

---

---

REPUBLIC OF SOUTH AFRICA.

---

---

**EXPLANATORY MEMORANDUM**

ON THE

**REVENUE LAWS AMENDMENT BILL,  
1965.**

---

---

REPUBLIC OF SOUTH AFRICA.

---

EXPLANATORY MEMORANDUM ON THE REVENUE LAWS  
AMENDMENT BILL, 1965.

---

This Bill introduces amendments to the Transfer Duty Act, 1949, the Estate Duty Act, 1955, and the Stamp Duties Act, 1962.

CLAUSE ONE.

This clause introduces amendments to section *nine* of the Transfer Duty Act, 1949.

*Paragraph (a)* introduces an exemption from transfer duty in respect of acquisitions of property by the Far West Rand Dolomite Water Association.

*Paragraph (b)* extends the scope of the exemption from transfer duty at present provided for in sub-section (8) of section *nine* of the Transfer Duty Act, 1949, in respect of property acquired by a South African subsidiary company from a foreign company in certain circumstances. The requirement that all the issued shares of the South African company must be held by the foreign company from which the property is acquired by the South African company is relaxed to permit of the exemption being granted where the foreign company from which the property is acquired is controlled by or controls another foreign company which holds all the issued shares of the South African company.

*Paragraph (c)* introduces an exemption from transfer duty in respect of the re-acquisition of property upon the cancellation or variation of an expropriation order by the State, a local authority or a board, body or institution of a public character established by law.

CLAUSE TWO.

*Paragraph (a)* of sub-clause (1) introduces a textual amendment to paragraph (a) of sub-section (3) of the English text of section *three* of the Estate Duty Act, 1955. This amendment is consequential upon the amendments to the Insurance Act, 1943, introduced by section *one* of the Insurance Amendment Act, 1965.

In terms of the amendment to sub-section (3) of section *three* of the Estate Duty Act, 1955, introduced by *paragraph (b)* of sub-clause (1), benefits due and payable by any fund on or as a result of the death of a person are (subject to certain deductions) deemed to form part of such person's estate for estate duty purposes. This amendment should be read with the amendments introduced by *paragraph (b)* of sub-clause (1) of clause *three* and by clause *four*.

CLAUSE THREE.

*Paragraph (a)* of sub-clause (1) introduces a textual amendment to paragraph (h) of section *four* of the Estate Duty Act, 1955.

*Paragraph (b)* of sub-clause (1) extends the limited exemption at present applicable under paragraph (h) of section *four* of the Estate Duty Act, 1955, in respect of amounts due and recoverable under certain insurance policies, to benefits from funds which are included in the value of an estate for estate duty purposes by virtue of the provisions of paragraph (a) of sub-section (3) of section *three* of the Estate Duty Act, 1955. This amendment should be read with the amendment introduced by *paragraph (b)* of sub-clause (1) of clause *two*.

*Paragraph (c)* of sub-clause (1) extends the limited exemption under paragraph (h) of section *four* of the Estate Duty Act, 1955, to local Treasury bonds (excluding bonds the interest on which is exempt from income tax in terms of section *ten* of the Income Tax Act, 1962) and to local Treasury debentures.

## CLAUSE FOUR.

This clause introduces an amendment to section *five* of the Estate Duty Act, 1955. This amendment provides for the basis of valuation of annuities included in the estate of a deceased person in terms of paragraph (a) or (a)*bis* of sub-section (3) of section *three* of that Act. This amendment should be read with the amendment introduced by paragraph (b) of sub-clause (1) of clause *two* to section *three* of that Act.

## CLAUSE FIVE.

This clause introduces an amendment to section *eight bis* of the Estate Duty Act, 1955. In terms of the amendment a revenue officer carrying out his duties under that Act, is empowered to cause any article suspected of containing moneys, books, records, accounts or documents, to be opened without first having to have such article removed.

## CLAUSES SIX, SEVEN AND EIGHT.

The amendments introduced by these clauses to the Estate Duty Act, 1955, are of a textual nature.

## CLAUSE NINE.

This clause introduces an amendment to section *six* of the Stamp Duties Act, 1962. This amendment is designed to enable persons using mechanized receipting machines (other than franking machines, for which other provision is made by the Stamp Duties Act, 1962) in certain circumstances to pay the duty on receipts issued by such machines by other means than by affixing stamps to such receipts.

## CLAUSE TEN.

This clause introduces amendments to section *fourteen* of the Stamp Duties Act, 1962, authorizing the use, for the purposes of the stamp duty payable in respect of the registration of transfer of any marketable security, of the securities transfer form and the brokers transfer form authorized for transfer purposes by the Securities Transfer Act, 1965. This clause should be read with clause *thirteen*.

## CLAUSE ELEVEN.

This clause introduces an amendment to item 15 of the First Schedule to the Stamp Duties Act, 1962. The duty payable under that item in respect of "customs documents" is, in terms of the amendment to be payable in respect of "customs and excise documents". Since the passing of the Customs and Excise Act, 1964, there has ceased to be any rigid distinction between customs documents and excise documents.

The amendments to exemptions (a) and (b) are designed to clarify the circumstances in which those exemptions apply. Exemption (c) is new.

## CLAUSE TWELVE.

This clause introduces an amendment in regard to the stamp duty payable on leases under item 17 of the First Schedule to the Stamp Duties Act, 1962.

This amendment extends the class of lease subject to the lowest scale of duty to include leases for indefinite periods which are terminable by two months' notice or less. Hitherto a lease for an indefinite period which was terminable by more than one month's notice was subject to a higher rate of duty. The higher rate in respect of a lease for an indefinite period will be applicable where the period of notice is more than two months.

This amendment is effective from 25th March, 1965.

## CLAUSE THIRTEEN.

This clause introduces amendments in regard to the stamp duties payable in respect of the transfer of marketable securities under item 18 of the First Schedule to the Stamp Duties Act, 1962.

The amendments introduced by *paragraph (a)* are consequential upon the amendments introduced by clause *ten*.

*Paragraph (b)* introduces a new exemption in respect of the registration of transfer of marketable securities by companies and corporate bodies in overseas branch registers. The exemption applies if the relevant deed, declaration or securities transfer form was signed by the transferor outside the Republic not earlier than 25th March, 1965.

## CLAUSE FOURTEEN.

This clause introduces amendments in regard to the stamp duty payable on receipts (other than fixed deposit receipts) under item 23 of the First Schedule to the Stamp Duties Act, 1962.

In terms of the amendments introduced by *paragraphs (a)* and *(b)* a receipt (other than any fixed deposit receipt) given on or after 25th March, 1965, is exempt from stamp duty if the sum for which it is given amounts to less than R10. (Prior to 25th March, 1965, receipts for less than R2 were exempt.) In the case of receipts (other than fixed deposit receipts) given on or after 1st July, 1965, a duty of one cent is payable if the receipt is for R10 or more but less than R25 and a duty of two cents is payable if the receipt is for R25 or more.

*Paragraph (c)* introduces exemptions from stamp duty in respect of receipts given by Bantu persons in respect of the payment to them of money held for them in trust by the Secretary for Bantu Administration and Development, in respect of receipts for pensions and in respect of receipts given by employees to employers for salary or wages, including bonuses and commissions, due in respect of services rendered during periods of employment.

## CLAUSE FIFTEEN.

This clause prescribes the short title of the Bill.