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REPUBLIC OF SOUTH AFRICA

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**EXPLANATORY MEMORANDUM**

ON THE

**INCOME TAX BILL, 1980**

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INTRODUCTION

The Bill fixes rates of normal tax payable by individuals and companies and introduces amendments to the Income Tax Act, 1962 (Act No. 58 of 1962), hereinafter referred to as the principal Act.

CLAUSE 1 AND THE SCHEDULE

*Rates of Normal Tax*

Rates of normal tax are enacted by clause 1 and the Schedule to the Bill.

*Individuals*

The rates for persons (other than companies) apply in respect of the year of assessment ending on 28 February 1981, or 30 June 1981, and are provided for in paragraph 1 (a) of the Schedule. The tax is calculated on taxable income and a single rate is fixed in respect of both married and unmarried persons. In the case of persons who are not married persons and whose taxable incomes do not exceed R28 000, a surcharge is added equal to 20 per cent of the tax calculated in accordance with the table, after deducting an amount equal to the rebates to which the taxpayer is entitled. The rebates are provided for in clause 5. In the case of persons who are not married persons and whose taxable incomes exceed R28 000, the total tax payable is the amount of tax calculated as aforesaid on a taxable income of R28 000, plus an amount equal to 50 per cent of the amount by which the taxable income exceeds R28 000.

*Companies*

The rates for companies apply in respect of years of assessment, i.e. financial years, ending during the twelve-month period from 1 April 1980 to 31 March 1981, and are provided for in paragraph 1 (b) to (g), inclusive, of the Schedule. Those rates are as follows:

- (a) Taxable income derived otherwise than from mining: 40 cents per R1 (paragraph 1 (b) of the Schedule). To the tax determined as above is added a surcharge of 5 per cent of such tax (proviso to paragraph 1 (b)).
- (b) Taxable income derived from gold mining—
  - (i) by any mine other than a post-1966 gold mine: an amount determined in accordance with one of the formulae provided for in paragraph 1 (c) of the Schedule plus a surcharge (which is not payable in the case of certain assisted gold mines) equal to 5 per cent of the said amount (third proviso to the said paragraph 1 (c));
  - (ii) by a post-1966 gold mine: an amount determined in accordance with one of the formulae provided for in paragraph 1 (d) of the Schedule, plus a surcharge of 5 per cent of the said amount (second proviso to the said paragraph 1 (d)).

- (c) Taxable income in the form of "recouplements" of capital expenditure accruing to companies which are or have been gold mining companies: the average rate of tax, as determined in accordance with paragraph 2 (2) of the Schedule, or 35 cents per R1, whichever is higher (paragraph 1 (e) of the Schedule).
- (d) Taxable income from diamond mining: a basic tax of 45 cents per R1, plus a surcharge equal to 5 per cent of the basic tax (paragraph 1 (f) of the Schedule).
- (e) Taxable income from mining operations (other than mining for gold or diamonds): 40 cents per R1 (paragraph 1 (g) of the Schedule). To the tax determined as above is added a surcharge of 5 per cent of such tax (proviso to subparagraph (g)). (These rates apply also to taxable income from oil mining. A further levy, by way of additional normal tax, is provided for in respect of such taxable income in terms of section 5 (2A) of the principal Act).

## CLAUSE 2

### *Definitions: Amendments to section 1 of the principal Act*

Prior to 1972 the so-called tax rebate system was used in calculating the taxpayer's normal tax liability. Under that system an amount of tax was determined by reference to the taxpayer's taxable income and the tax tables in force for the particular year of assessment. From the amount of tax so determined were deducted the prescribed primary and secondary tax rebates which depended upon the taxpayer's marital status and family and other circumstances. A final step was to add the appropriate surcharge or loan levy, where such were prescribed.

Under the so-called abatement system, which came into force with effect from the 1972 year of assessment, tax rebates fell away and income abatements, also based on the taxpayer's marital status, family and other circumstances, took their place. Where the taxpayer's taxable income exceeds R5 000 the abatements are progressively reduced until, if the taxable income is sufficient, they fall away completely. The net abatements are deductible from the taxpayer's taxable income, the amount remaining being known as the taxable amount. The normal tax payable is then calculated by reference to the taxable amount and the tax tables in force for the year of assessment, the final step being to add any prescribed surcharge or loan levy.

The reversion to the tax rebate system (see clause 5) involves a number of consequential amendments to the principal Act, some of which are to be made in terms of *subclauses (1) (a), (c), (d), (f) and (g)*. Other consequential changes are to be made in terms of clauses 3, 4, 25 and 26.

*Subclauses (1) (b) and (e)* are also of a textual nature and are consequent upon the post of Secretary for Inland Revenue being re-designated the Commissioner for Inland Revenue in terms of the rationalisation of the Public Service.

*Subclause (2) (a)* provides that the amendments effected by *subclause (1) (b) and (e)* shall be deemed to have taken effect from 1 April 1980.

## CLAUSE 3

### *Levy of normal tax and rates thereof: Amendments to section 5 of the principal Act*

This clause introduces amendments consequential on the replacement of the income abatement system with a tax rebate system.

#### CLAUSE 4

*Normal tax abatements: Repeal of section 5A of the principal Act*

This clause repeals section 5A of the principal Act in terms whereof various income abatements were granted. The abatements are replaced by corresponding tax rebates which are provided for in clause 5.

#### CLAUSE 5

*Normal tax rebates: Enactment of section 6 of the principal Act*

This clause inserts a new section, section 6, into the principal Act, in terms whereof certain rebates are allowed to be deducted from the normal tax calculated in accordance with the table prescribed in Schedule 1. The rebates allowed are:

- (1) A primary rebate of R200 in the case of a married person, or R120 in the case of a person who is not a married person (*subclause (2)*).
- (2) A rebate of R100 in respect of each child. Where the taxpayer is entitled to rebates in respect of more than five children, the rebate in respect of each child in excess of five is increased by R50 (*subclause (3) (a)*).
- (3) A rebate of 10 per cent (subject to a maximum rebate of R75) of amounts paid by the taxpayer in respect of insurance premiums and contributions to provident and benefit funds and unemployment insurance funds (*subclause (3) (b)*). (Medical expenses and contributions to medical aid funds, which were previously grouped together with insurance premiums and fund contributions for abatement purposes, now qualify as a deduction from income—see clause 11).
- (4) Depending on the circumstances of the case, a rebate of either R30 or R50 in respect of each dependant of the taxpayer (*subclauses (3) (c) and (d)*).
- (5) A special rebate of R120 where the taxpayer is over the age of sixty years on the last day of the year of assessment (*subclause (3) (e)*).

*Subclause (4)* provides that where the period assessed is less than twelve months, the rebates shall be proportionately reduced.

#### CLAUSE 6

*Advances or loans to shareholders in private companies: Insertion of section 8B in the principal Act*

As a result of the Appellate Division decision in the case of *Hicklin v. SIR*, 41 SATC 179, it has become apparent that the shareholders in a private company can in certain circumstances secure to themselves the advantage of a dividend distribution without there being an actual declaration of a dividend to those shareholders. In this manner the persons concerned escape the tax which would be payable if a dividend had in fact been declared. The first step in an operation of this kind is for the company concerned to lend or advance to the shareholders an amount equivalent to the profits which are available for distribution.

The new section 8B introduced into the principal Act by this clause provides that a loan or advance of this kind is to be treated as a dividend where the loan or advance is made on or after 28 May 1980. The amount to be treated as a dividend is so much of the loan or advance as the Commissioner is satisfied is equivalent to an amount which could properly have been paid or distributed by way of a dividend out of the profits or reserves of the company and the

deemed dividend is to be regarded as having accrued to the shareholder on the last day of the year of assessment of the company during which the loan or advance is made.

What is said above applies also to a payment by the company on behalf of the shareholder.

Where the shareholder is not a company the deemed dividend will have to be included in the shareholder's income for normal tax purposes.

Where the shareholder is a company the dividend is to be exempt from normal tax in the hands of that shareholder company, but where that shareholder company lends the money or asset borrowed by it to its own shareholders the deemed "dividend" is to be regarded as being a distributable profit of the shareholder company.

Where the lender company subsequently declares a dividend in the normal manner and sets off the whole or a part of that dividend in satisfaction of the whole or a part of the advance, loan or payment treated as a dividend as indicated above, the dividend received by the shareholder under the subsequent declaration is to be regarded as the net amount remaining after the set off. A mere repayment of the advance or loan by the shareholder will not result in a reversal of the deemed dividend.

The provisions of the new section 8B will not apply for the purposes of the non-resident shareholders' tax or the undistributed profits tax. A loan made in circumstances which the Commissioner is satisfied indicate that the purpose thereof is not to confer on the shareholder a benefit similar to a dividend distribution will not be regarded as a dividend under the new section 8B—see subsection (3) (a). For the purposes of this provision any stipulation as to interest is to be disregarded.

Any decision of the Commissioner under section 8B (1) is to be subject to objection and appeal.

## CLAUSE 7

### *Exemptions: Amendments to section 10 of the principal Act*

*Subclause (1) (a)* inserts a new paragraph (gA) in section 10 (1) of the principal Act to provide an exemption from normal tax in respect of disability pensions paid under the Social Pensions Act, 1973.

*Subclause (1) (b)* amends paragraph (i) (xii) of section 10 (1) of the principal Act which relates to dividends on subscription shares in building societies. All dividends received on the maximum investment of R150 000 per person permitted in these shares in terms of the Building Societies Act are presently exempt from tax. Under the amendment proposed in this subclause, the exemption will be gradually reduced so as to provide for the following amounts to be free of tax:

In respect of the year of assessment ending on 28 February 1982:

The dividends on an investment of R100 000 per person.

In respect of the year of assessment ending on 28 February 1983:

The dividends on an investment of R50 000 per person.

In respect of the year of assessment ending on 29 February 1984:

The dividends on an investment of R50 000 per taxpayer.

It is also provided that the exemption under section 10 (1) (i) (xii) is not to apply in respect of any dividend on subscription shares the rate of which exceeds 7,5 per cent per annum.

Under the amendment introduced by *subclause (1) (c)* to paragraph (i) (xiii) of section 10 (1) of the principal Act, certain restrictions which were placed on the exemption in the case of dividends on Special Tax-Free Indefinite Period shares in building societies, namely that the exemption shall not apply after a period of 5 years after the date on which the shares are applied for or in respect of shares applied for after a date notified by the Minister of Finance in the *Gazette*, are deleted.

#### CLAUSE 8

*General deductions allowed in determination of taxable income: Amendments to section 11 of the principal Act*

This clause amends paragraph (t) of section 11 of the principal Act to increase the allowance in respect of employee housing from 25 per cent of the cost of such housing to 50 per cent, but subject to a cumulative maximum deduction in respect of any one dwelling of R4 000, as against the existing maximum of R3 000.

#### CLAUSE 9

*Deductions in respect of machinery or plant used in a process of manufacture: Amendments to section 12 of the principal Act*

The amendments effected by this clause to subsections (2) and (2A) of section 12 of the principal Act extend from 30 June 1982 to 30 June 1983 the date by which machinery or plant must be brought into use in order to qualify for the machinery investment allowances.

#### CLAUSE 10

*Deductions in respect of buildings used in a process of manufacture: Amendments to section 13 of the principal Act*

In order to qualify for the building investment allowance, the erection of certain industrial buildings must commence not later than 30 June 1982 and such buildings must be brought into use not later than 30 June 1983. Where existing industrial buildings are merely being improved, the improvements must be commenced not later than 30 June 1982 and completed not later than 30 June 1983.

The amendments effected by this clause to section 13 of the principal Act extend those dates by one year to 30 June 1983 and 30 June 1984, respectively.

#### CLAUSE 11

*Beneficiation allowance: Amendment to section 15A of the principal Act*

Section 15A of the principal Act is designed to encourage the beneficiation in South Africa of base minerals or the further refining of such base minerals where the relevant processes are carried on wholly or mainly for the purposes of the taxpayer's export trade. The allowance takes the form of a special deduction

based on the cost to the taxpayer of the machinery or plant brought into use and used by him directly in the beneficiation process or any building (or improvements thereto) in which that process is carried on. The actual rate of the allowance is determined by the Minister of Finance having regard to the circumstances of the case but it may not exceed 20 per cent of the cost of the relevant machinery or plant or 15 per cent of the cost of the relevant buildings or improvements. As the law now reads only machinery or plant brought into use after 26 March 1975 but before 30 June 1980 will qualify for the allowance. In the case of buildings the work of erection (or improvements) must have commenced after 26 March 1975 but before 30 June 1980 and the buildings (or improvements) must be brought into use not later than 30 June 1981.

The amendments introduced by this clause extend the relevant periods by five years. Machinery or plant used in a beneficiation process will therefore qualify for the allowance if it is brought into use not later than 30 June 1985. Buildings used in this connection will qualify if the work of erection (or improvements) is commenced not later than 30 June 1985 and completed not later than 30 June 1986.

#### CLAUSE 12

##### *Deduction in respect of medical and dental expenses: Insertion of section 18 of the principal Act*

This clause inserts a new section, section 18, in the principal Act, which provides for a deduction from income in respect of medical and dental expenses and contributions to medical aid schemes. The maximum deductions allowable are R1 000 in the case of a married person and R750 in the case of a person who is not a married person. These deductions are doubled where the taxpayer is over 60 years of age.

Under the income abatement system of determining the tax payable, which is now being replaced by the tax rebate system, an abatement was formerly allowed in respect of this type of expenditure, in terms of section 5A (3) (d) of the principal Act. The whole of section 5A of the principal Act is being repealed in terms of clause 4.

#### CLAUSE 13

##### *Donations to universities, colleges or to the National Study Loans and Bursaries Fund: Amendment of section 18A of the principal Act*

This clause adds to section 18A of the principal Act a subsection empowering the Minister of Finance to amend that section so as to apply its provisions to donations to such educational institutions (other than universities or colleges, which are already provided for) as the Minister may specify. Any amendment so made will require the subsequent approval of Parliament.

#### CLAUSE 14

##### *Deductions and set-off from income derived from dividends: Amendment of section 19 of the principal Act*

In terms of section 19 of the principal Act a special deduction is allowed against income from dividends. The deduction is a percentage of the dividends and the minimum deduction is  $33\frac{1}{3}$  per cent. Subsection (5A) of that section applies these provisions to certain building society dividends (which are not dividends as defined in the principal Act). This clause introduces an amendment to subsection (5A), making it clear that all dividends paid by permanent building societies which are not already exempt from tax, will qualify for the deduction. This amendment should be read with the amendment introduced by clause 7 (1) (b) limiting the present exemption in respect of dividends on subscription shares. If a portion of such dividends is not exempt the non-exempt portion will qualify for the section 19 deduction.

## CLAUSE 15

*Deduction in respect of the earnings of married women: Amendment of section 20A of the principal Act*

This clause increases from R900 to R1 200 that portion of the earnings of a taxpayer's wife which, in terms of section 20A of the principal Act, is free of normal tax.

## CLAUSE 16

The amendment introduced by this clause is of a textual nature and is consequent on the replacement of the income abatement system by a tax rebate system.

## CLAUSE 17

*Deduction in respect of expenditure incurred by physically disabled persons: Amendment of section 21quat of the principal Act*

This clause amends section 21quat of the principal Act so as to increase the amount of the expenditure incurred by a physically disabled person which qualifies for deduction from R600 to R1 200. In addition, the provision in terms of which the deduction allowed was progressively reduced when the taxpayer's income exceeded certain limits is deleted.

## CLAUSE 18

*Allowance in respect of future expenditure on contracts: Insertion of section 24C in the principal Act*

This clause inserts in the principal Act a new section, section 24C, empowering the Commissioner to make a deduction, by way of a reserve, in respect of any amount received under a contract which is to be utilised to finance future expenditure. The reserve allowed in one year of assessment is to be included in the taxpayer's income for the next year of assessment, when a new reserve will, if necessary, be calculated for that year. The new section caters for the situation which often arises in the construction industry and sometimes in manufacturing concerns, where a large advance payment is made to a contractor before the commencement of the contract work, to enable the contractor to purchase materials, equipment etc. In a number of instances such advance payments are not matched by deductible expenditure, resulting in the full amounts of the advance payments being subjected to tax.

In terms of *subclause (2)* the Commissioner will be enabled to re-open assessments made on or after 1 July 1977 in order to give effect to the new section. Any such assessment which has become final under the principal Act before the date of promulgation of the amending Act may not be altered unless written application is made to the Commissioner by 30 June 1981.

## CLAUSE 19

*Determination of taxable income of co-operative societies and companies: Amendment of section 27 of the principal Act*

*Subclause (1) (a), (b), (e) and (f):* In terms of section 27 of the principal Act agricultural co-operatives are entitled to a storage building investment allowance, which is based on the cost of buildings used for storing or packing pastoral, agricultural or other farm products produced by the co-operative's members, and to a special machinery investment allowance on new or unused machinery or plant used by the co-operative directly for storing, packing or processing the aforementioned products. For practical purposes these allowances are the counterpart of the building investment allowance, granted in respect of



the cost of certain industrial buildings, and the machinery investment allowance granted in respect of new or unused machinery or plant brought into use and used directly in a process of manufacture. As in the case of the latter allowances, the period during which the allowances provided for in section 27 of the principal Act may be granted is also subject to a time limit and the purpose of the amendments effected by this clause is to extend that time limit by one year, that is to 30 June 1983 or 30 June 1984, as the case may be. Compare the amendments to sections 12 and 13 of the principal Act which are to be effected in terms of clauses 10 and 11, respectively.

*Subclause (1) (g)* extends the definition of "storage building" to include permanent structures used for fattening livestock.

*Subclause (1) (d)* provides that where two or more agricultural co-operatives have amalgamated on or after 1 April 1977, those co-operatives and the new co-operative which comes into being by reason of the amalgamation are to be treated as being one and the same co-operative. This will *inter alia* enable any assessed losses incurred before the amalgamation to be carried forward. Unlike an ordinary company there is no means by which an operating co-operative can become a subsidiary of another operating co-operative. The existing provisions of section 27 (5) will continue to apply to amalgamations which took place before 1 April 1977—see *subclause (1) (c)*.

#### CLAUSE 20

*Calculation of redemption allowance and unredeemed balance of capital expenditure in connection with mining operations: Amendments to section 36 (11) (c) of the principal Act*

In determining taxable income from mining operations, a mining company is, broadly speaking, entitled to deduct not only its normal recurrent expenditure but also its capital expenditure which includes *inter alia* expenditure on shaft sinking and mine equipment. To the unredeemed balance of such expenditure, as determined after the manner provided for in section 26 (2) of the Mining Rights Act (Act No. 20 of 1967), is added, in the case of gold mines, a capital allowance which is calculated at the rate of 10 per cent, 8 per cent, 6 per cent or 5 per cent per annum on the amount of such unredeemed balance, depending on whether the mine is a post-1973 gold mine, a post-1966 gold mine, a new gold mine, or a new deep level gold mine or any other deep level mine.

The effect of the amendments to be made in terms of this clause to section 36 (11) (c) of the principal Act is to increase the rate at which the capital allowance of any other deep level mine is calculated, from 5 per cent to 10 per cent per annum.

#### CLAUSE 21

*Undistributed profits tax: Amendment of section 49 of the principal Act*

This clause amends the definition of "distributable income" in section 49 of the principal Act so as to increase the "plough-back" allowance for undistributed profits tax purposes in respect of trade income from 55 per cent to 58 per cent. The effect of the amendment is that operating companies will, notwithstanding the reduction in the overall rate of normal tax from 46 per cent to 42 per cent (due to the abolition of the loan levy), not be required to declare dividends out of trade profits in order to avoid liability for undistributed profits tax.

#### CLAUSE 22

*Non-residents tax on interest: Exemptions: Amendment of section 64C of the principal Act*

Under the present law, interest payable on a Bill of Exchange drawn to finance the importation of goods into the Republic is exempt from non-residents

tax on interest. This exemption is considered to be too restrictive, and the insertion of the new paragraph (eA) in section 64C of the principal Act, proposed by this clause, will exempt from the tax interest on any short-term financing of imports and exports which is arranged by or through an authorized foreign exchange dealer.

#### CLAUSE 23

*Taxable income derived from farming: Amendment of paragraph 5 of the First Schedule to the principal Act*

In terms of paragraph 5 of the First Schedule to the principal Act the value to be placed on "purchased breeding stock" for the purposes of determining the taxable income of a farmer, is the purchase price of the stock less a deduction equal to 25 per cent of the purchase price for each year of assessment during which the stock in question has been held.

Subparagraph (1A) of paragraph 5 defines the term "purchased breeding stock". It means stock which was purchased at prices exceeding certain specified amounts. In terms of the amendment introduced by this clause the specified amounts are increased as respects stock purchased during or after the year of assessment ending on 28 February 1981. Livestock purchased for less will be valued at standard values.

#### CLAUSE 24

*Housing for farm employees: Amendment of paragraph 12 of the First Schedule to the principal Act*

The amendment proposed by this clause to paragraph 12 of the First Schedule increases the allowance granted to farmers in respect of the cost of housing provided for their workers from a maximum of R4 000 to R5 000 per employee.

#### CLAUSE 25

*Farming: Equalization of rates: Amendments of paragraph 19 of the First Schedule to the principal Act*

The amendments proposed by this clause are of a textual nature and are consequent on the replacement of the income abatement system with a tax rebate system. See clauses 4 and 5.

#### CLAUSE 26

*Farming: Excess farming profits: Amendment of paragraph 20 of the First Schedule to the principal Act*

This amendment is also consequential on the replacement of the income abatement system with a tax rebate system. See clauses 4 and 5.

#### CLAUSES 27 AND 28

*Lump sum payments from pension, provident and retirement annuity funds: Amendment of paragraphs 1 and 5 of the Second Schedule to the principal Act*

The Second Schedule to the principal Act provides rules for determining the amounts to be included in a person's gross income in respect of lump sum benefits derived from pension funds, provident funds and retirement annuity funds. From the gross amounts so derived certain deductions are made, some of which are, in the case of retirement and death benefits, determined in accordance with certain formulae, referred to as formula A and formula B.

Formula A, which applies in relation to a pension fund or a provident fund, takes into account the taxpayer's highest annual average salary actually earned by him during any five consecutive years of his service, but not exceeding an amount of R22 500. That amount is now increased to R30 000 (clause 27 (a)).

Formula B takes into account the fact that the taxpayer may be a member of more than one fund and places a limit of R40 000 on the amounts which (apart from certain contributions) may be deducted in respect of the various funds. This limit is now increased to R60 000 (clause 27 (b)).

Paragraph 5 (2) of the Second Schedule to the principal Act lays down that certain minimum amounts shall be deducted in certain circumstances under formula B. The minimum amounts which are as follows, are increased as indicated below:

- (a) If the taxpayer is or was a member of a provident fund (other than a provident fund which has become a pension fund) from which any lump sum benefit was or may be derived in consequence of or following upon his retirement on or after 15 March 1961: R9 000, now increased to R12 000 (clause 28 (a)).
- (b) In respect of death benefits: R22 500, now increased to R30 000 (clause 28 (b)). If the death benefits consist of or include benefits from any pension or provident fund the deduction may be increased to an amount equal to twice so much of the taxpayer's salary earned during the twelve months ending at his death as does not exceed R22 500. That amount is also increased to R30 000 (clause 28 (b)).

A minimum deduction is applicable in respect of death benefits from retirement annuity funds derived where death has occurred before retirement. That minimum amount is the amount (but not exceeding the lesser of R45 000 and the value of benefits) which the taxpayer could have derived in respect of the commutation of one-third of his annuities from the funds if he had retired on the day before the date of his death. The amount of R45 000 is increased to R60 000 (clause 28 (c)).

#### CLAUSES 29 AND 30

##### *Amendment of paragraphs 9 and 17 of the Fourth Schedule to the principal Act*

The amendments proposed under these clauses are consequential on the replacement of the income abatement system with a tax rebate system.

#### CLAUSE 31

##### *Repayment of loan levy: Insertion of third proviso in paragraph 6 (1) of the Fifth Schedule to the principal Act*

The further proviso which this clause introduces into paragraph 6 (1) of the Fifth Schedule to the principal Act removes any doubt there may have existed as to whether or not the Minister of Finance has authority to determine separate dates for the repayment of loan levy due to (a) companies and (b) persons other than companies. In terms of subclause (2) the proposed amendment is made retrospective to 1 March 1979.

#### CLAUSE 32

##### *Change in designation of officer responsible for administering the principal Act*

The amendments to be made in terms of this clause give effect to the change in title, with effect from 1 April 1980, of the Secretary for Inland Revenue to Commissioner for Inland Revenue.

CLAUSE 33

*Commencement of certain amendments*

The amendments introduced by the Bill to the principal Act are, except where otherwise provided for or the context otherwise indicates, to take effect for years of assessment ending on or after 1 January 1981.

CLAUSE 34

This clause prescribes the short title of the Act.

THE SCHEDULE

The provisions of the Schedule are dealt with in the portion of this Memorandum relating to clause 1.