted by the government of a territory outside the Republic with the custody of the principal foreign exchange reserves of that territory, and the Minister of Finance decides to apply the provisions of this paragraph to that bank.

Person liable for non-residents tax on interest.

64D. The person liable for the non-residents tax on interest shall be the person, deceased estate or company to whom or in whose favour the amount of interest referred to in section 64A accrues.

Deduction or withholding of non-residents tax on interest.

64E. (a) Notwithstanding the provisions of section 64D any debtor in respect of any amount of interest referred to in section 64A or any person who receives payment of any such amount on behalf of or in trust for the person to whom such amount accrues, shall, on behalf

of the person, estate or company liable for the non-residents tax on interest, pay to the Secretary the amount of the said tax payable in respect of the said amount of interest under section 64A: Provided that if the Secretary is satisfied that the tax payment required to be made in terms of this paragraph in respect of the said amount of interest has been or will be made by any person, the Secretary may direct that any other person who is in terms of this paragraph required to make a tax payment in respect of the said amount of interest, shall be relieved of the duty to make such tax payment.

- (b) Any person making a payment to the Secretary in terms of paragraph (a) shall, notwithstanding any agreement to the contrary, be entitled to deduct or withhold the amount of such payment from the amount of interest which he is liable to pay to the aforesaid other person, or to recover the amount so paid from such other person or to retain out of any money that may be in his possession or may come to him as the agent of such other person an amount equal to the amount of such payment.
- (c) A taxpayer on whose behalf a payment has been made to the Secretary in terms of paragraph (a) shall not be entitled to recover the amount of such payment from the person who under the provisions of paragraph (b) deducts, withholds or retains the amount of such payment and shall for the purposes of this Act be deemed to have received the amount so deducted, withheld or retained.
- (d) Every person who is required to make a payment to the Secretary in terms of paragraph (a) shall be personally liable for making such payment, and the amount so payable shall for the purposes of this section be deemed to be a tax due by such person and shall be recoverable from him in the manner prescribed in section 91.

When non-residents tax on interest is payable.

64F. (1) The non-residents tax on interest shall be payable within fourteen days after the date of accrual of the amount of interest referred to in section 64A or within such further period as the Secretary may approve.

(2) The person paying the tax shall at the time of payment submit to the Secretary a declaration in such form as the Secretary may prescribe."

(2) The amendments effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967: Provided that, notwithstanding the provisions of section 64F of the principal Act, any amount of tax which was, in terms of that section, payable within a period ending on or before the date of commencement of this Act, shall be payable within fourteen days after that date or within such further period as the Secretary may approve.

Amendment of section 89bis of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963.

21. (1) Section 89bis of the principal Act is hereby amended by the substitution in subsection (1) for the words "and donations tax" of the words ", donations tax and non-residents tax on interest".

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of section 89ter of Act 58 of 1962, as inserted by section 14 of Act 6 of 1963 and amended by section 22 of Act 90 of 1964.

22. (1) Section 89ter of the principal Act is hereby amended—

(a) by the substitution in subsection (1) for the words "and donations tax" of the words ", donations tax and non-residents tax on interest"; and

(b) by the substitution in subsection (2) for the words "and donations tax" of the words ", donations tax and non-residents tax on interest".

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

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

23. (1) Section 90 of the principal Act is hereby amended by the substitution for the words preceding paragraph (a) of the following words:

“90. Subject to the provisions of this Act, any tax (other than non-resident shareholders tax, undistributed profits tax, excess profits duty, donations tax and non-residents tax on interest) and any interest payable in terms of section 89, shall be payable—”.

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of section 93bis of Act 58 of 1962, as inserted by section 17 of Act 6 of 1963.

24. (1) Section 93bis of the principal Act is hereby amended by the insertion after paragraph (a) of the following paragraph:

“(aA) has under the provisions of section 64E deducted or withheld from any amount of interest referred to in section 64A in respect of the non-residents tax on interest payable in respect of such amount of interest; or”.

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of paragraph 13 of 1st Schedule to Act 58 of 1962.

25. Paragraph 13 of the First Schedule to the principal Act is hereby amended by the substitution for item (a) of subparagraph (1) of the following item:

“(a) that any farmer has in any year of assessment (other than a year of assessment in respect of which the normal tax chargeable in the case of such farmer is required to be determined under paragraph 19) sold livestock on account of drought or stock disease; and”.

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

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

“(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 5 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 subparagraph shall not apply unless the Secretary is satisfied that the disposal of plantations or forest produce forms part of the normal farming operations of the farmer concerned;
- (ii) the Secretary's 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;
- (iv) the provisions of this subparagraph shall not apply if the normal tax chargeable in the case of such farmer in respect of the said year of assessment is required to be determined under the provisions of paragraph 19.”.

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

27. 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 5 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: Provided that the provisions of this paragraph shall not apply if the normal tax chargeable in the case of such farmer in respect of the said year of assessment is required to be determined under the provisions of paragraph 19.”.

Addition of paragraph 19 to 1st Schedule to Act 58 of 1962.

28: The First Schedule to the principal Act is hereby amended by the addition at the end thereof of the following paragraph:

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

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

in which formula—

- (a) ‘Y’ represents the amount of normal tax to be determined;
- (b) ‘A’ represents the amount of normal tax chargeable at the relevant rate fixed in terms of section 5 (2) of this Act in respect of a taxable income equal to the amount represented by the expression ‘B + C - D - E’ in the formula;
- (c) ‘B’ represents the taxpayer’s average taxable income (if any) from farming as determined in relation to the relevant period in accordance with subparagraph (2);
- (d) ‘C’ represents the taxpayer’s taxable income (if any) for the relevant period from sources other than farming or, if the determination of such taxable income results in an assessed loss, such assessed loss: Provided that where ‘C’ represents such assessed loss the expression ‘+ C’ in the formula shall be construed as meaning ‘- C’;
- (e) ‘D’ represents the amount (if any) included in the taxpayer’s gross income for the relevant period under the provisions of the Second Schedule to this Act;
- (f) ‘E’ represents the amount (if any) by which the taxpayer’s taxable income for the relevant period exceeds a sum equal to the rating amount which would, without applying the provisions of section 5 (7) of this Act, have been determined in the case of the taxpayer for such period under the provisions of section 5 (4) of this Act if section 5 (4) had been applicable; and
- (g) ‘F’ represents the taxpayer’s taxable income for the relevant period:

Provided that the amount represented by the expression ‘B + C - D - E’ in the formula shall in no case be determined at an amount of less than one rand.

(2) For the purposes of subparagraph (1) the taxpayer’s average taxable income from farming in relation to the relevant period shall be deemed to be—

- (a) where the taxpayer or his wife carried on farming operations before the commencement of the relevant period, such amount as the Secretary may determine as representing the taxpayer’s annual average taxable income (if any) from farming in respect of the periods of assessment—
 - (aa) for which the taxpayer was assessable under this Act (but excluding in the case of a woman any period assessable under section 77 (6) of this Act) and which fall within the period of five years ending on the last day of the relevant period; and

(bb) during which such farming operations were carried on or farming income was derived by the taxpayer:

Provided that in the case of the estate of a deceased or insolvent person any farming operations carried on by such person prior to his death or insolvency, any income derived by him from such operations and any deductions allowable against such income under this Act shall, so far as such estate is concerned, be deemed for the purposes of this item to be respectively operations, income or deductions of such estate, and the annual average taxable income derived by such estate from farming shall be determined accordingly but subject to such adjustments as the Secretary may make; or

(b) where the taxpayer is a person referred to in subparagraph (5) (a) and neither he nor his wife carried on farming operations (whether before or after their marriage) before the commencement of the relevant period and—

(i) the taxpayer's taxable income from farming for the relevant period does not exceed three thousand rand, the amount of such taxable income; or

(ii) the taxpayer's taxable income from farming for the relevant period exceeds three thousand rand but not four thousand five hundred rand, the amount of three thousand rand; or

(iii) the taxpayer's taxable income from farming for the relevant period exceeds four thousand five hundred rand, an amount equal to two-thirds of such taxable income.

(3) Where, in relation to a relevant period, the Secretary has under subparagraph (2) (a) made a determination of a taxpayer's annual average taxable income from farming and the taxpayer's assessment for that period has in terms of section 81 (5) of this Act become final and conclusive, such determination shall be final and conclusive: Provided that the Secretary may make a redetermination of such annual average taxable income—

(i) if an assessment is raised on the taxpayer in respect of the relevant period as contemplated in section 79 of this Act; or

(ii) if the previous determination of such annual average taxable income is arithmetically incorrect; or

(iii) if it appears to the Secretary that such annual average taxable income was determined on incorrect information and should be increased or reduced by at least six hundred rand; or

(iv) if it appears to the Secretary that in any return of income rendered by the taxpayer or his wife in respect of any of the periods of assessment referred to in subparagraph (2) (a) any amount was omitted or any incorrect statement was made with intent to evade or reduce taxation.

(4) In determining under this paragraph any amount of normal tax which is or would be chargeable no regard shall be had to the deductions provided for in section 6, 6bis or 6ter of this Act and nothing in this paragraph contained shall be construed as relieving any person from liability for taxation under this Act upon any portion of his taxable income.

(5) Any person—

(a) who is a natural person and whose taxable income for any period of assessment consists of or includes taxable income derived from farming operations carried on by him for his own benefit or by his wife for her own benefit; or

(b) who is the executor of the estate of any deceased person or the trustee of the insolvent estate of a natural person and who in his capacity as such has during the period of assessment commencing immediately after the death or insolvency of the said person continued farming operations commenced by such deceased or insolvent person prior to his death or insolvency,

may, within three months after the end of such period of assessment or within such further time as the Secretary may approve and in such form as the Secretary may prescribe, elect that the normal tax chargeable in respect of his taxable income if item (a) is applicable or the taxable income of such estate if item (b) is applicable, be determined as provided in subparagraph (1), and such election shall be binding upon such natural person or estate, as the case may be, in respect of the said period of assessment and every succeeding period of assessment: Provided that—

- (i) no election may be made under this subparagraph by a woman in respect of any period of assessment referred to in item (a) if during such period she was married and her income for such period is in terms of section 7 (2) of this Act deemed to be income accrued to her husband;
- (ii) where an election has been made by a woman in respect of any period of assessment referred to in item (a) and her income for any succeeding period of assessment is in terms of section 7 (2) of this Act deemed to be income accrued to her husband, such election shall, with effect from such succeeding period, cease to have any force or effect.”

Substitution of paragraph 7 of 2nd Schedule to Act 58 of 1962, as substituted by section 27 of Act 88 of 1965.

29. 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 5 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: Provided that the provisions of this paragraph shall not apply if the normal tax chargeable in the case of such person in respect of the said year of assessment has been determined under the provisions of paragraph 19 of the First Schedule.”

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

30. (1) Paragraph 28 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (1) for the words “and donations tax” of the words “, donations tax and non-residents tax on interest”.

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of paragraph 33 of 4th Schedule to Act 58 of 1962, as added by section 19 of Act 6 of 1963 and amended by section 29 of Act 72 of 1963.

31. (1) Paragraph 33 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (2) for the words “or donations tax” of the words “, donations tax or non-residents tax on interest”.

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of paragraph 34 of 4th Schedule to Act 58 of 1962, as added by section 30 of Act 72 of 1963.

32. (1) Paragraph 34 of the Fourth Schedule to the principal Act is hereby amended by the substitution in subparagraph (6) for the words “or donations tax” of the words “, donations tax or non-residents tax on interest”.

(2) The amendment effected by subsection (1) shall be deemed to have come into operation on the first day of April, 1967.

Amendment of section 2 of Act 55 of 1966.

33. (1) Section 2 of the Income Tax Act, 1966, is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Notwithstanding the provisions of section 5 (1) 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 fifteen per cent 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 amendment effected by subsection (1) shall be deemed to have come into operation on the first day of March, 1966.

Amendment of paragraph 1 of Schedule to Act 55 of 1966

34. (1) Paragraph 1 of the Schedule to the Income Tax Act, 1966, is hereby amended—

(a) by the substitution for items (b) and (c) of the following items:

“(b) on each rand of the taxable income of any company (excluding so much as is derived from mining operations carried on by it in the Republic and, in the case of any company referred to in item (d), so much as the Secretary for Inland Revenue determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of ‘gross income’ in section 1 of the principal Act) for each year of assessment of such company ending during the period of twelve months ending on the thirty-first day of December, 1967, thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;

(c) on each rand of the taxable income derived by any company in respect of any year of assessment of such company ending during the period of twenty-four months ending on the thirty-first day of December, 1967, from mining in the Republic for gold (but with the exclusion of so much of the taxable income as the Secretary for Inland Revenue determines to be attributable to the inclusion in the gross income of any amount referred to in paragraph (j) of the definition of ‘gross income’ in section 1 of the principal Act), a percentage determined in accordance with the formula:

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

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

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

and if such taxable income exceeds forty thousand rand, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula

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

by one for each completed amount of two thousand five hundred rand by which the said taxable income exceeds forty thousand rand:

Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item in respect of any year of assessment ending during the period of twelve months ending on the thirty-first day of December, 1967, a sum equal to five per cent of such amount;”;

(b) by the substitution for items (e) and (f) of the following items:

“(e) on each rand of the taxable income derived by any company in respect of each year of assessment of such company ending during the period of twelve months ending on the thirty-first day of December, 1967, from mining in the Republic for diamonds, forty-five cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;

(f) on each rand of the taxable income derived by any company in respect of each year of assessment of such company ending during the period of twelve months ending on the thirty-first day of December, 1967, from mining operations (other than mining for gold, diamonds or natural oil) carried on by such company in the Republic, thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;”; and

(c) by the substitution for item (h) of the following item:

“(h) in respect of the taxable income of any company derived during each year of assessment of such company ending during the period of twelve months ending the thirty-first day of December, 1967—

(i) a sum equal to ten per cent of the aggregate of the amounts of tax determined in respect of such year of assessment under items (b), (e) and (f) before the addition of the sum referred to in the proviso to item (b), the sum referred to in the proviso to item (e) and the sum referred to in the proviso to item (f); and

(ii) a sum equal to five per cent of the amount of tax determined in respect of such year of assessment under item (c) before the addition of the sum referred to in the second proviso to that item:

Provided that any fraction of a rand of the tax calculated under this item shall be disregarded: Provided further that the tax under this item shall not be payable by any company whose liability under this item would, but for this proviso, be less than five rand.”.

(2) The amendments effected by subsection (1) shall be deemed to have come into operation on the date of promulgation of the Income Tax Act, 1966, and shall apply in respect of all years of assessment of companies ending during the period of twelve months ending on the thirty-first day of December, 1967.

Commencement
of certain
amendments.

35. 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-ninth day of February, 1968.

Short title.

36. This Act shall be called the Income Tax Act, 1967.

Schedule.

RATES OF NORMAL TAX PAYABLE BY PERSONS OTHER THAN COMPANIES IN RESPECT OF THE YEARS OF ASSESSMENT ENDING THE TWENTY-NINTH DAY OF FEBRUARY, 1968, AND THE THIRTIETH DAY OF JUNE, 1968, AND BY COMPANIES IN RESPECT OF YEARS OF ASSESSMENT ENDING DURING THE PERIOD OF THREE MONTHS ENDING THE THIRTY-FIRST DAY OF MARCH, 1968.

(Section 1 of this Act.)

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

(a) In respect of the taxable income of any person other than a company, as prescribed in the tables below;

TABLES.

Taxable Income.	Rates of Tax in Respect of Married Persons.
Where the taxable income— does not exceed R600	6 per cent of each R1 of taxable income;
exceeds R600, but does not exceed R1,000	R36 plus 7 per cent of the amount by which the taxable income exceeds R600;
„ R1,000, „ „ R1,200	R64 plus 8 per cent of the amount by which the taxable income exceeds R1,000;
„ R1,200, „ „ R2,400	R80 plus 8 per cent of the amount by which the taxable income exceeds R1,200;
„ R2,400, „ „ R3,000	R176 plus 8 per cent of the amount by which the taxable income exceeds R2,400;
„ R3,000, „ „ R4,600	R224 plus 9 per cent of the amount by which the taxable income exceeds R3,000;
„ R4,600, „ „ R5,000	R368 plus 10 per cent of the amount by which the taxable income exceeds R4,600;
„ R5,000, „ „ R6,000	R408 plus 20 per cent of the amount by which the taxable income exceeds R5,000;
„ R6,000, „ „ R7,000	R608 plus 29 per cent of the amount by which the taxable income exceeds R6,000;
„ R7,000, „ „ R8,000	R898 plus 32 per cent of the amount by which the taxable income exceeds R7,000;
„ R8,000, „ „ R9,000	R1,218 plus 34 per cent of the amount by which the taxable in- come exceeds R8,000;
„ R9,000, „ „ R10,000	R1,558 plus 38 per cent of the amount by which the taxable in- come exceeds R9,000;
„ R10,000, „ „ R12,000	R1,938 plus 39 per cent of the amount by which the tax- able income exceeds R10,000;
„ R12,000, „ „ R14,000	R2,718 plus 40 per cent of the amount by which the tax- able income exceeds R12,000;
„ R14,000, „ „ R16,000	R3,518 plus 44 per cent of the amount by which the tax- able income exceeds R14,000;
„ R16,000, „ „ R18,000	R4,398 plus 47 per cent of the amount by which the tax- able income exceeds R16,000;
„ R18,000	R5,338 plus 50 per cent of the amount by which the tax- able income exceeds R18,000.

Taxable Income.		Rates of Tax in Respect of Persons who are not Married Persons.
Where the taxable income— does not exceed R600		7½ per cent of each R1 of taxable income;
exceeds R600, but does not exceed R1,000		R45 plus 9 per cent of the amount by which the taxable income exceeds R600;
„ R1,000, „ „ R1,200		R81 plus 9 per cent of the amount by which the taxable income exceeds R1,000;
„ R1,200, „ „ R2,400		R99 plus 9 per cent of the amount by which the taxable income exceeds R1,200;
„ R2,400, „ „ R3,000		R207 plus 10 per cent of the amount by which the taxable income exceeds R2,400;
„ R3,000, „ „ R4,600		R267 plus 11 per cent of the amount by which the taxable income exceeds R3,000;
„ R4,600, „ „ R5,000		R443 plus 12 per cent of the amount by which the taxable income exceeds R4,600;
„ R5,000, „ „ R6,000		R491 plus 21 per cent of the amount by which the taxable income exceeds R5,000;
„ R6,000, „ „ R7,000		R701 plus 30 per cent of the amount by which the taxable income exceeds R6,000;
„ R7,000, „ „ R8,000		R1,001 plus 33 per cent of the amount by which the taxable income exceeds R7,000;
„ R8,000, „ „ R9,000		R1,331 plus 35 per cent of the amount by which the taxable income exceeds R8,000;
„ R9,000, „ „ R10,000		R1,681 plus 39 per cent of the amount by which the taxable income exceeds R9,000;
„ R10,000, „ „ R12,000		R2,071 plus 41 per cent of the amount by which the taxable income exceeds R10,000;
„ R12,000, „ „ R14,000		R2,891 plus 42 per cent of the amount by which the taxable income exceeds R12,000;
„ R14,000, „ „ R16,000		R3,731 plus 45 per cent of the amount by which the taxable income exceeds R14,000;
„ R16,000, „ „ R18,000		R4,631 plus 48 per cent of the amount by which the taxable income exceeds R16,000;
„ R18,000		R5,591 plus 50 per cent of the amount by which the taxable income exceeds R18,000.

(b) on each rand of the taxable income of any company (excluding so much as is derived from mining operations carried on by it in the Republic and, in the case of any company referred to in item (e), so much as the Secretary for Inland Revenue determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act), thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;

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

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

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

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

and if such taxable income exceeds forty thousand rand, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula

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

by one for each completed amount of two thousand five hundred rand by which the said taxable income exceeds forty thousand rand: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item, a sum equal to five per cent of such amount;

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

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

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

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

and if such taxable income exceeds forty thousand rand, the rate of tax shall not exceed a percentage determined in accordance with a formula arrived at by increasing the number 20 in the formula

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

by one for each completed amount of two thousand five hundred rand by which the said taxable income exceeds forty thousand rand: Provided further that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to five per cent of such amount;

- (e) on each rand of the taxable income of any company, the sole or principal business of which in the Republic is or has been mining for gold and the determination of the taxable income of which for the period assessed does not result in an assessed loss, which the Secretary for Inland Revenue determines to be attributable to the inclusion in its gross income of any amount referred to in paragraph (j) of the definition of "gross income" in section 1 of the principal Act, the average rate of normal tax or twenty-eight and one-third cents, whichever is higher;
- (f) on each rand of the taxable income derived by any company from mining in the Republic for diamonds, forty-five cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;
- (g) on each rand of the taxable income derived by any company from mining operations (other than mining for gold, diamonds or natural oil) carried on by such company in the Republic, thirty-three and one-third cents: Provided that there shall be added to the amount of tax calculated in accordance with the preceding provisions of this item a sum equal to ten per cent of such amount;
- (h) in respect of the taxable income of any person other than a company, a sum equal to fifteen per cent of the amount of tax determined in accordance with item (a) after the deduction of the rebates provided for in section 6 of the principal Act: Provided that any fraction of a rand of the tax calculated under this item shall be disregarded: Provided further that the tax calculated under this item shall not be payable by any taxpayer whose liability under this item would, but for this proviso, be less than fifteen rand;

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

(i) a sum equal to ten per cent of the aggregate of the amounts of tax determined under items (b), (f) and (g) before the addition of the sum referred to in the proviso to item (b), the sum referred to in the proviso to item (f) and the sum referred to in the proviso to item (g); and

(ii) a sum equal to five per cent of the aggregate of the amounts of tax determined under items (c) and (d) before the addition of the sum referred to in the second proviso to item (c) and the sum referred to in the second proviso to item (d):

Provided that any fraction of a rand of the tax calculated under this item shall be disregarded: Provided further that the tax calculated under this item shall not be payable by any company whose liability under this item would, but for this proviso, be less than five rand.

2. (1) For the purposes of paragraph 1 income derived from mining in the Republic for gold shall include any income derived from silver, osmiridium, uranium, pyrites or other minerals which may be won in the course of the mining for gold, and any income which, in the opinion of the Secretary for Inland Revenue, results directly from mining for gold.

(2) For the purposes of item (e) of paragraph 1 the average rate of normal tax shall be determined by dividing the total normal tax (excluding the tax determined in accordance with the said item for the period assessed) paid by the company concerned in respect of its aggregate taxable income from gold mining for the period from the first day of July, 1916, to the end of the period assessed, by the number of rand contained in the said aggregate taxable income.

(3) The tax determined in accordance with any of the items (a) to (f), inclusive, of paragraph 1 shall be payable in addition to the tax determined in accordance with any other of the said items.