

Juta's Income Tax: Revision Service 19

Note for Subscribers

Dear Income Tax Subscriber

Kindly note that this Revision Service covers amendments to the Income Tax Act introduced by the following Acts passed by Parliament during 2013 (as always, it also includes some amendments introduced by Acts passed before 2013 where the relevant provisions have come into operation only in the past year):

- **Rates and Monetary Amounts and Amendment of Revenue Laws Act 23 of 2013** (GG 37104 of 2 December 2013);
- **Employment Tax Incentive Act 26 of 2013** (GG 37185 of 18 December 2013);
- **Taxation Laws Amendment Act 31 of 2013** (GG 37158 of 12 December 2013);
and
- **Tax Administration Laws Amendment Act 39 of 2013** (GG 37236 of 16 January 2014).

We remind subscribers of the following commencement notice in respect of the Tax Administration Act that was published in GG 35687 on 14 September 2012:

'The Tax Administration Act 28 of 2011 shall commence on **1 October 2012** except for—

(a) sections 187(2), (3)(a) to (e) and (4), 188(2) and (3) and 189(2) and (5) of the Act; and

(b) **any provision of Schedule 1 to the Act that amends or repeals a provision of a tax Act relating to interest under that tax Act, to the extent of that amendment or repeal.**

Interpretation Note 68 (Issue 2) of 7 February 2013 provides guidance on the identification of the interest provisions which have not come into operation (referred to in para (b) above). Items 4 to 12 of that Note, which deal with the amendments to the Income Tax Act introduced by the Tax Administration Act, are reproduced in Volume 4 of Jutta's Income Tax, in the Interpretation Notes section.

We believe that value has again been added to this work by adding extra relevant information as part of the annotation immediately following a specific paragraph/subsection/section influenced by the above-mentioned Acts, eg:

[Words preceding item (a) substituted by s 136(1)(f) of Act 31 of 2013 ('**This paragraph**' replaced by '**Subparagraph (1A)**') — *date of commencement: 12 December 2013; the substitution applies in respect of disposals made on or after that date.*]

[Sub-para (4) added by s 45(1)(e) of Act 20 of 2006, substituted by s 60(1)(b) of Act 8 of 2007 and deleted by s 130(1)(b) of Act 31 of 2013 — *date of commencement: 1 April 2014; the deletion applies in respect of years of assessment commencing on or after that date.*]

We have also continued the practice of using of 'pendlex boxes' (printed with a grey shaded background) for provisions that will only come into operation on or after 1 January 2015 or 'on a date to be determined by the President by proclamation in the *Gazette*'. The Pendlex text is printed immediately following the current text of the relevant provision:

'(2) Notwithstanding subparagraph (1), the rate of dividends tax may not exceed 0 per cent of the amount of any dividend, as defined in section 64D, that is paid by any oil and gas company out of amounts attributable to its oil and gas income if all of its oil and gas rights are solely derived (directly or indirectly) by virtue of an OP26 right as defined in Schedule II of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), previously held by that company.

[NB: Sub-para (2) has been substituted by s 156(1)(c) of Act 39 of 2013, a provision that will come into operation on **1 January 2015** and is to apply in respect of interest that is paid or that becomes due and payable on or after that date. See Pendlex below.]

PENDLEX
(2) Notwithstanding Part IVB of Chapter II, the rate of withholding tax on interest contemplated in that Part may not exceed zero per cent of the amount of any interest that is paid by an oil and gas company in respect of loans applied to fund expenditure contemplated in paragraph 5(2).'

Full binders:

Although the Tax Administration Act, in terms of which many provisions of the Income Tax Act were deleted or repealed, came into operation on 1 October 2012, the problem with the full binders has not been resolved. We therefore unfortunately have to repeat our request of last year in the Note for Subscribers in RS 18:

'We would therefore, albeit reluctantly, like to request subscribers to use the Filing Instructions and Key to update Vols 3 and 4 and then to take out all the pages relating to Interpretation Notes from those volumes and temporarily store them in a safe place (box, file, folder, binder).'

This means that the pages relating to Interpretation Notes will again have to be filed up by using the RS 19 Filing Instructions and Key and that all the Interpretation Note pages will again have to be kept outside the binders. We apologise for the inconvenience caused by this request. At this stage it seems that it will not be possible to resolve the problem without issuing a fifth binder. A final decision in this regard will have to be taken before the finalisation of RS 20 in 2015.

Juta Law Publishers
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